Hexatronic Group AB (publ)

Interim report January – June 2024

Continued strong cash flow and modest recovery in Fiber Solutions

Second quarter (April 1 – June 30, 2024)

- Net sales decreased by 10 percent to MSEK 2,024 (2,258). Sales decreased organically by 18 percent.
- EBITA decreased by 45 percent to MSEK 222 (405), corresponding to an EBITA margin of 11.0 percent (17.9).
- Operating profit (EBIT) decreased by 49 percent to MSEK 192 (377), corresponding to an operating margin of 9.5 percent (16.7).
- Net result decreased by 66 percent to MSEK 89 (259).
- Earnings per share after dilution amounted to SEK 0.44 (1.27).
- Our new focus areas, Harsh Environment and Data Center, continued to improve with strong organic and acquisition-driven growth in the second quarter.
- Leverage ratio (net debt/EBITDA (pro forma), R12) amounted to 2.2x compared to 1.7x as of December 31, 2023.
- Cash flow from operating activities amounted to MSEK 221 (348).

Significant events during the quarter

- Hexatronic announced changes in the company's executive management. Jakob Skov, Head of focus area Harsh Environment, joined the company's executive management as of April 2024 and in June 2024 Pernilla Grennfelt joined Hexatronic as Head of Investor Relations and the company's executive management.
- The AGM resolved, for the period until the next Annual General Meeting, to re-elect Erik Selin, Helena Holmgren and Jaakko Kivinen and to elect Magnus Nicolin, Diego Anderson, Linda Hernström and Åsa Sundberg as members of the Board of Directors. Magnus Nicolin was elected as Chairman of the Board of Directors.
- Hexatronic has been selected by NOVOS FiBER as a strategic partner in the U.S. market for Hexatronic's end-to-end fiber-to-the-home (FTTH) solution. The agreement initially runs for a period of three years and is expected to generate sales of approximately 400 MSEK.

Significant events since the end of the quarter

- No significant events occurred after the end of the quarter.

	Q2			Jan-Jun			R12	Full year
MSEK	2024	2023	Δ %	2024	2023	Δ %	2023/24	2023
Net sales	2,024	2,258	-10%	3,805	4,373	-13%	7,583	8,150
EBITA	222	405	-45%	390	769	-49%	855	1,234
EBITA-margin	11.0%	17.9%		10.3%	17.6%		11.3%	15.1%
Operating result (EBIT)	192	377	-49%	329	717	-54%	734	1,122
Net results	89	259	-66%	150	483	-69%	513	846
Earnings per share after dilution, SEK	0.44	1.27	-65%	0.75	2.36	-68%	2.54	4.17
Cash from operating activities	221	348		492	376		1,060	944
Liquid assets	650	677	-4%	650	677	-4%	650	813

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COMMENTS FROM THE CEO

Continued strong cash flow and modest recovery in Fiber Solutions

The second quarter saw sequential sales growth for the Group of 14 percent. This is primarily attributable to a modest recovery in the market for Fiber Solutions, positive seasonal effects, and continued good development in our new focus areas. Despite ongoing price pressure, our profitability improved during the quarter, rising to 11.0% from 9.4% in the previous quarter. This improvement is due to higher capacity utilization and the cost savings program announced in November. Additionally, our business continued to generate strong operating cash flow, amounting to SEK 221 million in the quarter, which corresponds to a cash conversion of 115 percent.

Sequentially improved profitability and growth
The second quarter of 2023 was the company's historically strongest quarter in terms of both sales and profitability. Compared to last year, sales decreased by 10 percent in the second quarter. The EBITA margin for the quarter was 11.0 percent compared to 17.9 percent in the corresponding quarter last year. However, compared with the previous quarter, sales increased by 14 percent and EBITA by 33 percent, improving profitability by just over 1.6 percentage points. The quarter-over-quarter improvement in profitability was partly driven by higher volumes in several of our factories and by the previously communicated cost reduction program, partly offset by continued price pressure during the quarter.

Marginally improved demand with continued price pressure in Fiber Solutions
In the US, we saw a slight increase in demand for both Blue Diamond Industries' duct sales and our fiber-to-the-home (FTTH) system sales. We signed a contract worth approximately SEK 400 million over three years with Novus Fiber, further proving the strength of our FTTH system offering. We saw increased price pressure for duct sales, which we believe will continue during the year. Work on the new duct factory in Utah is currently in the completion phase according to the previously communicated plan.

In Europe, we saw continued weak demand with price pressure in most markets. The markets in the UK and Germany remained weak during the quarter.

Sales in APAC developed favourably, mainly due to a couple of major projects.

New focus areas continue to develop strongly
Our new focus areas, Harsh Environment and Data Center, develop very positively, with strong organic and acquisition-driven growth in the second quarter. Together they represent a significant part of the Group – around 27 percent of sales during the second quarter.

Sales in Harsh Environment amounted to SEK 297 million in the second quarter, up from SEK 153 million in the corresponding quarter last year. The increase is mainly attributable to the acquisition of Fibron Cable, although organic growth was also strong.

Sales in Data Center amounted to SEK 250 million in the second quarter, compared to SEK 190 million in the corresponding period last year. The increase is driven by both organic growth and the acquisition of USNet. During the quarter, we merged USNet with DCS to form a strong data center company in the US. After the end of the quarter, a letter of intent was signed to acquire parts of Icelandic Endor to further broaden our offering in hardware and services for the data center market, as well as to strengthen our customer base and presence in Iceland, Sweden and Germany.

As we have previously communicated, our acquisition agenda primarily focuses on strengthening our offerings and presence in Harsh Environment and Data Center.

Continued reduction in net debt and good financial flexibility
We continue to have good financial flexibility for long-term value creation. Interest-bearing net debt (i.e. excluding IFRS 16) decreased during the quarter from SEK 2,102 million to SEK 1,996 million. Over the past three quarters, we have reduced interest-bearing net debt by approximately SEK 500 million.

The ratio of interest-bearing net debt to pro forma EBITDA on a rolling 12-month basis, which reflects our existing bank covenants, increased from 1.7 times to 1.9 times during the quarter. Including IFRS 16, this corresponds to an increase from 2.0 times to 2.2 times during the quarter. The increase is due to lower profitability in the second quarter compared with the record-strong second quarter of the previous year.

Outlook for the second half of the year and beyond
We expect the Harsh Environment and Data Center markets to remain strong for the rest of the year and for a long time to come, mainly driven by investments in defense, energy and AI.

In line with our previous assessment, we expect the market for Fiber Solutions to remain weak in the third quarter, with a gradual increase in demand from the latter part of 2024. However, we expect a return to the pre-pandemic seasonal pattern of lower activity in the fourth and first quarters.

We continue to see strong underlying structural trends supporting the continued deployment of fiber optic systems globally.

The order book as of the end of the second quarter corresponded to approximately 2.5 months of sales, where we estimate a normalized order book is 2 to 3 months.

Finally, I would like to welcome our new members to the Board, who bring increased international weight and important industry expertise.

Welcome to join us on our growth journey.

Henrik Larsson Lyon

President and CEO Hexatronic Group AB (publ)

Hexatronic

Net sales and earnings

Second quarter (April 1 – June 30, 2024)

Net sales and growth

The Group's net sales during the second quarter decreased by 10 percent to MSEK 2,024 (2,258). Sales in the quarter decreased organically by 18 percent and is primarily attributable to a weaker market for Fiber Solutions in Germany, the UK, and the US. Growth from acquisitions amounted to 7 percent and is attributable to Fibron Cable, USNet, ATG and MConnect. Currency effects in the quarter amounted to 1 percent.

In the quarter, net sales in Rest of Europe decreased by 16 percent compared to the corresponding period last year. Explained by the weaker demand and price pressure in most markets, which was partly offset by strong sales in Finland. The acquisition of Fibron Cable continues to contribute positively and in line with our expectations. North America showed a negative sales development of 9 percent in the quarter. The acquisitions of Rochester Cables and USNet contributed positively but were offset by a decrease in duct sales for Blue Diamond Industries. In APAC, net sales increased by 17 percent, with a couple of major projects contributing to the positive development. Net sales in Sweden decreased by 6 percent, where we saw slightly lower activity in the FTTH market.

Net sales in Fiber Solutions decreased by 23 percent compared to the corresponding period last year. The decrease is mainly explained by a weaker market due to high financing costs and cost inflation. Net sales in Harsh Environment showed a growth of 95 percent compared to the corresponding quarter last year. The increase is driven by the acquisitions of Rochester Cable and Fibron Cable. Net sales in Data Center increased by 31 percent compared to the corresponding quarter last year. Growth is driven by the companies DCS and IDS, but also to some extent attributable to the acquisition of USNet.

Analysis of change in net sales (MSEK)	Q2 2024	(%)	Q2 2023	(%)
Previous year's quarter	2,258	-	1,662	-
Organic growth	-403	-18%	120	7%
Acquisitions and structural changes	154	7%	386	23%
Exchange-rate effects	15	1%	90	5%
Current quarter	2,024	-10%	2,258	36%

Geographical net sales (MSEK)	Q2 2024	Allocation (%)	Growth (%)
Sweden	165	8%	-6%
Rest of Europe	922	46%	-16%
North America	755	37%	-9%
APAC and Rest of the world	182	9%	17%
Total	**2,024**	**100%**	**-10%**

Focus areas net sales (MSEK)	Q2 2024	Allocation (%)	Growth (%)
Fiber Solutions	1,477	73%	-23%
Harsh Environment	297	15%	95%
Data Center	250	12%	31%
Total	**2,024**	**100%**	**-10%**

EBITA

EBITA decreased 45 percent to MSEK 222 (405) in the quarter, corresponding to an EBITA margin of 11.0 percent (17.9). The lower EBITA margin is affected negatively by price pressure in several markets and lower capacity utilization in our factories, resulting in higher operating costs in relation to revenue as well as a lower gross profit margin.

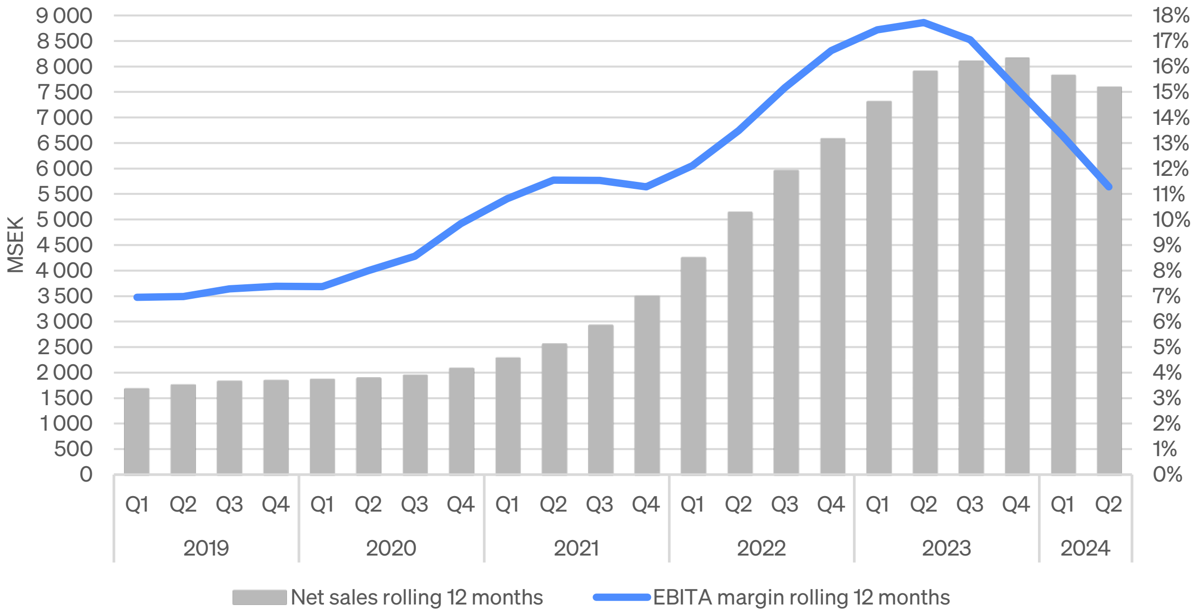
Financial items

Net financial items during the quarter amounted to MSEK -59 (-36), whereof net interest amounted to MSEK -49 (-51), realised and unrealised foreign exchange differences to MSEK -1 (14), and other financial items to MSEK -9 (1). Other financial items include revaluation of the additional purchase price and acquisition option of MSEK -6 (2).

Result

Net results for the second quarter amounted to MSEK 89 (259) and earnings per share after dilution decreased by 65 percent to SEK 0.44 (1.27). Tax for the quarter was MSEK -44 (-82), and the average effective tax rate for the Group was 33.1 percent (24.1) for the quarter. The effective tax rate during the quarter was negatively affected by non-deductible interest.

Net sales (MSEK) and EBITA margin (%) since 2019, rolling 12 months



Cash flow and investments

Cash flow from operating activities during the quarter amounted to MSEK 221 (348), including a change in working capital of MSEK 28 (38). Working capital is mainly affected by increased accounts payable, which is explained by higher activity in our factories. The increase was partly offset by increased accounts receivable due to higher sales compared to the first quarter of 2024. The work to optimize our inventory levels has continued, resulting in a small increase during the quarter.

During the quarter, cash flow from the Group's investing activities amounted to MSEK -146 (-208). Investments in intangible and tangible fixed assets amounted to MSEK -95 (-198), mainly driven by capacity investments in the US. Cash flow effect related to business combinations after deduction of acquired cash and cash equivalents amounted to MSEK -51 (-10) and relates to payment of additional purchase price linked to the acquisition of Fibron Cable and the exercise of the acquisition option linked to Qubix.

During the quarter, cash flow from the Group's financing activities amounted to MSEK -212 (-4). The change is mainly explained by amortization of term loan and utilised RCF of an amount of MSEK -242 (-51), amortization of lease liabilities MSEK -33 (-22) and subscription of shares related to employee stock option programme MSEK 63 (16).

Total cash flow for the quarter amounted to MSEK -137 (136).

The period (January 1 – June 30, 2024)

Net sales and growth

The Group's net sales during the period decreased by 13 percent to MSEK 3,805 (4,373). Sales in the period decreased organically by 22 percent and is primarily attributable to a weaker market for Fiber Solutions in Germany, the UK and the US. Growth from acquisitions amounted to 9 percent and is attributable to Fibron Cable, Rochester Cable, USNet, ATG and MConnect. Currency effects during the period amounted to 0 percent.

During the period, net sales in Rest of Europe decreased by 19 percent compared to the corresponding period last year. Explained by the weaker development in Fiber Solutions, particularly in Germany and UK, which was partly offset by strong sales in Finland. The acquisition of Fibron Cable has contributed positively during the period and in line with our expectations. During the first half of the year, North America showed a negative sales development of 8 percent. A decrease in duct sales for Blue Diamond Industries was partly offset by both organic and acquisition driven growth from our focus areas Harsh Environment and Data Center. In APAC and Rest of the world, net sales decreased by 6 percent. Mainly due to a submarine cable project delivered to South Korea in the first quarter last year, which was partly offset by a couple of larger projects delivered in the second quarter. Net sales in Sweden decreased by 7 percent, where we saw slightly lower activity in the FTTH market.

Net sales in Fiber Solutions decreased by 28 percent compared to the corresponding period last year. The decrease is mainly explained by a weaker market due to high financing costs and cost inflation. Net sales in Harsh Environment showed a growth of 172 percent compared to the corresponding period last year. The increase is driven by the acquisitions of Rochester Cable and Fibron Cable. Net sales in Data Center increased by 36 percent compared to the corresponding period last year. Growth is driven by the companies DCS and IDS, but also to some extent attributable to the acquisition of USNet.

Analysis of change in net sales (MSEK)	Jan-Jun 2024	(%)	Jan-Jun 2023	(%)
Previous year	4,373	-	3,050	-
Organic growth	-969	-22%	455	15%
Acquisitions and structural changes	389	9%	700	23%
Exchange-rate effects	13	0%	168	6%
Current quarter	**3,805**	**-13%**	**4,373**	**43%**

Geographical net sales (MSEK)	Jan-Jun 2024	Allocation (%)	Growth (%)
Sweden	330	9%	-7%
Rest of Europe	1,708	45%	-19%
North America	1,446	38%	-8%
APAC and Rest of the world	321	8%	-6%
Total	**3,805**	**100%**	**-13%**

Focus areas net sales (MSEK)	Jan-Jun 2024	Allocation (%)	Growth (%)
Fiber Solutions	2,744	72%	-28%
Harsh Environment	556	15%	172%
Data Center	506	13%	36%
Total	**3,805**	**100%**	**-13%**

EBITA

EBITA decreased 49 percent to MSEK 390 (769) in the period, corresponding to an EBITA margin of 10.3 percent (17.6). The lower EBITA margin is affected negatively by price pressure in several markets and lower capacity utilization in our factories, resulting in higher operating costs in relation to revenue as well as a lower gross profit margin.

Financial items

Net financial items in the period amounted to MSEK -106 (-77), whereof net interest amounted to MSEK -99 (-79), realised and unrealised foreign exchange differences to MSEK 7 (15) and other financial items to MSEK -14 (-13). Other financial items include revaluation of the additional purchase price and acquisition option of MSEK -9 (-8).

Result

Net results for the period amounted to MSEK 150 (483) and earnings per share after dilution decreased by 68 percent to SEK 0.75 (2.36). Tax for the period was MSEK -73 (-157), and the average effective tax rate for the Group was 32.8 percent (24.5) for the quarter. The effective tax rate during the quarter was affected negatively by non-deductible interest.

Cash flow and investments

Cash flow from operating activities during the period amounted to MSEK 492 (376), including a change in working capital of MSEK 180 (-302). Due to higher activity in our factories during the second quarter, accounts payable have increased compared to year-end 2023. At the same time, cash flow has been negatively affected by higher sales growth in the second quarter compared to the fourth quarter previous year, which resulted in increased accounts receivable. In line with our plan, we have continued to work on optimizing our inventories.

During the period, cash flow from the Group's investing activities amounted to MSEK -306 (-931). Investments in intangible and tangible fixed assets amounted to MSEK -163 (-325), mainly driven by capacity investments in the US. Cash flow effect related to business combinations after deduction of acquired cash and cash equivalents amounted to MSEK -131 (-606) and relates to payment of additional purchase price linked to the acquisition of Fibron Cable, USNet and the exercise of the acquisition option linked to Qubix. In addition, a minor add-on acquisition and a minor investment in a joint venture company affected cash flow during the period.

During the period, cash flow from the Group's financing activities amounted to MSEK -368 (657). The change is mainly explained by amortization of term loan and utilised RCF of an amount of MSEK -367 (-51), amortization of lease liabilities MSEK -65 (-42) and subscription of shares related to employee stock option programme MSEK 63 (16).

Total cash flow in the period amounted to MSEK -182 (102).

Liquidity and financial position

The Group’s net debt

The Group's net debt amounted to MSEK 2,572 at the end of the reporting period, compared to a net debt of MSEK 2,678 as of December 31, 2023. The leverage ratio (net debt / EBITDA (pro forma), R12) as of June 30, 2024, amounted to 2.2x, compared to 1.7x as of December 31, 2023.

The Group's interest-bearing net debt, which corresponds to net debt excluding lease liabilities, amounted to MSEK 1,996 as of June 30, 2024, compared to MSEK 2,111 on December 31, 2023.

Available funds

Available funds on June 30, 2024, including unutilized credit facilities, amounted to MSEK 1,846, compared to MSEK 1,732 as per December 31, 2023.

Equity

As of June 30, 2024, equity amounted to MSEK 3,806, corresponding to SEK 18.75 per outstanding share at the end of the reporting period before dilution, compared to equity of MSEK 3,438 as of December 31, 2023.

The market

The buildout of fiber optic infrastructure is crucial to supporting modern life's digital demands, driving economic growth, and preparing for future technological advancements. As data volumes continue to rise, the need for fiber network investment has become increasingly apparent, and the major buildout of data centers is emerging as a key indicator of this trend.

The FTTH rollout continues steadily, and several government initiatives in Hexatronic's strategic growth markets are expected to support the continued expansion of fiber optic infrastructure in the coming years. FTTH Council FTTH/B Market Panorama and Global ranking data on penetration rate from September 2023 shows that the share of households subscribing to a service through FTTH/FTTB is still low in Germany (10%), the UK (17%) and the US (24%). At the same time, the total number of households in these countries is high, indicating significant potential. According to FTTH Council Europe and RVA's forecasts, 120 million households in Germany, the UK, and the US are predicted to have access to fiber-optic connectivity by 2028. In mature markets, like Sweden, which has a penetration rate of 70%, effort is put into maintaining and improving existing infrastructure and upgrading transport networks. The need for long-haul transport networks constantly increases worldwide as new networks are established and existing ones are enhanced. The Hexatronic offering brings cost-efficient end-to-end solutions to any fiber optic project, from backbone networks to drop connections, to support the market needs ahead.

Accelerated digitalization has led to a booming Data Center market. The rapid rise of AI, high-performance computing, and capacity demands from cloud service providers are key factors behind the quick growth. The market can be divided into the segments hyperscale, enterprise, and colocation. The demand for hyperscale data centers is growing fastest – the high-performance computing in these data centers can power AI and its applications. As an alternative to enterprise data centers, many companies now seek colocation facilities to reduce costs, while maintaining control and ownership of the physical servers. In the massive buildout of data centers worldwide, structured cabling and data center expertise on installation and relocation are sought after. Sustainable and innovative solutions will likely be essential to succeed in the energy-consuming data center market.

In a Harsh Environment, the energy and defense markets increase rapidly. The energy sector drives a significant buildout of offshore infrastructure. Some of the world's largest countries turn to the ocean to increase energy generation from renewables. As the sector expands offshore, there is a massive demand for underwater robots or ROVs to manage the buildout and maintenance of the underwater infrastructure. The ROVs, in turn, depend entirely on dynamic cables bringing power, hydraulics, and fiber connections to get the job done. Given the renewed unrest in the world the defense market continues the expansion. Especially aviation and marine applications are demanding sophisticated optical sensing and communication systems. Furthermore, there is a rising acceptance of optical solutions for industrial applications, indicating potential ahead.

Acquisitions

Acquisitions during the quarter

No acquisitions were made during the quarter.

Acquisitions during the year

Company	Country	Consolidated from	Acquired share, %	EBITDA[1]	Number of employees
MConnect, Ltd	UK	2024-02-02	97%	Not significant	2
SH Connectivity	South Korea	2024-02-06	50%	N/A	-

[1] *Last reported full year*

Acquisitions after the end of the quarter

Hexatronic has signed a letter of intent to acquire parts of Endor, which is owned by Icelandic Sýn hf and is active in data center services. The acquisition will provide Hexatronic with leading expertise in the field and a customer base in Iceland, Sweden and Germany. The acquisition will have no significant impact on Hexatronic's earnings.

Sustainability

Hexatronic aims to be at the forefront of creating sustainable solutions within fiber infrastructure for segments such as telecom, energy storage, and energy. Enabling non-stop connectivity helps accelerate digital transformation, which is key to solving many of today's challenges and builds the foundations for greener, smarter, and safer societies.

Our three sustainability focus areas are Planet, People, and Ethics. These areas form the basis of our 2030 Sustainability Roadmap. For us to succeed, we ensure that sustainability is an integrated part of our business and that our company culture leads the way. We engage and collaborate to find the best solutions and increase awareness through training, communication, and sharing best practices.

We are proud and active members of several national, European, and global sustainability organizations. As participants in the Global Compact, we commit to following the Ten Principles of the United Nations (UN) Global Compact and contributing to Agenda 2030. Each sustainability focus area with related goals and metrics is connected to the Sustainable Development Goals and the Ten Principles. We are committed to facilitating digitalization and driving sustainability in our field as a member of the FTTH Sustainability Committee, which compiles best practices in deploying fiber networks and drives climate action in the FTTH value chain.

Read about Hexatonic's targets, activities, and progress in our Annual and Sustainability Report 2023.

Other disclosures

Nature of operations

Hexatronic Group AB (publ) is a technology group specializing in fiber infrastructure. The Group strongly focuses on complete solutions with associated support and training and operates in the business areas of Fiber Solutions, Harsh Environment, and Data Center.

The Group develops, designs, manufactures, and sells its products and system solutions combined with products from leading partners. Hexatronic is customer-centric and has a local presence worldwide, with the key strategic markets of North America, Germany and the UK. Guided by the 2030 Sustainability Roadmap, Hexatronic actively integrates the three prioritized sustainability areas, Planet, People, and Ethics, in the business.

All amounts are presented in million Swedish kronor (MSEK) unless otherwise stated. The figures in parentheses refer to the previous year. Totals are based on integer numbers (kronor).

Customers

The Group's customers are mainly wholesalers, telecom operators, network owners, telecom companies, installers, and system houses, defense companies and co-location operators for data center and hyperscale's.

Employees

There were 1,999 employees in the Group on June 30, 2024, to be compared with 1,961 employees as of December 31, 2023.

Parent company

The Parent Company's main business consists of performing Group-wide services. Revenue for the period January to June amounted to MSEK 68 (62) and the result after financial items was MSEK -48 (-109). The change compared to the previous year is entirely explained by increased dividends from subsidiaries, partly offset by negative currency effects on the revaluation of receivables and liabilities in foreign currency and increased interest expenses.

Share structure

The company's share is listed in the Mid Cap segment on Nasdaq Stockholm. At the end of the period the share capital amounted to MSEK 2.

Class of shares	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Ordinary share, 1 vote per share	203,026,610	203,026,610	98.2%	99.8%
Class C share, 1/10 vote per share	3,640,636	364,064	1.8%	0.2%
Total number of shares before repurchases	**206,667,246**	**203 390 674**	**100%**	**100%**
Repurchased class C shares	-3,640,636		1.8%	0.2%
Total number of shares after repurchases	**203,026,610**			

Employee stock option programmes active at the time of this report's publication are:

Outstanding warrant programme	Number of warrantes	Corresponding Number of shares	Proportion of total Shares	Exercise price	Expiration period
Warrant programme 2022/2025	463,000	463,000	0.2%	96.96	15 May - 15 Jun -25
Warrant programme 2023/2026	377,500	377,500	0.2%	96.20	15 May - 15 Jun -26
Warrant programme 2024/2027	381,500	381,500	0.2%	55.30	13 May - 13 Jun -27
Total	**1,222,000**	**1,222,000**	**0.6%**		

In addition to above warrant programmes, there are three ongoing long-term, performance-based incentive plans (LTIP 2022, 2023 and 2024) for 47 senior executives and other key employees in the Group who are resident in Sweden. The participants have invested 234,220 savings shares in total.

Under the LTIP, for each acquired Hexatronic share (savings share), participants can receive 2–6 shares in Hexatronic (performance shares) free of charge, assuming achievement of certain performance targets. To qualify for performance shares, participants must acquire and retain a number of Hexatronic shares for the whole of the three-year vesting period and must, with some exceptions, remain in employment during the same period. In addition to the above conditions, performance shares also require certain performance targets to be met, linked to the development of the earnings per share after dilution, the Group's growth, EBITA margin and certain sustainability targets.

The targets relate to the 2022-2026 financial years. Hexatronic has judged that all the above conditions are non-market related conditions under IFRS 2.

The company's market value at the end of the period was MSEK 10,519. Based on data from Monitor of Modular Finance AB and subsequent known changes, the number of shareholders was 61,930 at period end. The shareholder structure of Hexatronic Group AB (publ) on June 30, 2024, is shown in the table below.

Shareholder	No. of ordinary shares	Votes %
Handelsbanken Funds	14,324,647	7.1%
AMF Pension & Funds	13,233,270	6.5%
Accendo Capital	12,207,134	6.0%
Jonas Nordlund, privately and corporately	11,062,562	5.5%
Chirp AB	8,929,360	4.4%
Avanza Pension	8,577,825	4.2%
Vanguard	6,763,381	3.3%
Third AP fund	6,236,450	3.1%
Bank of Norway	5,024,494	2.5%
Nordnet Pension	4,275,360	2.1%
Other shareholders	112,392,127	55.2%
Total outstanding shares	**203,026,610**	**100.0%**

Transactions with related parties

The Group rents premises from Fastighets AB Balder, in which the Group's board member Erik Selin has a significant influence. The rental contract has been entered under normal commercial conditions. The rent for the premises amounts to approximately MSEK 7 annually.

Significant risks and uncertainties

Like all business activities, Hexatronic' s operation is associated with risks of various kinds. Continually identifying and assessing risks is a natural and integral part of the operation, enabling risks to be controlled, limited and managed proactively. The Group's ability to map and prevent risks minimises the likelihood of unpredictable events having an adverse impact on the business. The aim of risk management is not necessarily to eliminate the risk, but rather to safeguard set business goals with a balanced risk portfolio. Mapping, planning and management of identifiable risks supports the management in making strategic decisions. Risk assessment also aims to increase the entire organisation's risk awareness.

Several risk areas have been identified in Hexatronic' s risk management process. Hexatronic has divided identified risks into operational risks, market risks and financial risks. A more detailed description of the Group's risks and risk management is provided in the Hexatronic Group Annual Report for 2023 on page 70-75.

We expect the market demand in Fiber Solutions to remain weak in the coming quarters. The main reasons are high financing costs, cost inflation and high inventory levels in some geographical markets.

Fiber optic networks are a critical infrastructure and the degree of expansion is still low in many countries, such as the US, Germany and the UK. Therefore, we see strong underlying structural trends supporting global build out. Primarily privately financed projects but also projects financed by subsidies from several government investment programs such as the BEAD program in the US, Gigabit Strategy in Germany and Project Gigabit UK. Similar programs exist in most countries.

Governmental subsidies are expected to have an increased positive impact on the market going forward. In combination with normalizing inventory levels, we expect a gradual market recovery in the latter part of the year.

Accounting policies

The consolidated financial statements for Hexatronic Group (“Hexatronic”) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. This interim report has been prepared in accordance with IAS 34 Interim Reporting, the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups.

The Parent Company’s financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board’s recommendation RFR 2 Accounting for Legal Entities. The application of RFR 2 means that in its interim report for the legal entity, the Parent Company applies all IFRS and statements adopted by the EU as far as possible within the framework of the Swedish Annual Accounts Act and the Swedish Insurance Act and regarding the relationship between accounting and taxation.

For full accounting policies, see the Annual Report for 2023.

Review

This interim report has not been reviewed by the company’s auditor.

Other information

Presentation of the interim report

Henrik Larsson Lyon, CEO, of Hexatronic Group, Pernilla Linden, CFO, of Hexatronic Group, and Martin Åberg, Deputy CEO, of Hexatronic Group, will present the interim report in a telephone conference today, July 16, 2024, at 10:00 CEST.

Link to webcast:
https://ir.financialhearings.com/hexatronic-group-q2-report-2024

Link to register for the teleconference:
https://conference.financialhearings.com/teleconference/?id=50048745

Presentation materials and a recording will be made available on Hexatronic’s website after the presentation via the following link:https://www.hexatronic.com/en/investors/reports-and-presentations

Publication

This is information that Hexatronic Group AB (publ) is obliged to make public pursuant to the Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication through the agency of the contact person set out below on July 16, 2024 at 07.00 CEST.

Financial calendar

Interim Report July-September 2024: October 25, 2024

Year-End Report 2024: February 6, 2025

Please direct any questions to:

• Henrik Larsson Lyon, President and CEO, + 46 (0)70-650 34 00

• Pernilla Lindén, CFO, + 46 (0)70-877 58 32

• Pernilla Grennfelt, Head of Investor Relations, +46 (0)70 290 99 55

This is a translation of the Swedish version of the interim report. When in doubt, the Swedish wording prevails.

The Board of Directors and President hereby confirm that the interim report for the period January-June 2024 provides a true and fair overview of the business, financial position and results of the Parent Company and the Group and describes significant risks and uncertainty factors with which the Parent Company and the companies forming the Group are faced.

Gothenburg, July 16, 2024
Bord of Directors of Hexatronic Group AB (publ)

Magnus Nicolin
Chairman

Erik Selin
Board member

Helena Holmgren
Board member

Jaakko Kivinen
Board member

Linda Hernström
Board member

Åsa Sunberg
Board member

Diego Anderson
Board member

Henrik Larsson Lyon
President and CEO

Consolidated income statement

(MSEK)	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Full year
Revenue					
Net sales	2,024	2,258	3,805	4,373	8,150
Other operating income	13	22	36	46	90
Total	**2,037**	**2,281**	**3,841**	**4,419**	**8,240**
Operating expenses					
Raw materials and goods for resale	-1,174	-1,263	-2,234	-2,433	-4,646
Other external costs	-228	-265	-413	-506	-925
Personnel costs	-331	-280	-635	-584	-1 147
Other operating expenses	-7	-13	-21	-22	-60
Depreciation of tangible assets	-75	-55	-148	-103	-228
Earnings before amortisation of intangible assets (EBITA)	**222**	**405**	**390**	**769**	**1,234**
Amortisation of intangible assets	-31	-27	-61	-52	-113
Operating result (EBIT)	**192**	**377**	**329**	**717**	**1,122**
Result from financial items					
Financial items, net	-59	-36	-106	-77	-1
Result after financial items	**133**	**341**	**223**	**639**	**1,121**
Income taxes	-44	-82	-73	-157	-275
Net result for the period	**89**	**259**	**150**	**483**	**846**
Attributable to:					
Parent Company shareholders	90	259	152	483	848
Non-controlling interest	-1	-1	-2	-1	-2
Net result for the period	**89**	**259**	**150**	**483**	**846**
Earnings per share					
Earnings per share before dilution (SEK)	0.44	1.28	0.75	2.38	4.18
Earnings per share after dilution (SEK)	0.44	1.27	0.75	2.36	4.17

Consolidated statement of comprehensive income	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Full year
Result for the period	89	259	150	483	846
Items which can later be recovered in the income statement					
Translation differences	-49	256	216	225	-196
Hedging of net investments	8	-72	-89	-72	69
Tax attributable to items that can be returned to the income statement	-2	15	18	15	-14
Other comprehensive income for the period	**-42**	**198**	**146**	**168**	**-142**
Comprehensive income for the period	**46**	**457**	**296**	**651**	**704**
Attributable to:					
Parent Company shareholders	48	456	297	649	706
Non-controlling interest	-2	1	-1	2	-2
Comprehensive income for the period	**46**	**457**	**296**	**651**	**704**

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Consolidated balance sheet

(MSEK)	Note	2024-06-30	2023-06-30	2023-12-31
Assets				
Non-current assets				
Intangible assets		3,048	2,805	2,978
Tangible assets		2,417	2,094	2,279
Financial assets		17	6	5
Total non-current assets		**5,482**	**4,905**	**5,263**
Current assets				
Inventories		1,375	1,745	1,393
Account receivables		1,324	1,443	1,124
Other receivables		19	22	25
Prepaid expenses and accrued income		158	101	116
Liquid assets		650	677	813
Total current assets		**3,526**	**3,988**	**3,470**
TOTAL ASSETS		**9,008**	**8,893**	**8,733**
Equity		**3,806**	**3,378**	**3,438**
Non-current liabilities				
Liabilities to credit institutions	4	2,496	2,613	2,774
Deferred tax		246	210	248
Non-current lease liabilities		448	362	476
Other non-current liabilities	5	352	477	304
Total non-current liabilities		**3,541**	**3,661**	**3,803**
Current liabilities				
Liabilities to credit institutions	4	150	152	150
Current lease liabilities		129	70	91
Accounts payable		797	784	510
Provisions		43	13	59
Current tax liabilities		34	124	88
Other liabilities	5	121	270	249
Accrued expenses and deferred income		387	441	347
Total current liabilities		**1,661**	**1,854**	**1,493**
TOTAL EQUITY, PROVISION AND LIABILITIES		**9,008**	**8,893**	**8,733**

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Consolidated statement of changes in equity

(MSEK)	Share Capital	Other capital contri-butions	Reserves	Hedging reserve	Result brought forward, including result for the period	Total	Non-controlling interests	Total equity
Balance brough forward as of 1 January 2023	**2**	**938**	**325**	**0**	**1,503**	**2,768**	**37**	**2,805**
Result for the period	-	-	-	-	848	848	-2	846
Other comprehensive income	-	-	-196	54	-	-142	0	-142
Total comprehensive income	**0**	**0**	**-196**	**54**	**848**	**706**	**-2**	**704**
New shares related to employee stock option programme	-	16	-	-	-	16	-	16
Employee stock option programme	-	5	-	-	-	5	-	5
Share-based remuneration	0	-	-	-	8	8	-	8
Repurchase of shares	-	-	-	-	-81	-81	-	-81
Dividend paid	-	-	-	-	-20	-20	-	-20
Total transactions with shareholders, reported directly in equity	**0**	**21**	**0**	**0**	**-93**	**-72**	**0**	**-72**
Balance carried forward as of 31 December 2023	**2**	**959**	**129**	**54**	**2,258**	**3,402**	**35**	**3,438**
Balance brought forward as of 1 January 2024	**2**	**959**	**129**	**54**	**2,258**	**3,402**	**35**	**3,438**
Result for the period	-	-	-	-	152	152	-2	150
Other comprehensive income	-	-	215	-70	-	145	1	146
Total comprehensive income	**0**	**0**	**215**	**-70**	**152**	**297**	**-1**	**296**
New shares related to employee stock option program	-	63	-	-	-	63	-	63
Employee stock option programme	-	2	-	-	-	2	-	2
Share-based remuneration	0	-	-	-	7	7	-	7
Total transactions with shareholders, reported directly in equity	**0**	**65**	**0**	**0**	**7**	**72**	**0**	**72**
Balance carried forward as of 30 June 2024	**2**	**1,024**	**344**	**-16**	**2,417**	**3,771**	**35**	**3,806**

Consolidated statement of cash flow

(MSEK)	Not	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Full year
Operating result		192	377	329	717	1,122
Items not affecting cash flow	3	109	69	203	166	409
Interest received		3	2	4	3	8
Interest paid		-48	-38	-93	-65	-156
Income tax paid		-63	-100	-132	-143	-282
Cash flow from operating activities before changes in working capital		**193**	**310**	**311**	**678**	**1,100**
Increase (-)/decrease (+) in inventories		-35	113	53	50	329
Increase (-)/decrease (+) in accounts receivable		-79	-46	-144	-299	26
Increase (-)/decrease (+) in operating receivables		-11	-5	-21	-20	-4
Increase (+)/decrease (-) in accounts payable		164	-60	292	-91	-391
Increase (+)/decrease (-) in operating liabilities		-10	36	1	58	-116
Cash flow from changes in working capital		**28**	**38**	**180**	**-302**	**-156**
Cash flow from operating activities		**221**	**348**	**492**	**376**	**944**
Investing activities						
Acquisition of tangible and intangible assets		-95	-198	-163	-325	-518
Acquisition of subsidiaries after deduction of acquired liquid assets		-51	-10	-131	-606	-907
Change in financial assets		-	-	-12	-	-
Cash flow from investing activities		**-146**	**-208**	**-306**	**-931**	**-1,426**
Financing activities						
Borrowings		-	160	-	835	1,635
Amortisation of loans		-242	-51	-367	-51	-688
Amortisation of lease liabilities		-33	-22	-65	-42	-92
Changes in overdraft facilities		-	-6	-	-	-
Repurchase of shares		-	-81	-	-81	-81
New shares related to employee stock option programme		63	16	63	16	16
Dividend paid		-	-20	-	-20	-20
Cash flow from financing activities		**-212**	**-4**	**-368**	**657**	**769**
Cash flow for the period		**-137**	**136**	**-182**	**102**	**288**
Liquid assets at the start of the period		795	509	813	552	552
Exchange rate difference in liquid assets		-9	32	20	23	-28
Liquid assets at the end of the period		**650**	**677**	**650**	**677**	**813**

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Key metric for the Group

	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2024 Q2, R12	2023 Full year
Growth in net sales	-10%	36%	-13%	43%	-4%	24%
EBITA margin	11.0%	17.9%	10.3%	17.6%	11.3%	15.1%
EBITA margin, 12 months rolling	11.3%	17.7%	11.3%	17.7%	11.3%	15.1%
Operating margin	9.5%	16.7%	8.7%	16.4%	9.7%	13.8%
Equity asset ratio	42.2%	38.0%	42.2%	38.0%	42.2%	39.4%
Earnings per share before dilution (SEK)	0.44	1.28	0.75	2.38	2.54	4.18
Earnings per share after dilution (SEK)	0.44	1.27	0.75	2.36	2.54	4.17
Net sales per employee (SEK thousand)	1,009	1,171	1,943	2,338	3,831	4,211
Result per employee (SEK thousand)	45	134	77	258	261	438
Quick asset ratio	130%	121%	130%	121%	130%	139%
Cash flows from operating activities	221	348	492	376	1,060	944
Average number of employees	2,006	1,929	1,959	1,871	1,980	1,935
Number of shares at period end before dilution	203,026,610	203,026,610	203,026,610	203,026,610	203,026,610	203,026,610
Average number of shares before dilution	203,026,610	203,026,610	203,026,610	203,026,610	203,026,610	203,026,610
Average number of shares after dilution	203,434,675	204,602,920	203,434,675	204,773,880	203,434,675	203,454,005

For definition of key metric, see the section Definition alternative key metrics.

The key metrics presented are deemed essential to describing the Group's development as they both constitute the Group's financial objectives (growth in net sales and EBITA margin) and are the key metrics by which the Group is governed. Several key metrics are considered relevant to investors, such as earnings per share and the number of shares. Other key metrics are presented in order to provide different perspectives on how the Group is developing and are therefore deemed to be of benefit to the reader.

Parent Company income statement

(MSEK)	2024 Jan-Jun	2023 Jan-Jun
Revenue		
Net sales	68	62
Total	**68**	**62**
Operating expenses		
Other external costs	-55	-64
Personnel costs	-47	-35
Other operating expenses	-1	0
Depreciation of tangible assets	0	0
Earnings before amortisation of intangible assets (EBITA)	**-35**	**-38**
Amortisation of intangible assets	-1	-2
Operating result (EBIT)	**-37**	**-39**
Result from financial items		
Financial items, net	-11	-70
Result after financial items	**-48**	**-109**
Appropriations	-	-
Result before tax	**-48**	**-109**
Income taxes	24	30
Net result for the period	**-24**	**-79**

Total comprehensive income is the same as net result for the period in the parent company since there is nothing accounted for as other comprehensive income.

Parent Company balance sheet

(MSEK)	2024-06-30	2023-06-30	2023-12-31
Assets			
Intangible assets	7	5	6
Tangible assets	1	1	1
Financial assets	4,432	4,156	4,418
Total non-current assets	**4,440**	**4,161**	**4,425**
Current receivables			
Receivables from Group companies	235	437	450
Current tax receivables	25	30	1
Other receivables	0	1	2
Prepaid expenses and accrued income	13	9	8
Total current receivables	**274**	**477**	**462**
Cash and bank balances	**100**	**119**	**173**
Total current assets	**373**	**595**	**635**
TOTAL ASSETS	**4,814**	**4,757**	**5,060**
Equity	**1,029**	**957**	**983**
Untaxed reserves	**29**	**29**	**29**
Non-current liabilities			
Liabilities to credit institutions	2,482	2,600	2,760
Other non-current liabilities	307	461	282
Total non-current liabilities	**2,789**	**3,061**	**3,042**
Current liabilities			
Liabilities to credit institutions	150	152	150
Accounts payable	9	8	16
Provisions	2	-	5
Liabilities to Group companies	750	455	668
Other liabilities	20	52	146
Accrued expenses and deferred income	34	42	21
Total current liabilities	**967**	**710**	**1,006**
TOTAL EQUITY, PROVISIONS AND LIABILITIES	**4,814**	**4,757**	**5,060**

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Notes

Note 1 Revenue

January-June 2024 Geographical markets	Sweden	Rest of Europe	North America	APAC/ Rest of the world	Total
Revenue from external customers	330	1,708	1,446	321	3,805
Category					
Goods	303	1,522	1,350	307	3,482
Services	27	186	97	14	323
Total	**330**	**1,708**	**1,446**	**321**	**3,805**
Time for revenue recognition					
At a given time	303	1,406	1,332	300	3,341
Over time	27	302	115	21	465
Total	**330**	**1,708**	**1,446**	**321**	**3,805**

January-June 2023 Geographical markets	Sweden	Rest of Europe	North America	APAC/ Rest of the world	Total
Revenue from external customers	354	2,097	1,579	342	4,373
Category					
Goods	335	1,930	1,520	340	4,124
Services	19	167	59	3	248
Total	**354**	**2,097**	**1,579**	**342**	**4,373**
Time for revenue recognition					
At a given time	335	1,930	1,520	340	4,124
Over time	19	167	59	3	248
Total	**354**	**2,097**	**1,579**	**342**	**4,373**

Note 2 Business acquisitions

Acquisitions 2024

On February 2, 2024, the Group acquired 97% of the share capital of MConnect, Ltd (“MConnect”) for a fixed purchase consideration of MGBP 0,6 on a debt free basis. The acquisition of MConnect includes a put/call option to acquire the remaining 3% after 2027. Both parties have the right to exercise the option and it is considered likely that the option will be exercised, hence the acquisition is recognized at 100% with no non-controlling interest. The expected purchase price for the remaining 3% is recognized as a liability with any changes in value through the income statement.

The acquisition has not had any material impact on Hexatronic's balance sheet, net sales and earnings for the period.

Acquisitions 2023

On March 3, 2023, the Group completed the asset purchase agreement to acquire all business activity of Rochester Cable ("Rochester") for a fixed purchase consideration of MUSD 55 on a debt free basis (excluding ND/NWC adjustment of MUSD -4.5).

On August 18, 2023, the Group acquired 100% of the share capital of Fibron XB Ltd ("Fibron") for a fixed purchase consideration of MGBP 25 on a debt free basis (excluding ND/NWC adjustment of MGBP -5.5), and contingent purchase consideration calculated at net present value of maximum MGBP 7.

On September 1, 2023, the Group acquired 100% of the share capital of ATG Technology Group Limited ("ATG") for a purchase consideration of MNZD 0.9.

On October 1, 2023, the Group acquired 95% of the share capital of USNet for a fixed purchase consideration (excluding ND/NWC adjustment) of MUSD 5.5, and contingent purchase consideration calculated at net present value of maximum MUSD 0.9. The acquisition of USNet includes a put/call option to acquire the remaining 5% after 2027. Both parties have the right to exercise the option and it is considered likely that the option will be exercised, hence the acquisition is recognized at 100% with no non-controlling interest. The expected purchase price for the remaining 5% is recognized as a liability with any changes in value through the income statement.

The preliminary table below summarises the purchase price for the acquisitions and the fair value of the acquired assets and assumed liabilities recognized on the acquisition dates. The acquisitions are reported aggregated, as none of the acquisitions have been deemed individually significant.

Preliminary Purchase price (MSEK)	
Liquid assets	865
Contingent purchase consideration (not paid)	108
Holdback purchase consideration (not paid)	2
Option to acquire remaining 5% of USNet (not paid)	14
Total purchase price	**988**

Recognised amounts for identifiable acquired assets and taken-over liabilities	
Liquid assets	75
Tangible and intangible assets	225
Customer relations	168
Financial assets	-
Accounts receivable	173
Inventories	168
Other receivables	44
Financial liabilities	-132
Other liabilities	-251
Total identifiable net assets	**470**
Non-controlling interests	**-**
Goodwill	**518**

Acquisition-related costs of MSEK 23 are included in other external costs in the consolidated statement of comprehensive income for the 2023 financial year. Total cash flow, excluding acquisition-related costs, attributable to the business combinations amounted to MSEK 790. Goodwill is attributable to the earning capacity that the companies are expected to bring.

Subject to the agreement of contingent purchase consideration, the Group will pay a maximum of MSEK 98 for Fibron based on EBITDA for the full year 2023 and MSEK 10 for USNet based on EBITDA for the full year 2023 and 2024.

The fair value of account receivables totals MSEK 173. Doubtful accounts receivables amount to MSEK 3 and are reserved.

The value of tax-deductible goodwill amounts to MSEK 158.

Since the acquisition date, net sales of MSEK 688 have been included in the consolidated income statement from the acquired companies during 2023. The acquired companies generated an EBITDA of MSEK 80 during the same period.

If the acquired companies had been consolidated from January 1, 2023, the consolidated income statement for the period January to December would have increased with net sales of MSEK 1,178 and EBITDA of MSEK 158.

Note 3 Items not affecting cash flow

(MSEK)	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Full year
Depreciation/amortisation	106	82	209	156	340
Revaluation of incentive programmes	11	-14	18	-3	-12
Work in progress, accrued but not invoiced	-12	-	-10	-	-
Change inventory obsolescence reserve	7	3	8	14	26
Other provisions	-2	2	-20	2	51
Exchange rate differences	0	-4	-1	-2	0
Other	-1	0	-1	-1	4
Total	**109**	**69**	**203**	**166**	**409**

Note 4 Liabilities to credit institutions

		Cash-flow		Items not affecting cash flow				
(MSEK)	**2023-12-31**	**Borrowings**	**Amortisation of loan**	**Acquisitions**	**Reclass-ification**	**Currency effects**	**Cost of financing**	**2024-06-30**
Non-current liabilities to credit institutions	2,774	-	-367	-	-	89	0	2,496
Current liabilities to credit institutions	150	-	-	-	-	1	-	150
Total	**2,924**	**0**	**-367**	**0**	**0**	**89**	**0**	**2,646**

Note 5 Financial liabilities valued at fair value via the income statement

		Cash flow	Items not affecting cash flow				
(MSEK)	**2023-12-31**	**Payments**	**Acquisitions during the year**	**Reclassi-fication**	**Translation-difference**	**Revaluation over the income statement**	**2024-06-30**
Additional purchase price / acquisition option	461	-125	17	11	2	9	375

Reconciliation between IFRS and key metrics used

In this interim report, Hexatronic presents certain financial parameters that are not defined in IFRS known as alternative key metrics. The Group believes that these parameters provide valuable supplementary information for investors as they facilitate an evaluation of the company's results and position. Since not all companies calculate financial parameters in the same way these metrics are not always comparable with those used by other companies. Investors should see the financial parameters as a complement to rather than a replacement for financial reporting in accordance with IFRS.

Organic growth, MSEK, %	**Q2 2024**	**Jan-Jun 2024**	**Full year 2023**
Net sales	2,024	3,805	8,150
Exchange-rate effects	-15	-13	-294
Acquisition driven	-154	-389	-1,454
Comparable net sales	**1,855**	**3,404**	**6,402**
Net sales corresponding period previous year	2,258	4,373	6,574
Organic growth	**-403**	**-969**	**-172**
Organic growth %	-18%	-22%	-3%

Annual growth, rolling 12 months, %	**Q2 2024**	**Q2 2023**	**Full year 2023**
Net sales rolling 12 months	*7,583*	*7,897*	*8,150*
Annual growth, rolling 12 months	**-4%**	**54%**	**24%**

Quick asset ratio, %	**2024-06-30**	**2023-06-30**	**2023-12-31**
Current assets	3,526	3,988	3,470
Inventories	-1,375	-1,745	-1,393
Current assets less inventories	*2,151*	*2,244*	*2,077*
Current liabilities	1,661	1,854	1,493
Quick asset ratio	**130%**	**121%**	**139%**

Core working capital, MSEK	**2024-06-30**	**2023-06-30**	**2023-12-31**
Inventories	1,375	1,745	1,393
Accounts receivable	1,324	1,443	1,124
Accounts payable	-797	-784	-510
Core working capital	**1,902**	**2,405**	**2,008**

Net debt, MSEK	2024-06-30	2023-06-30	2023-12-31
Non-current liabilities to credit institutions	2,496	2,613	2,774
Current liabilities to credit institutions	150	152	150
Overdraft facilities	-	-	-
Liquid assets	-650	-677	-813
Interest-bearing net debt	**1,996**	**2,087**	**2,111**
Non-current lease liabilities	448	362	476
Current lease liabilities	129	70	91
Net debt	**2,572**	**2,519**	**2,678**

EBITDA and EBITDA (proforma) R12, MSEK	Q2 2024	Q2 2023	Full year 2023
Operating result (EBIT), R12	**734**	**1,310**	**1,122**
Amortisation of intangible assets, R12	121	87	113
EBITA, R12	**855**	**1,397**	**1,234**
Depreciation of tangible assets, R12	272	181	228
EBITDA, R12	**1,127**	**1,578**	**1,462**
EBITDA (proforma), R12	**1,152**	**1,725**	**1,574**

Leverage ratio	Q2 2024	Q2 2023	Full year 2023
Net debt	2,572	2,519	2,678
EBITDA (proforma), R12	1,152	1,725	1,574
Net debt / EBITDA (proforma), R12	**2.2**	**1.5**	**1.7**

Definition alternative key metrics

Gross profit margin
Net sales minus raw materials and merchandise, as a percentage of net sales.

EBITDA (proforma), R12
Rolling 12 month reported EBITDA plus proforma acquired EBITDA, before entry.

EBITA
Earnings before amortisation of intangible assets.

EBITA margin
Earnings before amortisation of intangible assets as a percentage of net sales.

EBIT (operating result)
Earnings before interest and taxes.

Operating margin
Earnings before interest and taxes as a percentage of net sales.

Equity asset ratio
Total equity as a percentage of total assets.

Number of shares
Number of outstanding shares at the end of the period.

Organic growth
Changes in net sales excluding exchange-rate effects and acquisitions compared with the same period last year.

Acquisition-driven growth
Acquisition-driven growth is based on net sales from acquired operations during the following 12 months after the acquisition date.

Annual growth
Average annual growth is calculated as the Group´s total net sales during the period compared to the same period last year.

Quick asset ratio
Quick asset ratio is calculated as current assets minus inventories divided by current liabilities.

Core-working capital
Core working capital is defined as inventories plus accounts receivable minus accounts payable.

Net debt
Interest-bearing liabilities, including lease liabilities, less liquid assets.

Leverage ratio
Net debt through EBITDA (proforma), R12.

Average number of outstanding shares
Weighted average of the number of outstanding shares during the period.

Average number of outstanding shares after dilution
Number of outstanding shares at the end of the period plus the number of shares that would be added if all dilutive potential shares were converted.

Earnings per share before dilution
Earnings attributable to Parent Company shareholders as a percentage of average number of outstanding shares before dilution.

Earnings per share after dilution
Earnings attributable to Parent Company shareholders as a percentage of average number of outstanding shares after dilution.

Equity per share
Total equity divided by the number of shares at the end of the period.

Number of employees
Number of employees at the end of the period.

This is Hexatronic

Hexatronic Group AB (publ) enables non-stop connectivity for communities worldwide. We partner with customers across four continents – from telecom operators to network owners – offering leading-edge fiber technology and solutions for any and all conditions.

Hexatronic Group AB (publ) was founded in 1993 in Sweden and is listed on Nasdaq OMX Stockholm. Our global product brands include Viper, Stingray, Raptor, InOne, and Wistom®.

Hexatronic Group AB (publ) Org nr 556168-6360

Hexatronic Group AB (publ)

Sofierogatan 3a, 412 51 Gothenburg, Sweden

www.hexatronicgroup.com