

# Hexatronic Group AB (publ)

Interim report January – March 2021



## Key ratio

MSEK	2021 Q1	2020 Q1	Δ %
Net sales	634.8	437.3	45%
EBITA	63.8	22.2	187%
EBITA margin	10.1%	5.1%	
Operating result (EBIT)	56.9	15.3	272%
Net earnings	39.0	8.9	338%
Earnings per share after dilution, SEK	1.03	0.24	329%
Cash flow from operating activities	-15.5	55.7	-128%
Liquid assets	191.5	97.0	97%

## Events during the quarter

- Hexatronic signs a 3-year exclusive agreement with Centric Fiber in USA, to a value of MUSD 10.
- Hexatronic signs a strategic supply agreement with Vocus in Australia.
- Hexatronic wins new submarine cable orders totalling approximately MSEK 60.
- Hexatronic acquires 75 percent of the shares in the German engineering company TK-KONTOR-FREITAG GmbH.
- The board adjusts the profitability target to 10 percent EBITA on rolling 12 months basis (from 9 percent).

- Pernilla Lindén is appointed CFO and member of the Group Management Team at Hexatronic Group and will take office August 9, 2021.

## Events since the end of the period

- Hexatronic has issued a redundancy notice for the fiber optics assembly operation in Örebro, with the aim of relocating all production to Baltronic in Estonia and coordinating our warehouses in Sweden to Hudiksvall. The relocation is part of efforts to strengthen the company's competitiveness on a growing international market, while the Swedish market is expected to shrink in the future.

## COMMENTS FROM THE CEO

### Strong growth and increased profitability

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The first quarter of the year was very strong with growth of 45% on the same quarter last year, just over half of which was organic. The increase in profitability for the quarter was even stronger. EBITA increased by 187% and earnings per share rose by 329%.

For the current rolling 12-month period, with 23% sales growth and 10.8% EBITA, we are exceeding our goals of at least 20% growth and an EBITA margin of at least 10%. We saw minor negative effects on operations from COVID-19 during the quarter, which are mainly related to higher transport costs and the indirect effect of COVID-19 with increasing raw material prices. We believe the higher prices for plastics will have some negative impact on our gross margin during the second quarter.

Sales growth in Europe excluding Sweden was 87% during the quarter, primarily driven by continued strong development in the UK, as well as the acquisition of Qubix in Italy. The British market is showing very strong development and we are seeing increasing levels of activity in Germany, but still at a lower level than in the UK.

Sales in North America grew by 44%, mainly driven by a strong underlying market for duct. We have also increased capacity with our new factory in Texas. Our sales of systems are beginning to gain momentum and are expected to make an important contribution to our development in North America this year. One sign of this was the agreement we concluded with Centric Fiber in Texas to supply our entire FTTH system over the next three years, worth at least MSEK 85.

Sales in Sweden increased by 8%, which was slightly above expectations. Our judgement is still that the Swedish market will remain at much the same level as in 2020. The level of activity in the submarine cable operation has remained high. We will have high levels of deliveries during the second half of 2021 and the first half of 2022.

Cash flow from operating activities in the first quarter was slightly negative, as we are building up stock and have tied up a lot of capital in accounts receivable.

During the quarter we acquired 75% of TK-KONTOR-FREITAG. The aim of the acquisition is to build up a training operation in Germany, and to offer our customers design and planning services in addition to our FTTH system.

We issued a redundancy notice for our fiber optics assembly operation in Örebro, with the aim of relocating all production to Baltronic in Estonia and coordinating our warehouses in Sweden to Hudiksvall. This was a very difficult decision to make, but it was necessary in order to maintain our long-term competitiveness.

We will continue to invest for profitable growth in our growth markets of North America, the UK and Germany, and for increased production in the factory in Hudiksvall, which supplies all markets with fiber optic cable. We also see good scope for continuing to make acquisitions, and we believe that we have increased our activity and the number of discussions over the past year compared with the previous year.

The order book has continued to develop positively. We entered the second quarter with an order book 67% higher organically than at the same point last year. Excluding submarine cable projects, the order book was 28% higher.

COVID-19 has had only a minor impact on our operation in recent quarters. We therefore intend to stop reporting preliminary sales and results after the close of the quarter. In the longer term, we believe that experiences from COVID-19 will have a positive impact on investments in communication networks, and this has been confirmed by the infrastructure programmes announced in both the USA and the EU.

Thank you for joining us on this journey.

Henrik Larsson Lyon  
President and CEO  
Hexatronic Group AB (publ)



## Net sales and earnings

The Group's net sales for the first quarter of 2021 increased 45 percent to MSEK 634.8 (437.3), as a result of organic and acquisition driven growth. The increase was 51 percent cleared for exchange-rate effects.

Analysis of change in net sales (MSEK)	Q1 2021		Q1 2020	
		(%)		(%)
Year-earlier quarter	437.3	-	421.1	-
Organic growth	130.3	30%	8.3	2%
Acquisitions and structural changes	90.3	21%	-	-
Exchange-rate effects	-23.1	-5%	8.0	2%
<b>Current quarter</b>	<b>634.8</b>	<b>45%</b>	<b>437.3</b>	<b>4%</b>

The Group's net sales on its strategic growth markets of the UK, Germany and North America continued to grow during the quarter.

Geographical net sales (MSEK)	Q1 2021	Allocation (%)	Growth (%)
Sweden	127.5	20%	8%
Rest of Europe	282.6	45%	87%
North America	153.0	24%	44%
Rest of the world	71.7	11%	16%
<b>Total</b>	<b>634.8</b>	<b>100%</b>	<b>45%</b>

EBITA increased 187 percent to MSEK 63.8 (22.2) in the quarter. The EBITA margin amounted to 10.1 percent (5.1).

Net financial items during the quarter amounted to MSEK -3.1 (-2.5), whereof net interest amounted to MSEK -2.7 (-2.4), unrealised foreign exchange differences to MSEK -0.1 (0.1) and other financial items to MSEK -0.3 (-0.4).

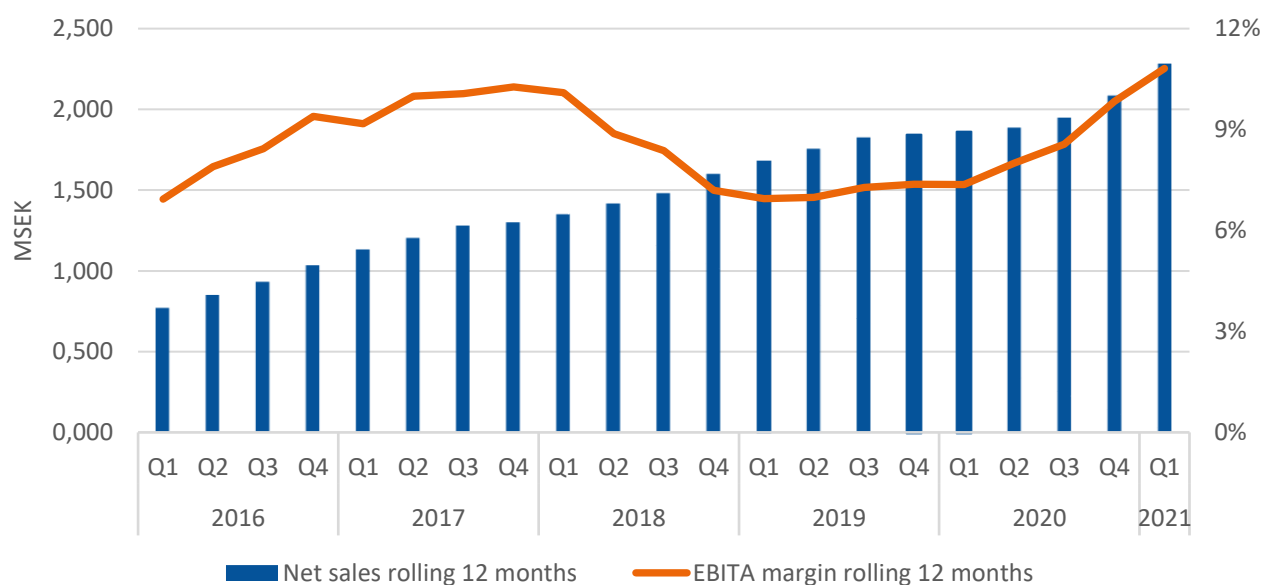
Net earnings for the quarter amounted to MSEK 39.0 (8.9) and earnings per share after dilution, increased by 329 percent and amounted to SEK 1.03 (0.24). Tax for the period was MSEK -14.9 (-3.7) which means the average effective tax rate for the Group was 27.7 percent (29.5) for the quarter.

### Cash flow and investments

Cash flow from operating activities in the quarter amounted to MSEK -15.5 (55.7), including a negative change in working capital of MSEK -112.6 (-4.8).

Investments during the quarter amounted to MSEK 15.1 (52.0). This is mainly related to an investment in a new production facility in the US, production equipment in Hudiksvall, and acquisitions during the quarter.

### Net sales (MSEK) and EBITA margin (%) rolling 12 months



## Liquidity and financial position

### The Group's net debt

Net debt totalled MSEK 323.6 at the end of the reporting period compared to MSEK 323.2 as per 31 December 2020.

## Available funds

Available funds on 31 March 2021, including unutilised overdraft facilities, amounted to MSEK 302.2 (362.8).

## Equity

Equity amounted to MSEK 752.3 on 31 March 2021 (649.5), which equated to SEK 19.93 per outstanding share before dilution at the end of the reporting period.

## The Group's financial goals

### EBITA margin

Earnings before amortisation of intangible assets (EBITA) should be at least 10 percent on a rolling 12-month basis. The EBITA margin on a rolling 12-month basis on 31 March 2021 was 10.8 percent (5.1).

### Annual growth

The Group shall grow more than its market organically. Annual growth of at least 20 percent. The growth will be both organic and acquisition driven. Growth during the quarter year was 45 percent.

Growth on a rolling 12-month basis was 23 percent (11).

## Customers

The Group's customers are mainly wholesalers, telecom operators, network owners, telecom companies, installers, and system houses.

## Employees

There were 855 (609) employees in the Group on 31 March 2021. The increase is mainly related to production personnel in Sweden, the UK and North America and the acquisitions of Tech Optics, The Light Brigade, Baltronic Group, Qubix and TK-KONTOR.

## Parent Company

The Parent Company's main business consists of performing Group-wide services. Revenue for the quarter amounted to MSEK 4.2 (4.3) and the result after financial items was MSEK -10.1 (-8.9).

## Ownership 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 1.9.

Class of shares	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Ordinary share, 1 vote per share	37,751,787	37,751,787	99.1%	99.9%
Class C share, 1/10 vote per share	360,000	36,000	0.9%	0.1%
<b>Total number of shares before repurchases</b>	<b>38,111,787</b>	<b>37,787,787</b>	<b>100%</b>	<b>100%</b>
Repurchased class C shares	-360,000		0.9%	0.1%
<b>Total number of shares after repurchases</b>	<b>37,751,787</b>			

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

Outstanding warrant programme	Number of warrants	Corresponding number of shares	Proportion of total shares	Exercise price	Expiration period
Warrant programme 2018/2021	563,000	563,000	1.5%	82.20	15 May - 15 Jun 2021
Warrant programme 2019/2022	342,500	342,500	0.9%	66.73	15 May - 15 Jun 2022
Warrant programme 2020/2023	285,000	285,000	0.7%	63.00	15 May - 15 Jun 2023
<b>Total</b>	<b>1,190,500</b>	<b>1,190,500</b>			

In addition to above warrant programmes, a decision was made in 2019 to introduce a long-term, performance-based incentive plan (LTIP 2019) for 10 senior executives in the Group who are resident in Sweden. The participants have invested 43,500 savings shares in total.

Under the LTIP, for each acquired Hexatronic share (savings share), participants can receive 4–6 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 per-share earnings, the Group's growth and the growth in EBITA during the vesting period.

The targets relate to the 2019, 2020 and 2021 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 4,190. The number of shareholders at period end, 11,110, is based on data from Euroclear.

The shareholder structure of Hexatronic Group AB (publ) on 31 March 2021 is shown in the table below.

Shareholder	No. of ordinary shares	Votes %
Accendo Capital	3,756,012	9,9%
Handelsbanken Funds	3,665,315	9,7%
Jonas Nordlund, privately and corporately	2,886,199	7,6%
Länsförsäkringar Funds	1,914,192	5,1%
Martin Åberg and Erik Selin via Chirp AB	1,785,872	4,7%
AMF Insurance & Funds	1,393,288	3,7%
Consensus Asset Management	1,047,122	2,8%
Swedbank Robur, West Fund	1,040,145	2,8%
Avanza Pension - Insurance Company	979,016	2,6%
Göran Nordlund, privately and corporately	874,364	2,3%
Other shareholders	18,410,262	48,8%
<b>Total outstanding shares</b>	<b>37,751,787</b>	<b>100,0%</b>

## Sustainability

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As a global player in fiber expansion, Hexatronic plays an important part in realising Agenda 2030 and the UN Global Compact's ten principles for sustainable enterprise. Working with our employees, customers and suppliers, Hexatronic is contributing to a more sustainable society, and striving to make 2020–2030 a decade of action.

Within Hexatronic Group we have opted to focus on managing, developing and improving the following six areas of sustainability: Strong business ethics, Sustainable supply chain, Low climate impact, Diversity and gender equality, Social involvement, and Good health, safety and working environment. During 2020, a roadmap for the Group's sustainability work was drafted with objectives for the short term (2–5 years) and long term (10 years) for each area of sustainability, including key activities to focus on.

We are delighted that Hexatronic Group has been ranked the Swedish stock exchange's fifth most sustainable company in 2020, in the capital goods category.

For further information on what Hexatronic has done and what sustainability work is planned by the Group, see Hexatronic's Annual Report 2020 on pages 26-37 and the website <https://group.hexatronic.com/haallbarhet/>.

## The market

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The general transition to a more digital, sustainable society is continuing at an increasing rate, and this change is extensively dependent on a fast, reliable infrastructure for digital communication. There are many factors driving this transition and the increased need for connection, from altered behaviours such as increased work from home, online shopping, digital banking services, online gaming, HD TV, streaming services and VR/MR, to a higher degree of connectivity in industry and driverless vehicles. The common denominator for it all is reliable internet connection with increasing demands on short response times.

The world's fiber network consists of powerful international transport networks that link together national and regional networks, backbone networks, and finally access networks (FTTH, fiber-to-the-home) which reach out to individual households. Millions of homes around the world need to be connected to high-performance communication networks, which means that the international market for FTTH is continuing to develop positively. Market Panorama, an annual report by FTTH Council Europe conducted, shows that growth in subscribers between September 2018 and September 2019 was 5 percent in the Nordic countries, 40 percent in the UK and 42 percent in Germany. The 2017-2018 growth was 42 percent in New Zealand and 21 percent in North America.

Various reports and national forecasts indicate continued strong demand for FTTH on Hexatronic's strategic growth markets (the UK, North America and Germany) up to 2025–2030, and probably beyond as well.

## Other disclosures

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### Nature of operations

Hexatronic Group AB (publ) is an engineering group specialising in fibre communications. The Group delivers products and solutions for optical fibre networks and supplies a complete range of passive infrastructure for telecom companies, including related training.

The Group develops, designs, manufactures, and sells its own products and system solutions in combination with products from leading partners around the world. The Group conducts its own business through established companies in Sweden, Norway, Denmark, the UK, Germany, Italy, Estonia, Latvia, Lithuania, China, New Zealand, Australia, USA and Canada.

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

### 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 5.2 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 and environmental risks, market risks and financial risks.

The global outbreak of COVID-19 in 2020 has entailed greater uncertainty regarding the above risks and uncertainties. The COVID-19 pandemic only had a minor net impact on Hexatronic during the first quarter 2021.

On 1 January 2021, the customs union between the EU and UK came to an end. The new agreement between the EU and the UK entailed zero duty on all Hexatronic products. All trade to and from the UK is, however, now subject to the same kind of administration as deliveries to and from the rest of the world. Hexatronic's preparations for product flows and their administration have proceeded satisfactorily. Transport times have been extended somewhat, and transport capacity was affected early on in the year.



A more detailed description of the Group's risks and risk management is provided in the Hexatronic Group Annual Report for 2020 on page 44-47.

### 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 2020.

### Review

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

## Other information

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### Publication

This information comprises disclosures that Hexatronic Group AB (publ) must publish according to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, under responsibility of the contact persons named below, on 29 April 2021 at 07:00 CET.

### Financial calendar

Interim Report April-June 2021: 12 August 2021

Interim Report July-September 2021: 2 November 2021

Year-End Report 2021: 24 February 2022

Interim Report January-March 2022: 29 April 2022

### Annual General Meeting

The AGM for financial year 2020 will be held on 6 May 2021.

The AGM for financial year 2021 will be held on 5 May 2022.

Please direct any questions to:

- Henrik Larsson Lyon, President and CEO, + 46 (0)70-650 34 00
- Svante Godén, Interim CFO, + 46 (0)76-773 02 30

The Board of Directors and President hereby confirm that this interim report 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, 29 April 2021

Anders Persson  
Chairman

Erik Selin  
Board member

Jaakko Kivinen  
Board member

Malin Frenning  
Board member

Helena Holmgren  
Board member

Frida Westerberg  
Board member

Henrik Larsson Lyon  
President and CEO

## Consolidated income statement

(MSEK)	2021	2020	2020
	Q1	Q1	Full year
<b>Revenue</b>			
Net sales	634.8	437.3	2,080.8
Other operating income	4.4	2.0	14.4
	639.2	439.3	2,095.1
<b>Operating expenses</b>			
Raw materials and goods for resale	-342.5	-243.1	-1,138.6
Other external costs	-82.0	-59.9	-258.3
Personnel costs	-131.2	-98.8	-420.5
Other operating expenses	-	-	-4.3
Depreciation of tangible assets	-19.7	-15.2	-68.7
<b>Earnings before amortisation of intangible assets (EBITA)</b>	<b>63.8</b>	<b>22.2</b>	<b>204.8</b>
Amortisation of intangible assets	-6.9	-6.9	-27.5
<b>Operating result (EBIT)</b>	<b>56.9</b>	<b>15.3</b>	<b>177.3</b>
<b>Result from financial items</b>			
Financial income	0.0	0.1	0.2
Financial expenses	-3.1	-2.8	-12.6
<b>Result after financial items</b>	<b>53.9</b>	<b>12.6</b>	<b>164.9</b>
Income taxes	-14.9	-3.7	-38.4
<b>Net result for the period</b>	<b>39.0</b>	<b>8.9</b>	<b>126.5</b>
<b>Attributable to:</b>			
Parent Company shareholders	39.3	8.9	126.5
Non-controlling interests	-0.3	-	-
	<b>39.0</b>	<b>8.9</b>	<b>126.5</b>
<b>Earnings per share</b>			
Earnings per share before dilution (SEK)	1.04	0.24	3.38
Earnings per share after dilution (SEK)	1.03	0.24	3.37
<b>Consolidated statement of comprehensive income</b>			
	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>Q1</b>	<b>Q1</b>	<b>Full year</b>
Result for the period	39.0	8.9	126.5
<b>Items which can later be recovered in the income statement</b>			
Translation differences	47.1	35.3	-82.2
<b>Other comprehensive income for the period</b>	<b>47.1</b>	<b>35.3</b>	<b>-82.2</b>
<b>Comprehensive income for the period</b>	<b>86.1</b>	<b>44.2</b>	<b>44.4</b>
<b>Attributable to:</b>			
Parent Company shareholders	86.4	44.2	44.4
Non-controlling interests	-0.3	-	-
	<b>86.1</b>	<b>44.2</b>	<b>44.4</b>

## Consolidated balance sheet

(MSEK)	31/3/2021	31/3/2020	31/12/2020
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	576.8	451.2	548.4
Tangible assets	459.4	404.5	441.1
Financial assets	1.8	1.7	2.1
<b>Total non-current assets</b>	<b>1,038.0</b>	<b>857.3</b>	<b>991.5</b>
<b>Current assets</b>			
Inventories	467.2	335.6	410.3
Accounts receivable	412.9	292.5	308.0
Other receivables	5.6	7.6	6.4
Prepaid expenses and accrued income	31.5	30.2	24.7
Liquid assets	191.5	97.0	212.3
<b>Total current assets</b>	<b>1,108.7</b>	<b>762.9</b>	<b>961.7</b>
<b>TOTAL ASSETS</b>	<b>2,146.7</b>	<b>1,620.2</b>	<b>1,953.3</b>
<b>Equity</b>	<b>752.3</b>	<b>636.4</b>	<b>649.5</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	431.8	306.3	453.5
Deferred tax	75.2	58.4	74.0
Non-current lease liabilities	167.1	139.4	167.8
<b>Total non-current liabilities</b>	<b>674.1</b>	<b>504.2</b>	<b>695.4</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	83.3	57.0	82.0
Current lease liabilities	43.9	35.5	41.3
Overdraft facilities	41.1	44.2	-
Accounts payable	294.4	198.1	252.5
Provisions	3.0	3.0	3.0
Current tax liabilities	24.6	16.7	16.9
Other liabilities	108.7	49.0	105.7
Accrued expenses and deferred income	121.2	76.1	107.0
<b>Total current liabilities</b>	<b>720.3</b>	<b>479.6</b>	<b>608.4</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>2,146.7</b>	<b>1,620.2</b>	<b>1,953.3</b>

## Consolidated statement of changes in equity

	Share capital	Other capital contributions	Reserves	Result brought forward, including result for the period	Total	Non-controlling interests	Total equity
<b>(MSEK)</b>							
<b>Balance brought forward as of 1 January 2020</b>	1.9	220.8	17.9	333.8	574.4	0.0	574.4
Result for the period	-	-	-	126.5	126.5	-	126.5
Other comprehensive income	-	-	-82.2	-	-82.2	-	-82.2
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>-82.2</b>	<b>126.5</b>	<b>44.4</b>	<b>0.0</b>	<b>44.4</b>
New shares related to employee stock option programme	0.0	15.9	-	-	15.9	-	15.9
Employee stock option programme	-	2.6	-	-	2.6	-	2.6
Share-based remuneration	-	-	-	2.4	2.4	-	2.4
New share issue related to business acquisitions	0.0	9.8	-	-	9.9	-	9.9
<b>Total transactions with shareholders, reported directly in equity</b>	<b>0.0</b>	<b>28.3</b>	<b>0.0</b>	<b>2.4</b>	<b>30.7</b>	<b>0.0</b>	<b>30.7</b>
<b>Balance carried forward as of 31 December 2020</b>	<b>1.9</b>	<b>249.0</b>	<b>-64.2</b>	<b>462.8</b>	<b>649.5</b>	<b>0.0</b>	<b>649.5</b>
<b>Balance brought forward as of 1 January 2021</b>	<b>1.9</b>	<b>249.0</b>	<b>-64.2</b>	<b>462.8</b>	<b>649.5</b>	<b>0.0</b>	<b>649.5</b>
Result for the period	-	-	-	39.3	39.3	-0.3	39.0
Other comprehensive income	-	-	47.1	-	47.1	-	47.1
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>47.1</b>	<b>39.3</b>	<b>86.4</b>	<b>-0.3</b>	<b>86.1</b>
Employee stock option programme	-	0.6	-	-	0.6	-	0.6
Share-based remuneration	-	-	-	0.9	0.9	-	0.9
New share issue related to business acquisitions	0.0	9.2	-	-	9.2	-	9.2
Non-controlling interests on acquisition of subsidiary	-	-	-	-	0.0	6.1	6.1
<b>Total transactions with shareholders, reported directly in equity</b>	<b>0.0</b>	<b>9.7</b>	<b>0.0</b>	<b>0.9</b>	<b>10.6</b>	<b>6.1</b>	<b>16.7</b>
<b>Balance carried forward as of 31 March 2021</b>	<b>1.9</b>	<b>258.8</b>	<b>-17.1</b>	<b>502.9</b>	<b>746.5</b>	<b>5.8</b>	<b>752.3</b>

## Consolidated statement of cash flows

(MSEK)	2021	2020	2020
	Q1	Q1	Full year
Operating result	56.9	15.3	177.3
Items not affecting cash flow	49.2	37.2	59.6
Interest received	0.0	0.1	0.2
Interest paid	-2.9	-0.9	-12.3
Income tax paid	-6.1	8.8	-27.6
<b>Cash flow from operating activities before changes in working capital</b>	<b>97.1</b>	<b>60.4</b>	<b>197.3</b>
Increase (-)/decrease (+) in inventories	-56.9	3.8	-32.2
Increase (-)/decrease (+) in accounts receivable	-103.0	-50.1	-9.5
Increase (-)/decrease (+) in operating receivables	-5.8	-14.0	12.0
Increase (+)/decrease (-) in accounts payable	41.9	35.6	51.5
Increase (+)/decrease (-) in operating liabilities	11.2	20.0	30.7
<b>Cash flow from changes in working capital</b>	<b>-112.6</b>	<b>-4.8</b>	<b>52.6</b>
<b>Cash flow from operating activities</b>	<b>-15.5</b>	<b>55.7</b>	<b>249.8</b>
<b>Investing activities</b>			
Acquisition of tangible and intangible assets	-14.5	-41.7	-65.0
Acquisition of subsidiaries after deduction of acquired liquid assets	-0.8	-10.4	-163.7
Change in financial assets	0.2	0.1	-0.3
<b>Cash flow from investing activities</b>	<b>-15.1</b>	<b>-52.0</b>	<b>-229.0</b>
<b>Financing activities</b>			
Borrowings	-	-	214.5
Amortisation of loans	-32.0	-23.6	-95.9
Changes in overdraft facilities	41.1	-1.0	-45.3
New share issues for the period	-	15.9	16.1
<b>Cash flow from financing activities</b>	<b>9.1</b>	<b>-8.8</b>	<b>89.5</b>
<b>Cash flow for the period</b>	<b>-21.5</b>	<b>-5.1</b>	<b>110.3</b>
Liquid assets at the start of the period	212.3	103.8	103.8
Exchange rate difference in liquid assets	0.7	-1.7	-1.8
<b>Liquid assets at the end of the period</b>	<b>191.5</b>	<b>97.0</b>	<b>212.3</b>

## Key metric for the group

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	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>Q1</b>	<b>Q1</b>	<b>Full year</b>
Growth in net sales	45%	4%	13%
EBITA margin	10.1%	5.1%	9.8%
EBITA margin, 12 months rolling	10.8%	7.4%	9.8%
Operating margin	9.0%	3.5%	8.5%
Equity asset ratio	35.0%	39.3%	33.3%
Earnings per share before dilution (SEK)	1.04	0.24	3.38
Earnings per share after dilution (SEK)	1.03	0.24	3.37
Net sales per employee (SEK thousand)	770	730	3 069
Result per employee (SEK thousand)	48	15	187
Quick asset ratio	89%	89%	91%
Average number of employees	825	599	678
Number of shares at period end before dilution	37,751,787	37,508,930	37,661,430
Average number of shares before dilution	37,691,549	37,292,193	37,480,163
Average number of shares after dilution	38,097,467	37,300,597	37,563,322

For definition of key metrics, 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)	2021 Q1	2020 Q1
<b>Revenue</b>		
Net sales	4.2	4.3
<b>Operating expenses</b>		
Other external costs	-9.6	-8.2
Personnel costs	-7.4	-7.0
Depreciation of tangible assets	-0.1	-0.1
<b>Earnings before amortisation of intangible assets (EBITA)</b>	<b>-12.9</b>	<b>-10.9</b>
Amortisation of intangible assets	-0.1	-
<b>Operating result (EBIT)</b>	<b>-13.0</b>	<b>-10.9</b>
<b>Result from financial items</b>		
Interest income	4.8	1.1
Interest expenses	-2.0	0.8
<b>Result after financial items</b>	<b>-10.1</b>	<b>-8.9</b>
Appropriations	-	-
<b>Result before tax</b>	<b>-10.1</b>	<b>-8.9</b>
Tax on profit for the period	-0.2	0.0
<b>Net result for the period</b>	<b>-10.4</b>	<b>-8.9</b>

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)	2021-03-31	2020-03-31	2020-12-31
<b>Assets</b>			
Intangible assets	2.0	0.8	2.0
Tangible assets	0.5	0.3	0.3
Financial assets	957.0	633.1	936.6
<b>Total non-current assets</b>	<b>959.5</b>	<b>634.1</b>	<b>938.9</b>
<b>Current receivables</b>			
Receivables from Group companies	348.6	245.2	318.8
Current tax receivables	0.9	-	-
Other receivables	0.1	6.5	2.2
Prepaid expenses and accrued income	4.3	4.5	2.1
<b>Total current receivables</b>	<b>354.0</b>	<b>256.2</b>	<b>323.1</b>
<b>Cash and bank balances</b>	<b>0.0</b>	<b>0.0</b>	<b>35.0</b>
<b>Total current assets</b>	<b>354.0</b>	<b>256.2</b>	<b>358.1</b>
<b>TOTAL ASSETS</b>	<b>1,313.5</b>	<b>890.3</b>	<b>1,296.9</b>
<b>Equity</b>	<b>249.9</b>	<b>219.3</b>	<b>250.3</b>
<b>Untaxed reserves</b>	<b>17.2</b>	<b>17.0</b>	<b>17.2</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	431.8	306.3	453.5
Deferred tax	0.4	-	0.1
<b>Total non-current liabilities</b>	<b>432.2</b>	<b>306.3</b>	<b>453.6</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	83.3	57.0	82.0
Overdraft facilities	41.1	44.2	-
Accounts payable	3.5	7.3	4.8
Liabilities to Group companies	432.3	207.9	415.5
Current tax liabilities	-	2.0	0.1
Other liabilities	44.7	19.6	64.6
Accrued expenses and deferred income	9.3	9.8	8.9
<b>Total current liabilities</b>	<b>614.1</b>	<b>347.8</b>	<b>575.8</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>1,313.5</b>	<b>890.3</b>	<b>1,296.9</b>

## Notes

### Note 1 Revenue

<b>January to March 2021</b>					
<b>Geographical markets</b>	<b>Sweden</b>	<b>Rest of Europe</b>	<b>North America</b>	<b>Rest of the world</b>	<b>Total</b>
Revenue from external customers	127.5	282.6	153.0	71.7	<b>634.8</b>
<b>Category</b>					
Goods	116.6	267.5	147.6	71.7	603.5
Services	10.9	15.0	5.4	-	31.3
<b>Total</b>	<b>127.5</b>	<b>282.6</b>	<b>153.0</b>	<b>71.7</b>	<b>634.8</b>
<b>Time for revenue recognition</b>					
At a given time	116.6	267.5	147.6	71.7	603.5
Over time	10.9	15.0	5.4	-	31.3
<b>Total</b>	<b>127.5</b>	<b>282.6</b>	<b>153.0</b>	<b>71.7</b>	<b>634.8</b>

<b>January to March 2020</b>					
<b>Geographical markets</b>	<b>Sweden</b>	<b>Rest of Europe</b>	<b>North America</b>	<b>Rest of the world</b>	<b>Total</b>
Revenue from external customers	118.3	151.2	106.3	61.6	<b>437.3</b>
<b>Category</b>					
Goods	112.6	136.2	106.3	61.6	416.6
Services	5.7	15.0	-	-	20.7
<b>Total</b>	<b>118.3</b>	<b>151.2</b>	<b>106.3</b>	<b>61.6</b>	<b>437.3</b>
<b>Time for revenue recognition</b>					
At a given time	118.3	151.2	106.3	61.6	437.3
Over time	-	-	-	-	0.0
<b>Total</b>	<b>118.3</b>	<b>151.2</b>	<b>106.3</b>	<b>61.6</b>	<b>437.3</b>

### Note 2 Pledged assets

<b>Pledged assets</b>	<b>Group</b>			<b>Parent Company</b>	
	<b>31/3/2021</b>	<b>31/3/2020</b>	<b>31/12/2020</b>	<b>31/3/2021</b>	<b>31/3/2020</b>
<i>Assets pledged for liabilities to credit institutions</i>					
Chattel mortgages	157.4	157.4	157.4	0.1	0.1
Shares in subsidiaries	338.6	227.1	313.4	84.2	83.0
<b>Total</b>	<b>495.9</b>	<b>434.4</b>	<b>470.7</b>	<b>84.3</b>	<b>83.1</b>

### Note 3 Business acquisitions

#### **TK-KONTOR-FREITAG GmbH. ("TK-KONTOR")**

On 1 March 2021, the Group acquired 75% of the share capital in TK-KONTOR for MEUR 1.8.

The table below summarises the purchase price paid for T-KONTOR and the fair value of acquired assets and assumed liabilities recognised on the acquisition date.

<b>Purchase price as of 1 March 2021</b>	
Liquid assets	8.1
Equity instruments (90,357 shares)	9.2
Not paid purchase price	1.0
<b>Total purchase price</b>	<b>18.3</b>
<b>Recognised amounts for identifiable acquired assets and taken-over liabilities</b>	
Liquid assets	7.3
Tangible assets	0.8
Accounts receivable	1.8
Other receivables	0.2
Other payables	-2.3
<b>Total identifiable net assets</b>	<b>7.8</b>
Non-controlling interests	-6.1
<b>Goodwill</b>	<b>16.6</b>

Acquisition-related costs of MSEK 0.7 are included in other external costs in the consolidated statement of comprehensive income for the 2021 financial year. Total cash flow, excluding acquisition related costs, attributable to the business acquisition amounted to MSEK -0.8. Goodwill is attributable to the added earning capacity the company is expected to bring.

The fair value of accounts receivable totals MSEK 1.8. No accounts receivable is deemed to be doubtful.

TK-KONTOR net sales have been included in the consolidated income statement since 1 March 2021 and amount to MSEK 0.1. TK-KONTOR also generated a net profit of MSEK -0.3 in the same period on group level.

Had TK-KONTOR been consolidated from 1 January 2021, the consolidated income statement for the period 1 January 2021 to 31 March 2021 would have shown increased net sales amounting to MSEK 1.3 and a net profit of MSEK -0.2.

## 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.

<b>Organic growth, MSEK, %</b>	<b>Q1 2021</b>		
Net sales Q1 2021	634.8		
Exchange-rate effects	23.1		
Acquisition driven	-90.3		
Comparable net sales	567.6		
Net sales Q1 2020	437.3		
<b>Net sales increase cleared of exchange-rate effects</b>	<b>220.6</b>		
%	50%		
<b>Organic growth</b>	<b>130.3</b>		
%	30%		
<b>Annual growth, rolling 12 months, %</b>	<b>12 months</b>		
Net sales January-March 2021	634.8		
Net sales April-December 2020	1,643.5		
<i>Net sales rolling 12 months</i>	2,278.4		
Net sales January-March 2020	437.3		
Net sales April-December 2019	1,421.2		
<i>Net sales rolling 12 months</i>	1,858.5		
<b>Annual growth, rolling 12 months</b>	<b>23%</b>		
<b>Quick asset ratio, %</b>	<b>31/3/2021</b>	<b>31/3/2020</b>	<b>31/12/2020</b>
Current assets	1,108.7	762.9	961.7
Inventories	-467.2	-335.6	-410.3
<i>Current assets-inventories</i>	641.5	427.3	551.4
Current liabilities	720.3	479.6	608.4
<b>Quick asset ratio</b>	<b>89%</b>	<b>89%</b>	<b>91%</b>
<b>Core working capital, SEK thousand</b>	<b>31/3/2021</b>	<b>31/3/2020</b>	<b>31/12/2020</b>
Inventories	467.2	335.6	410.3
Accounts receivable	412.9	292.5	308.0
Accounts payable	-294.4	-198.1	-252.5
<b>Core working capital</b>	<b>585.6</b>	<b>429.9</b>	<b>465.8</b>

## Definition alternative key metrics

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### **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.

### **Annual growth**

Average annual growth is calculated as the Group's total net sales during the period compared to the same period the year before.

### **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.

### **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**

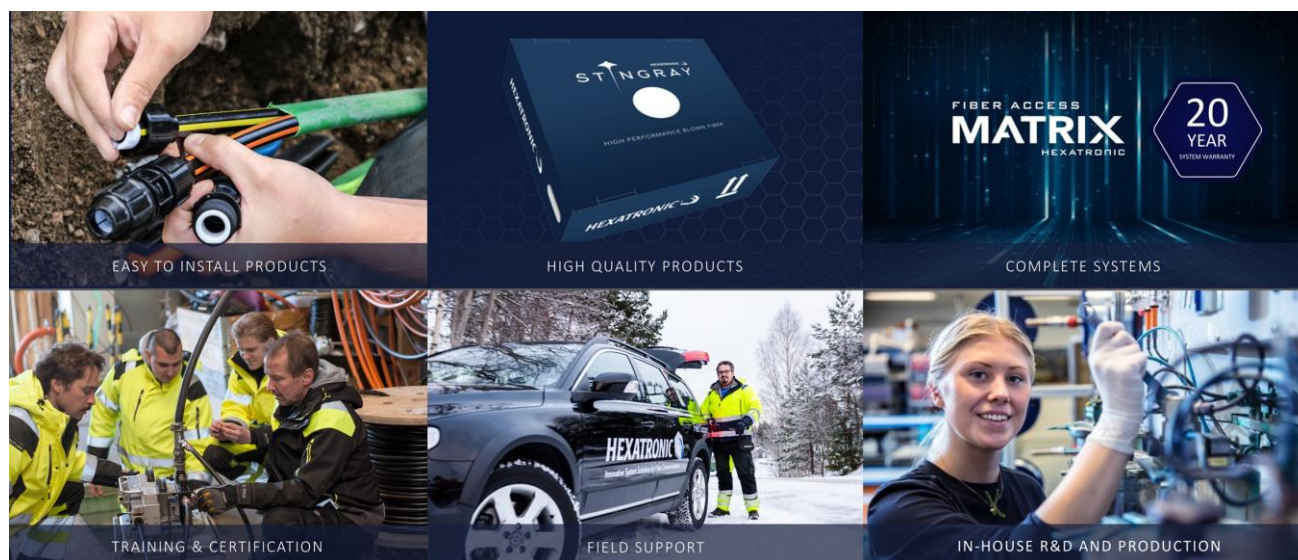
Earnings attributable to Parent Company shareholders as a percentage of average number of outstanding shares after dilution.

### **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

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