

# Hexatronic Group AB (publ)

Interim report January – September 2023

## Strong acquisition growth and profitability in line with targets

### Third quarter (July 1 – September 30, 2023)

- Net sales increased by 11 percent to MSEK 1,917 (1,729). Sales decreased organically by -13 percent.
- EBITA decreased by 7 percent to MSEK 296 (317), corresponding to an EBITA margin of 15.4 percent (18.3).
- Operating profit (EBIT) decreased by 12 percent to MSEK 266 (302), corresponding to an operating margin of 13.9 percent (17.5).
- Net profit decreased by 35 percent to MSEK 172 (266).
- Earnings per share after dilution amounted to SEK 0.85 (1.30).
- Cash flow from operating activities amounted to MSEK 107 (255).

### Events during the quarter

- Hexatronic completed the previously announced acquisition of Fibron BX, a leading OEM manufacturer of electro-optic cables for harsh environments and strengthens the company's position in the Harsh Environment market.
- Hexatronic acquires ATG Technology Group Limited, a strategic acquisition of a distributor within fiber optic solutions in the New Zealand market.
- Hexatronic provides an update due to softer market conditions primarily in the US and Germany, and foresees a negative organic sales growth during the second half of 2023. The EBITA margin is expected to be in line with the financial target of 15-17 percent during the second half of 2023.

### Events since the end of the quarter

- Hexatronic acquires USNet and strengthens its position in the US data center market with a broader range of services and cross-selling opportunities.

### Key ratio for the Group

	Q3			Jan-Sep			R12	Full year
	2023	2022	Δ %	2023	2022	Δ %	2022/23	2022
MSEK								
Net sales	1,917	1,729	11%	6,289	4,779	32%	8,085	6,574
EBITA	296	317	-7%	1,065	779	37%	1,375	1,090
EBITA-margin	15.4%	18.3%		16.9%	16.3%		17.0%	16.6%
Operating result (EBIT)	266	302	-12%	983	737	33%	1,274	1,028
Net earnings	172	266	-35%	655	575	14%	872	793
Earnings per share after dilution, SEK	0.85	1.30	-35%	3.22	2.83	14%	4.29	3.89
Cash flow from operating activities	107	255		483	378		775	670
Liquid assets	595	541	10%	595	541	10%	595	552

## Strong acquisition growth and profitability in line with targets

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During the third quarter, sales continued to increase with a growth of 11 percent compared to the corresponding period last year, driven by acquisitions. As previously communicated, we noted softer market conditions in the US and Germany, which resulted in an organic decline in sales of 13 percent during the quarter. Despite a softer market, we delivered an EBITA margin of 15.4 percent. This is a decrease from 18.3 percent in the same period last year, which was a record quarter, and reflects the softer market conditions resulting in lower capacity utilization as well as price pressure in some markets.

### North America

North America showed a sales growth of 4 percent in the quarter, driven by growing sales in Canada and the acquisition of Rochester Cable. This development compensated for a lower demand of duct as well as some postponed project deliveries of Fiber to the Home (FTTH) systems.

In the US, there is still a strong focus on growing our FTTH business and securing our local offering in order to capitalize on the effects of the BEAD program, which we expect to start to take effect in the second half of 2024. As planned, all production lines in our factory in Clinton, South Carolina, have been installed and commissioned since the end of the quarter. At the same time, we continue to establish the new plant in Ogden, Utah, which will expand our addressable market for duct to include the western United States, which is a significant market. As previously communicated, we expect the plant to be ready for production in the third quarter of 2024.

### Europe

Sales in Sweden decreased by 15 percent, where we saw lower activity in fiber deployment as well as lower activity in sales to mobile operators during the quarter.

The Rest of Europe showed strong sales despite softer market conditions in UK and Germany. Sales growth amounted to 19 percent, primarily explained by positive sales development in our acquisitions IDS, Rochester Cable and Fibron, combined with positive sales growth in Finland and Austria. High cost of capital and inflation has resulted in lower return on investments, hence postponed projects in the UK and German market. In Germany, the structure of governmental subsidies for fiber network expansion in rural areas was also changed, which created a delay of projects. For Hexatronic's part, we managed to counteract the softer market in the UK through good growth, primarily with a major existing customer.

### APAC

APAC showed a positive sales growth of 34 percent. This is attributed to the acquisition of South Korean KNET in combination with several project deliveries in Australia. During the quarter we acquired ATG, a distributor of fiber optic solutions based in New Zealand. We see several synergies between ATG and OSA in Australia while strengthening our regional presence.

### New growth areas

Expansion within Harsh Environment, Data Center and Wireless continues to be a priority to ensure long-term growth and diversification. Today, the first two areas represent approximately 18 percent of the Group's pro forma sales.

In Harsh Environment, we saw sales growth, primarily driven by the acquisition of Rochester Cable earlier in the year. During the quarter, we also completed the acquisition of Fibron, which strengthens our offering in electro-optical cables for harsh environments, while we see good potential to realize synergies with Rochester Cable. Today, Harsh Environment represents just over 12 percent of the Group's sales on a pro forma basis.

After the end of the quarter, we acquired USNet, which is active in project management, installation and rebuilding of data centers in the US. USNet complements our existing company DCS well and creates a stronger platform in the US data center market through a broader range of services with opportunities for cross-selling. Data centers today represent around 6 percent of the Group's annual sales on a pro forma basis.

We continue to focus on strategic acquisitions in these areas while pursuing initiatives to drive organic growth, including realizing synergies.

### Cash flow

Cash flow from operating activities amounted to MSEK 107 in the third quarter, compared to MSEK 255 in the corresponding period last year. In line with our plan, we continued to reduce our inventories during the quarter, while accounts payable decreased. We continue to prioritize the reduction of our inventories for the remainder of 2023.

### Outlook

In the later part of September, we communicated an expected negative organic sales growth and an EBITA margin within our financial target of 15-17 percent for the second half of 2023. We maintain this view.

With supply chains back to normal and to some extent a softer market, we have during the year seen that the order

book in relation to sales gradually decreased and is now basically back to normal levels. At the end of the quarter, we had an order book corresponding to just over 2 months of sales compared with just over 5 months of sales at the end of the corresponding quarter last year. Before the pandemic, we normally had an order book corresponding to about 2 months of sales.

We expect that the overall market for investments in fiber optic telecommunications infrastructure in the coming quarters will continue to be at the same level as in the third quarter. The main reasons are higher cost of capital and inventory build-up in some of the markets.

Fiber optic networks are a critical infrastructure, and the degree of build out is still low in many countries, such as the US, Germany and the UK. We therefore 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 from H2 2024.

Welcome to join us on our growth journey.

**Henrik Larsson Lyon**

President and CEO Hexatronic Group AB (publ)



## Net sales and earnings

### Third quarter (July 1 – September 30, 2023)

#### Net sales and growth

The Group's net sales during the third quarter increased by 11 percent to MSEK 1,917 (1,729). Sales in the quarter decreased organically by -13 percent and is primarily attributable to a weaker market in Germany and the US, while the UK is in line with the previous year. Growth from acquisitions amounted to 18 percent and is attributable to IDS, homeway, KNET, Rochester Cable, Fibron and ATG. Currency effects in the quarter amounted to 5 percent and are mainly driven by the weakening of the SEK in relation to USD, GBP and EUR.

The highest growth was achieved in APAC and the Rest of the world, where sales grew by 34 percent in the quarter, which is explained by a strong sales quarter in Australia. Sales in Sweden decreased by -15 percent and can be attributed to a slightly softer market linked to FTTH. Sales in North America grew by 4 percent, which is explained by the acquisition of Rochester Cable and strong growth in Canada compared to the previous year. Simultaneously, due to inflation and increased financing cost, there has been a slowdown in the US market which has affected our duct sales negatively and caused delays of project deliveries of Fiber to the Home (FTTH) systems. Rest of Europe shows growth of 19 percent compared to the previous year, which is partly due to the acquisitions of IDS, KNET, Rochester Cable and Fibron, but also strong development in Finland and Austria.

Analysis of change in net sales (MSEK)	Q3		Q3	
	2023	(%)	2022	(%)
Previous year's quarter	1,729	-	905	-
Organic growth	-221	-13%	481	53%
Acquisitions and structural changes	319	18%	269	30%
Exchange-rate effects	91	5%	73	8%
<b>Current quarter</b>	<b>1,917</b>	<b>11%</b>	<b>1,729</b>	<b>91%</b>

Geographical net sales (MSEK)	Q3	Allocation	Growth
	2023	(%)	(%)
Sweden	165	9%	-15%
Rest of Europe	893	47%	19%
North America	671	35%	4%
APAC and Rest of the world	188	10%	34%
<b>Total</b>	<b>1,917</b>	<b>100%</b>	<b>11%</b>

#### EBITA

EBITA decreased 7 percent to MSEK 296 (317) in the quarter, corresponding to an EBITA margin of 15.4 percent (18.3). The lower EBITA margin is affected by higher operating costs in relation to revenue and lower gross margin. During the quarter, due to integration costs and lower production efficiency in Rochester Cable, the margin has been affected negatively by 0.8 percentage points.

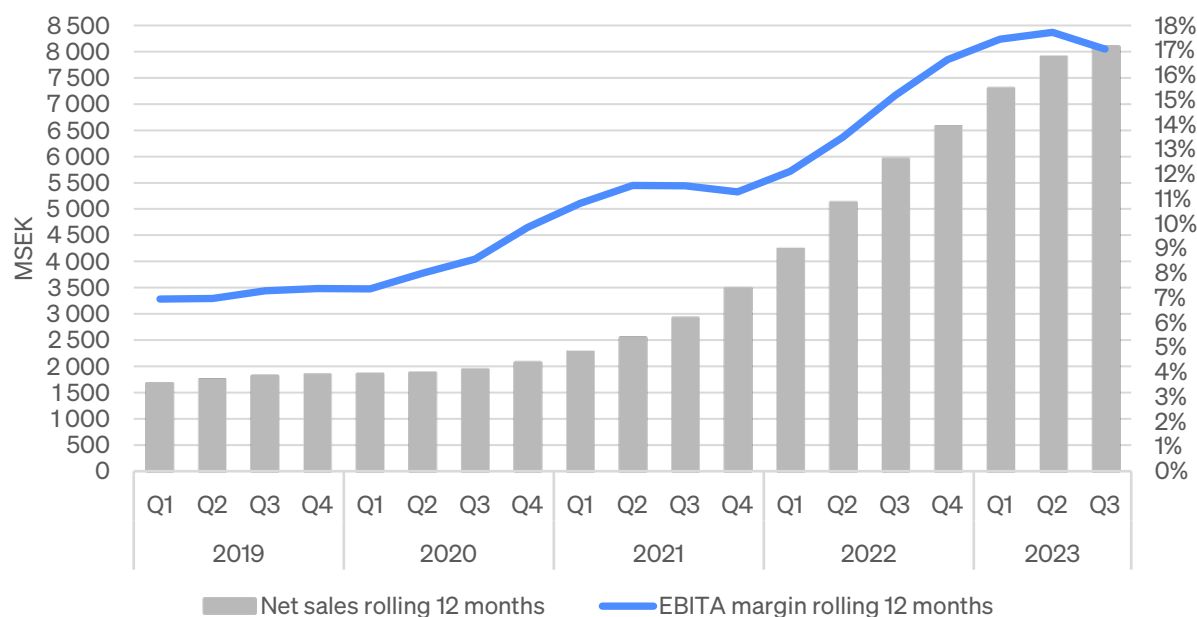
#### Financial items

Net financial items during the quarter amounted to MSEK -4 (31), whereof net interest amounted to MSEK -31 (-8), realised and unrealised foreign exchange differences to MSEK -7 (-1) and other financial items to MSEK 33 (40). Other financial items include revaluation of the additional purchase price of MSEK 36 (42).

## Result

Net earnings for the third quarter amounted to MSEK 172 (266) and earnings per share after dilution, decreased by 35 percent and amounted to SEK 0.85 (1.30). Tax for the quarter was MSEK -90 (-67) which means the average effective tax rate for the Group was 34.4 percent (20.0) for the quarter. The effective tax rate was negatively affected during the quarter due to 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 107 (255), including a change in working capital of MSEK -113 (-151). The Company continued to reduce inventories during the quarter in line the our plan, which was offset by a reduction in accounts payable.

During the quarter, cash flow from investing activities amounted to MSEK -369 (-188). Investments in intangible and tangible fixed assets amounted to MSEK -126 (-131), mainly driven by capacity investments in Sweden and the US. Cash flow from business combinations after deduction of acquired liquid assets amounted to MSEK -244 (-58) and relates to the acquisitions of Fibron and ATG, as well as the payment of additional purchase considerations related to the acquisitions of Rehau Telecom and Weterings.

During the quarter, cash flow from the Group's financing activities amounted to MSEK 189 (134), which mainly relates to borrowings of MSEK 348 (137), amortization of loan MSEK -134 (-1) and amortization of lease liability MSEK -25 (-19).

Total cash flow for the period was MSEK -73 (201).

## The period (January 1 – September 30, 2023)

### Net sales and growth

The Group's net sales for the period January-September increased by 32 percent to MSEK 6,289 (4,779). Organic growth amounted to 5 percent and is mainly driven by the strategic growth markets UK, Germany and North America. Growth from acquisitions amounted to 21 percent and is attributable to IDS, homeway, KNET, Rochester Cable, Fibron and ATG. Currency effects during the period amounted to 5 percent and are primarily attributable to the weakening of the SEK in relation to the USD, GBP and EUR.

The highest growth was achieved in North America, which is explained by duct sales in Blue Diamond Industries and sales of our FTTH system in the US and Canada, where the company continues to experience good demand, although a decline in the US market during the third quarter. Growth in Sweden was negative in the period and is attributed to a couple of large submarine cable projects delivered in the corresponding period last year, as well as a softer market linked to FTTH systems. Sales in APAC grew by 20 percent, which is mainly a result of the acquisition of KNET, which was consolidated as of December 1, 2022. Other Europe shows growth of 40 percent compared to the previous year, which is partly due to the acquisitions of IDS, KNET, Rochester Cable and Fibron, but also strong development in the UK, Germany, Finland and Austria.

Analysis of change in net sales (MSEK)	Jan-Sept 2023		Jan-Sept 2022	
		(%)		(%)
Previous year	4,779	-	2,322	-
Organic growth	233	5%	1,413	61%
Acquisitions and structural changes	1,019	21%	885	38%
Exchange-rate effects	259	5%	159	7%
<b>Current quarter</b>	<b>6,289</b>	<b>32%</b>	<b>4,779</b>	<b>106%</b>

Geographical net sales (MSEK)	Jan-Sept 2023	Allocation (%)	Growth (%)
Sweden	519	8%	-12%
Rest of Europe	2,991	48%	40%
North America	2,250	36%	40%
APAC and Rest of the world	530	8%	20%
<b>Total</b>	<b>6,289</b>	<b>100%</b>	<b>32%</b>

### EBITA

EBITA increased 37 percent to MSEK 1,065 (779) during the period, corresponding to an EBITA margin of 16.9 percent (16.3). The slightly improved EBITA margin is primarily an effect of a higher gross margin.

### Financial items

Net financial items during the period amounted to MSEK -82 (10), whereof net interest amounted to MSEK -110 (-21), realised and unrealised foreign exchange differences to MSEK 8 (-2) and other financial items to MSEK 20 (32). Other financial items include a revaluation of additional purchase price of MSEK 27 (35).

### Result

Net earnings for the period amounted to MSEK 655 (575) and earnings per share after dilution, increased by 14 percent and amounted to SEK 3.22 (2.83). Tax for the period was MSEK -247 (-171) which means the average effective tax rate for the Group was 27.4 percent (22.9) for the period. The effective tax rate has been negatively affected during the period due to non-deductible interest.

#### **Cash flow and investments**

Cash flow from operating activities during the period amounted to MSEK 483 (378) including a change in working capital of MSEK -415 (-522). The negative change in working capital is mainly explained by increased account receivables as a result of the Group's sales growth compared to the previous year, and reduced accounts payable as a consequence of less purchases to actively reduce inventory.

During the period, cash flow from investment activities amounted to MSEK -1,300 (-372). Investments in intangible and tangible fixed assets amounted to MSEK -450 (-315), mainly driven by capacity investments in Sweden and the US. Cash flow from business combinations after deduction of acquired liquid assets amounted to MSEK -850 (-58) and relates to the acquisition of Rochester Cable, Fibron and ATG, as well as the payment of additional purchase considerations mainly related to the acquisition of IDS, Rehau Telecom and Weterings.

During the period, cash flow from the Group's financing activities amounted to MSEK 846 (-181), which relates to borrowings of MSEK 1,183 (233) mainly linked to acquisitions and investments, amortization of loans MSEK -185 (-377), repurchase of shares MSEK -81 (0) and dividends of MSEK -20 (-20).

The total cash flow for the period amounted to 29 MSEK (-175).

## Liquidity and financial position

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### The Group's net debt

The Group's net debt amounted to MSEK 3,094 at the end of the reporting period compared to a net debt of MSEK 1,798 as of December 31, 2022. Debt ratio (net debt / EBITDA (pro forma), R12) as of September 30, 2023, was 1.8, compared to 1.3 as of December 31, 2022.

The Group's interest-bearing net debt, which corresponds to total net debt excluding lease liabilities, amounted to MSEK 2,495 as of September 30, 2023, compared to MSEK 1,359 on December 31, 2022.

### Available funds

Available funds on September 30, 2023, including unutilized credit facilities, amounted to MSEK 976, compared to MSEK 2,150 as per December 31, 2022.

### Equity

Equity as of September 30, 2023, amounted to MSEK 3,483, which corresponded to SEK 17.16 per outstanding share before dilution at the end of the reporting period, compared to MSEK 2,805 as of December 31, 2022.

## The market

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As data volumes continue to rise, the need for fiber network investment has become increasingly apparent. Data centers, including hyper-scale and co-location facilities, are emerging as key indicators of this trend, along with the need for edge computing where the data needs to be closer to users.

Technological advancements are accelerating rapidly, and our society is rapidly evolving. We can't predict the future, but we know we're moving towards a more online and interconnected world. This drives the rollout of high-performance communication networks, as individuals, companies, and communities require reliable and fast internet connections to thrive.

Today, a well-functioning fiber optic network is essential. The world's fiber network comprises international transport networks that link national and regional networks, backbone networks, and access networks (such as FTTH). The need for these transport networks constantly increases as new networks are established and existing ones are enhanced.

The expansion of 5G is expected to gather momentum in the coming years. 5G has many applications and can improve mobile telephony and broadband experiences. Additionally, industrial applications of 5G will create opportunities for streamlining and optimizing production processes. With the installation and densification of 5G antennas, there will be an increased demand for fiber. Many networks currently being built for FTTH are also being prepared for 5G, allowing for the installation of extra ducts to increase the number of fiber cables. This trend is creating a need for efficient installation solutions, trained personnel, and new applications for fiber optics.

Market Panorama, an annual report from the FTTH Council Europe, shows that the growth in the number of users between September 2021 and September 2022 in the EU27 including the UK, was 18 percent and that the Penetration rate (number of FTTH users/number of households in the country) in Germany and the UK remains at low levels with 7.0 percent and 11.1 percent respectively, compared to the EU average of 49.4 percent and Sweden with 67.5 percent. Several reports and national forecasts show a continued strong demand for FTTH in Hexatronic's strategic growth markets (the UK, North America, and Germany) until 2028-2030, and likely beyond.

The same technology shift that is occurring in the telecommunications industry, where copper infrastructure is being replaced by fiber infrastructure, is occurring at an increasing rate in a number of industries. Particularly in industries with demanding environments such as the process-, energy- and defense industries, optical fiber is used because of its many technical advantages. This trend is expected to continue for the foreseeable future.



## Acquisitions

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### Acquisitions during the quarter

During the quarter, Hexatronic completed the previously announced acquisition of Fibron BX, LTD ("Fibron"), a leading OEM manufacturer of electro-optic cables for harsh environments. The acquisition was announced on June 28, 2023, and the regulatory approvals required to complete the acquisition were obtained in August 2023.

During the quarter, Hexatronic has acquired ATG Technology Group Limited ("ATG"), a distributor of fiber optic solutions in New Zealand. ATG supplies optical cable, fiber connectivity, hand tools, fusion splicers and test & measurement, and aligns with Hexatronic's growth roadmap as it serves as a complementary add-on to OSA, a current Hexatronic Group company with operations in Australia. OSA and ATG currently share a number of supply partners, with the acquisition expanding ATG's range to include more of OSA's partners and technology solutions. ATG currently has six employees and an annual turnover of approximately 3 MNZD.

### Acquisitions during the year

Company	Country	Consolidated from	Acquired share, %	EBITDA <sup>1)</sup>	Number of employees
Rochester Cable, Inc.	USA	2023-03-01	100%	Approx. MUSD 8	152
Fibron BX, Ltd	UK	2023-08-18	100%	Approx. MGBP 4.3	114
ATG Technology	New Zealand	2023-09-01	100%	Not significant	6

<sup>1)</sup> Last reported full year

### Acquisitions after the end of the quarter

After the end of the quarter, Hexatronic has acquired USNet, a US-based company that offers installation, project management, decommissioning, and relocation services nationwide for large-scale data center customers. The acquisition strengthens Hexatronic's US data centers position further through broader services offerings and with the possibility to provide cross-selling together with the existing company within the Hexatronic Group, Data Center Systems. USNet currently has 26 employees and annual sales of approximately MUSD 10.

## Sustainability

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As a significant player in the global fiber network expansion sector, we recognize our pivotal role in achieving Agenda 2030 and adhering to the UN Global Compact's ten principles for sustainable enterprise. Collaborating with our employees, customers, and suppliers, we are committed to contributing to a more sustainable society.

At Hexatronic Group, we have chosen to focus on managing, developing, and improving six key 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. Our Sustainability Roadmap guides us by outlining short-term (2-5 years) and long-term (10 years) objectives for each sustainability area, as well as identifying key activities to prioritize. In the third quarter of 2023, we have also joined the Science Based Target initiative (SBTi).

For further information on what Hexatronic has done and what sustainability work is planned by the Group, see Hexatronic's Annual and Sustainability Report 2022.

## 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, Netherlands, Belgium, Austria, Italy, Estonia, Latvia, Lithuania, China, New Zealand, Australia, South Korea, Indonesia, USA and Canada.

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.

### Employees

There were 2,051 employees in the Group on September 30, 2023, to be compared with 1,696 employees as of December 31, 2022, and 1,480 employees as of September 30, 2022. The increase compared to the same period last year is mainly related to production personnel in Sweden, the UK and North America and the acquisitions of Impact Data Solutions Limited, homeway GmbH, KNET, Rochester Cable, Fibron and ATG. Number of employees in acquired companies amounted to 473 people.

### Parent company

The Parent Company's main business consists of performing Group-wide services. Revenue for the period January to September amounted to MSEK 93 (44) and the result after financial items was MSEK -103 (126). The change compared to the previous year is explained by negative currency effects on revaluations of receivables and liabilities in foreign currency.

### Share structure

The company's share is listed in the Large 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	98.9%	99.9%
Class C share, 1/10 vote per share	2,297,040	229,704	1.1%	0.1%
<b>Total number of shares before repurchases</b>	<b>205,323,650</b>	<b>203,256,314</b>	<b>100%</b>	<b>100%</b>
Repurchased class C shares	-2,297,040		1.1%	0.1%
<b>Total number of shares after repurchases</b>	<b>203,026,610</b>			

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 2021/2024	363,500	1,817,500	0.9%	37.93	15 May - 15 Jun -24
Warrant programme 2022/2025	497,500	497,500	0.2%	96.96	15 May - 15 Jun -25
Warrant programme 2023/2026	401,500	401,500	0.2%	96.20	15 May - 15 Jun -26
<b>Total</b>	<b>1,262,500</b>	<b>2,716,500</b>			

In addition to above warrant programmes, there are three ongoing long-term, performance-based incentive plans (LTIP 2021, 2022 and 2023) for 45 senior executives and other key employees in the Group who are resident in Sweden. The participants have invested 233,766 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 per-share earnings, the Group's growth and the growth in EBITA during the vesting period.

The targets relate to the 2021-2025 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 9,035. Based on data from Euroclear and subsequent known changes the number of shareholders was 65,467 at period end. The shareholder structure of Hexatronic Group AB (publ) on September 30, 2023, is shown in the table below.

Shareholder	No. of ordinary shares	Votes %
AMF Pension & Funds	17,580,611	8.7%
Swedbank Robur Funds	14,505,795	7.2%
Handelsbanken Funds	13,361,217	6.6%
Accendo Capital	12,207,134	6.0%
Jonas Nordlund, privately and corporately	11,062,562	5.5%
Chirp AB	8,929,360	4.4%
Vanguard	7,240,088	3.6%
Third AP fund	5,670,481	2.8%
Henrik Larsson Lyon	4,082,680	2.0%
Avanza Pension	3,774,991	1.9%
Other shareholders	104,611,691	51.4%
<b>Total outstanding shares</b>	<b>203,026,610</b>	<b>100.0%</b>

## 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 2022 on page 72-77.

We believe that the overall market for investments in fiber optic telecommunications infrastructure in the coming quarters will continue to be at the same level as in the third quarter. The main reasons are higher financing costs and inventory build-up in some of the 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. We therefore see strong underlying structural trends supporting global expansion. Primarily privately financed projects but also projects financed by support 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 from H2 2024.

## 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.

Hexatronic has during the year implemented hedge accounting for net investment in foreign operations attributable to currency risk. For derivative instruments or other financial instruments that meet the requirements for hedge accounting under the method of hedging the net investment in foreign operations, the effective portion of the value changes is recognized in other comprehensive income. Accumulated value changes from hedging the net investment in foreign operations are reclassified from equity to profit and loss when the foreign operation is disposed of, either in whole or in part.

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 2022.

## Review

This interim report has been reviewed by the company's auditor.

## Other information

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### Presentation of the interim report

Henrik Larsson Lyon, CEO, of Hexatronic Group and Pernilla Linden, CFO, of Hexatronic Group, will present the interim report in a telephone conference today, October 27, 2023, at 10:00 CEST.

Länk till webbsändning:

<https://ir.financialhearings.com/hexatronic-group-q3-report-2023>

Länk för anmälan till telefonkonferens:

<https://conference.financialhearings.com/teleconference/?id=5002930>

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### Publication

This is information that Hexatronic Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on October 27, 2023, at 07:00 CEST.

### Financial calendar

Year-End Report 2023: February 9, 2024

Interim Report January-March 2024: April 26, 2024

Interim Report April-June 2024: July 16, 2024

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

*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 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, October 27, 2023

Anders Persson  
Chairman

Erik Selin  
Board member

Helena Holmgren  
Board member

Jaakko Kivinen  
Board member

Per Wassén  
Board member

Charlotta Sund  
Board member

Henrik Larsson Lyon  
President and CEO

## Consolidated income statement

(MSEK)	2023 Q3	2022 Q3	2023 Jan-Sep	2022 Jan-Sep	2022 Full year
<b>Revenue</b>					
Net sales	1,917	1,729	6,289	4,779	6,574
Other operating income	24	11	69	40	56
<b>Total</b>	<b>1,940</b>	<b>1,740</b>	<b>6,359</b>	<b>4,818</b>	<b>6,630</b>
<b>Operating expenses</b>					
Raw materials and goods for resale	-1,105	-967	-3,538	-2,733	-3,705
Other external costs	-197	-204	-703	-541	-735
Personnel costs	-270	-215	-854	-660	-955
Other operating expenses	-17	0	-39	-1	-1
Depreciation of tangible assets	-56	-37	-159	-104	-146
<b>Earnings before amortisation of intangible assets (EBITA)</b>	<b>296</b>	<b>317</b>	<b>1,065</b>	<b>779</b>	<b>1,090</b>
Amortisation of intangible assets	-29	-15	-82	-42	-62
<b>Operating result (EBIT)</b>	<b>266</b>	<b>302</b>	<b>983</b>	<b>737</b>	<b>1,028</b>
<b>Result from financial items</b>					
Financial items, net	-4	31	-82	10	-11
<b>Result after financial items</b>	<b>262</b>	<b>333</b>	<b>901</b>	<b>747</b>	<b>1,017</b>
Income taxes	-90	-67	-247	-171	-224
<b>Net result for the period</b>	<b>172</b>	<b>266</b>	<b>655</b>	<b>575</b>	<b>793</b>
<b>Attributable to:</b>					
Parent Company shareholders	173	267	656	576	795
Non-controlling interest	-1	0	-2	-1	-2
<b>Net result for the period</b>	<b>172</b>	<b>266</b>	<b>655</b>	<b>575</b>	<b>793</b>
<b>Earnings per share</b>					
Earnings per share before dilution (SEK)	0.85	1.32	3.23	2.87	3.95
Earnings per share after dilution (SEK)	0.85	1.30	3.22	2.83	3.89
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
<b>Consolidated statement of comprehensive income</b>	<b>Q3</b>	<b>Q3</b>	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>Full year</b>
Result for the period	172	266	655	575	793
<b>Items which can later be recovered in the income statement</b>					
Translation differences	-90	144	135	330	293
Hedging of net investments	22	-	-50	-	-
Tax attributable to items that can be returned to the income statement	-5	-	10	-	-
<b>Other comprehensive income for the period</b>	<b>-73</b>	<b>144</b>	<b>95</b>	<b>330</b>	<b>293</b>
<b>Comprehensive income for the period</b>	<b>99</b>	<b>411</b>	<b>749</b>	<b>905</b>	<b>1,086</b>
<b>Attributable to:</b>					
Parent Company shareholders	101	410	750	906	1,086
Non-controlling interest	-2	0	0	0	0
<b>Comprehensive income for the period</b>	<b>99</b>	<b>411</b>	<b>749</b>	<b>905</b>	<b>1,086</b>

## Consolidated balance sheet

(MSEK)	Note	2023-09-30	2022-09-30	2022-12-31
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		3,089	1,658	2,491
Tangible assets		2,393	1,466	1,630
Financial assets		6	2	4
<b>Total non-current assets</b>		<b>5,488</b>	<b>3,126</b>	<b>4,124</b>
<b>Current assets</b>				
Inventories		1,727	1,318	1,596
Account receivables		1,472	1,106	1,018
Other receivables		22	21	23
Prepaid expenses and accrued income		145	38	75
Liquid assets		595	541	552
<b>Total current assets</b>		<b>3,960</b>	<b>3,023</b>	<b>3,264</b>
<b>TOTAL ASSETS</b>		<b>9,449</b>	<b>6,149</b>	<b>7,388</b>
<b>Equity</b>				
<b>Equity</b>		<b>3,483</b>	<b>2,621</b>	<b>2,805</b>
<b>Non-current liabilities</b>				
Liabilities to credit institutions	4	2,964	1,306	1,811
Deferred tax		238	125	212
Non-current lease liabilities		510	367	372
Other non-current liabilities	5	438	172	430
<b>Total non-current liabilities</b>		<b>4,150</b>	<b>1,970</b>	<b>2,825</b>
<b>Current liabilities</b>				
Liabilities to credit institutions	4	126	100	100
Current lease liabilities		89	67	68
Overdraft facilities		-	-	-
Accounts payable		747	669	788
Provisions		41	20	14
Current tax liabilities		97	153	108
Other liabilities	5	298	195	330
Accrued expenses and deferred income		417	355	351
<b>Total current liabilities</b>		<b>1,816</b>	<b>1,559</b>	<b>1,759</b>
<b>TOTAL EQUITY, PROVISION AND LIABILITIES</b>		<b>9,449</b>	<b>6,149</b>	<b>7,388</b>



## Consolidated statement of changes in equity

	Share Capital	Other capital contributions	Reserves	Hedging reserve	Result brought forward, including result for the period	Total	Non-controlling interests	Total equity
<b>(MSEK)</b>								
Balance brought forward as of 1 January 2022	2	904	33	0	703	1,642	5	1,648
Result for the period	-	-	-	-	795	795	-2	793
Other comprehensive income	-	-	291	-	-	291	2	293
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>291</b>	<b>0</b>	<b>795</b>	<b>1,086</b>	<b>0</b>	<b>1,086</b>
New shares related to employee stock option programme	0	20	-	-	-	20	-	20
Employee stock option programme	-	4	-	-	-	4	-	4
Share-based remuneration	0	-	-	-	9	9	-	9
New shares issue related to business acquisitions	0	10	-	-	-	10	-	10
Sale of shares linked to incentive program	-	-	-	-	17	17	-	17
Dividend paid	-	-	-	-	-20	-20	-	-20
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	0	32	32
<b>Total transactions with shareholders, reported directly in equity</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>40</b>	<b>32</b>	<b>72</b>
Balance carried forward as of 31 December 2022	2	938	325	0	1,503	2,768	37	2,805
Balance brought forward as of 1 January 2023	2	938	325	0	1,503	2,768	37	2,805
Result for the period	-	-	-	-	656	656	-2	655
Other comprehensive income	-	-	133	-40	-	93	1	95
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>133</b>	<b>-40</b>	<b>656</b>	<b>750</b>	<b>0</b>	<b>749</b>
New shares related to employee stock option programme	-	16	-	-	-	16	-	16
Employee stock option programme	-	4	-	-	-	4	-	4
Share-based remuneration	0	-	-	-	10	10	-	10
Repurchase of shares	-	-	-	-	-81	-81	-	-81
Dividend paid	-	-	-	-	-20	-20	-	-20
<b>Total transactions with shareholders, reported directly in equity</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>-91</b>	<b>-71</b>	<b>0</b>	<b>-71</b>
Balance carried forward as of 30 September 2023	2	958	458	-40	2,068	3,446	37	3,483

## Consolidated statement of cash flow

(MSEK)	Note	2023 Q3	2022 Q3	2023 Jan-Sep	2022 Jan-Sep	2022 Full year
Operating result		266	302	983	737	1,028
Items not affecting cash flow	3	111	146	277	266	346
Interest received		3	0	6	0	2
Interest paid		-46	-5	-111	-18	-32
Income tax paid		-116	-37	-258	-85	-152
<b>Cash flow from operating activities before changes in working capital</b>		<b>220</b>	<b>406</b>	<b>898</b>	<b>900</b>	<b>1,192</b>
Increase (-)/decrease (+) in inventories		21	-145	71	-368	-610
Increase (-)/decrease (+) in accounts receivable		34	-31	-265	-432	-239
Increase (-)/decrease (+) in operating receivables		-6	-4	-26	0	38
Increase (+)/decrease (-) in accounts payable		-78	39	-169	119	200
Increase (+)/decrease (-) in operating liabilities		-84	-10	-26	158	89
<b>Cash flow from changes in working capital</b>		<b>-113</b>	<b>-151</b>	<b>-415</b>	<b>-522</b>	<b>-522</b>
<b>Cash flow from operating activities</b>		<b>107</b>	<b>255</b>	<b>483</b>	<b>378</b>	<b>670</b>
<b>Investing activities</b>						
Acquisition of tangible and intangible assets		-126	-131	-450	-315	-479
Business combinations after deduction of acquired liquid assets		-244	-58	-850	-58	-625
Change in financial assets		0	0	0	0	0
<b>Cash flow from investing activities</b>		<b>-369</b>	<b>-188</b>	<b>-1,300</b>	<b>-372</b>	<b>-1,104</b>
<b>Financing activities</b>						
Borrowings		348	137	1,183	233	791
Amortisation of loans		-134	-1	-185	-377	-464
Amortisation of lease liabilities		-25	-19	-67	-55	-74
Changes in overdraft facilities		-	-	-	-	-
New share issues for the period		-	-	-	20	20
Sale of shares		-	17	-	17	17
Repurchase of shares		-	-	-81	-	-
New shares related to employee stock option programme		-	-	16	-	-
Dividend paid		-	-	-20	-20	-20
<b>Cash flow from financing activities</b>		<b>189</b>	<b>134</b>	<b>846</b>	<b>-181</b>	<b>271</b>
<b>Cash flow for the period</b>		<b>-73</b>	<b>201</b>	<b>29</b>	<b>-175</b>	<b>-164</b>
Liquid assets at the start of the period		677	317	552	675	675
Exchange rate difference in liquid assets		-9	24	15	42	40
<b>Liquid assets at the end of the period</b>		<b>595</b>	<b>541</b>	<b>595</b>	<b>541</b>	<b>552</b>

## Key metric for the Group

	2023	2022	2023	2022	2023	2022
	Q3	Q3	Jan-Sep	Jan-Sep	Q3, R12	Full year
Growth in net sales	11%	91%	32%	106%	36%	88%
EBITA margin	15.4%	18.3%	16.9%	16.3%	17.0%	16.6%
EBITA margin, 12 months rolling	17.0%	15.2%	17.0%	15.2%	17.0%	16.6%
Operating margin	13.9%	17.5%	15.6%	15.4%	15.8%	15.6%
Equity asset ratio	36.9%	42.6%	36.9%	42.6%	36.9%	38.0%
Earnings per share before dilution (SEK)	0.85	1.32	3.23	2.87	4.31	3.95
Earnings per share after dilution (SEK)	0.85	1.30	3.22	2.83	4.29	3.89
Net sales per employee (SEK thousand)	959	1,195	3,288	3,479	4,408	4,598
Result per employee (SEK thousand)	87	184	343	420	477	556
Quick asset ratio	123%	109%	123%	109%	123%	95%
Cash flows from operating activities	107	255	483	378	775	670
Average number of employees	1,998	1,447	1,913	1,374	1,834	1,430
Number of shares at period end before dilution	203,026,610	202,331,879	203,026,610	202,331,879	203,026,610	203,026,610
Average number of shares before dilution	203,026,610	202,331,879	203,026,610	200,661,726	202,925,560	201,151,897
Average number of shares after dilution	203,294,865	204,810,463	203,864,730	203,895,708	203,877,650	203,996,888

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)	2023 Jan-Sep	2022 Jan-Sep
<b>Revenue</b>		
Net sales	93	44
<b>Total</b>	<b>93</b>	<b>44</b>
<b>Operating expenses</b>		
Other external costs	-89	-48
Personnel costs	-51	-41
Other operating expenses	-	-
Depreciation of tangible assets	0	0
<b>Earnings before amortisation of intangible assets (EBITA)</b>	<b>-47</b>	<b>-46</b>
Amortisation of intangible assets	-2	-1
<b>Operating result (EBIT)</b>	<b>-48</b>	<b>-46</b>
<b>Result from financial items</b>		
Financial items, net	-55	172
<b>Result after financial items</b>	<b>-103</b>	<b>126</b>
Appropriations	-	-
<b>Result before tax</b>	<b>-103</b>	<b>126</b>
Income taxes	-	-13
<b>Net result for the period</b>	<b>-103</b>	<b>113</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)	2023-09-30	2022-09-30	2022-12-31
<b>Assets</b>			
Intangible assets	5	14	8
Tangible assets	1	0	1
Financial assets	4,579	2,701	3,699
<b>Total non-current assets</b>	<b>4,585</b>	<b>2,715</b>	<b>3,708</b>
<b>Current receivables</b>			
Receivables from Group companies	576	184	266
Current tax receivables	5	-	-
Other receivables	0	3	10
Prepaid expenses and accrued income	7	17	6
<b>Total current receivables</b>	<b>588</b>	<b>204</b>	<b>282</b>
<b>Cash and bank balances</b>	<b>43</b>	<b>159</b>	<b>42</b>
<b>Total current assets</b>	<b>631</b>	<b>362</b>	<b>324</b>
<b>TOTAL ASSETS</b>	<b>5,216</b>	<b>3,077</b>	<b>4,032</b>
<b>Equity</b>	<b>939</b>	<b>1,086</b>	<b>1,116</b>
<b>Untaxed reserves</b>	<b>29</b>	<b>24</b>	<b>29</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	2,953	1,293	1,798
Other non-current liabilities	423	120	413
<b>Total non-current liabilities</b>	<b>3,375</b>	<b>1,413</b>	<b>2,211</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	126	100	100
Overdraft facilities	-	-	-
Accounts payable	15	12	18
Liabilities to Group companies	541	325	367
Current tax liabilities	-	10	3
Other liabilities	160	78	150
Accrued expenses and deferred income	30	29	38
<b>Total current liabilities</b>	<b>873</b>	<b>554</b>	<b>676</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>5,216</b>	<b>3,077</b>	<b>4,032</b>

## Notes

### Note 1 Revenue

January-September 2023					
Geographical markets	Sweden	Rest of Europe	North America	APAC/ Rest of the world	Total
Revenue from external customers	519	2,991	2,250	530	6,289
<b>Category</b>					
Goods	489	2,724	2,162	524	5,899
Services	29	267	88	6	390
<b>Total</b>	<b>519</b>	<b>2,991</b>	<b>2,250</b>	<b>530</b>	<b>6,289</b>
<b>Time for revenue recognition</b>					
At a given time	489	2,690	2,162	524	5,865
Over time	29	300	88	6	424
<b>Total</b>	<b>519</b>	<b>2,991</b>	<b>2,250</b>	<b>530</b>	<b>6,289</b>
January-September 2022					
Geographical markets	Sweden	Rest of Europe	North America	APAC/ Rest of the world	Total
Revenue from external customers	592	2,142	1,603	441	4,779
<b>Category</b>					
Goods	565	2,073	1,566	418	4,622
Services	28	69	37	24	157
<b>Total</b>	<b>592</b>	<b>2,142</b>	<b>1,603</b>	<b>441</b>	<b>4,779</b>
<b>Time for revenue recognition</b>					
At a given time	565	2,073	1,566	418	4,622
Over time	28	69	37	24	157
<b>Total</b>	<b>592</b>	<b>2,142</b>	<b>1,603</b>	<b>441</b>	<b>4,779</b>

## Note 2 Business acquisitions

### 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 (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 a maximum present valued contingent purchase consideration of MGBP 7.

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

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 acquisition calculations are preliminary as the acquisition balances are not yet finalized and not yet finally audited. The acquisitions are reported aggregated, as none of the acquisitions have been deemed individually significant.

<b>Preliminary Purchase price (MSEK)</b>	
Liquid assets	800
Contingent purchase consideration (not paid)	98
Holdback purchase consideration (not paid)	7
<b>Total purchase price</b>	<b>904</b>
<b>Recognised amounts for identifiable acquired assets and taken-over liabilities</b>	
Liquid assets	66
Tangible assets	223
Customer relations	168
Financial assets	-
Accounts receivable	160
Inventories	168
Other receivables	42
Financial liabilities	-132
Other liabilities	-236
<b>Total identifiable net assets</b>	<b>459</b>
<b>Non-controlling interests</b>	<b>0</b>
<b>Goodwill</b>	<b>445</b>

Acquisition-related costs of MSEK -22 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 734. 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.

The fair value of account receivables totals MSEK 160. Doubtful accounts receivables amount to MSEK 2 and are reserved.

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

Since the acquisition date, net sales of MSEK 333 have been included in the consolidated income statement from the acquired companies during 2023. The acquired companies generated an EBITDA of MSEK 7 during the same period. Since the acquisition date, EBITDA is negatively affected by integration costs and lower production efficiency in Rochester Cable.

If the acquired companies had been consolidated from January 1, 2023, the consolidated income statement for the period January to September would have increased with net sales of MSEK 734 and EBITDA of MSEK 78.

## Acquisitions 2022

On September 1, 2022, the Group acquired 82 % of the share capital in homeway GmbH for a fixed purchase consideration of MEUR 7.2 and contingent purchase consideration calculated at net present value of maximum MEUR 5.1 (in total MSEK 132.2). On October 1, 2022, the group acquired 90 % of the share capital in Impact Data Solutions Ltd for a purchase consideration of MGBP 19.6 (MSEK 243.7). Finally, the group acquired 100 % of the share capital in KNET on December 1, 2022, for a fixed purchase consideration of MUSD 48 MUSD (excluding ND/ NWC adjustment of MUSD -1.6) and contingent purchase consideration calculated at net present value of maximum MUSD 27.8 (in total MSEK 782.6).

The acquisition of Impact Data Solutions Ltd includes a put/call option to acquire the remaining 10 % until 2029. Both parties have the right to use the option and it is considered likely that the option will be used. The acquisition is therefore recognized at 100 % and no non-controlling interests have been entered. The expected purchase price for the remaining 10 percent is recognised as a liability with any changes in value through profit or loss.

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 acquisition calculations are preliminary as the acquisition balances are not yet finalized and not yet finally audited. The acquisitions are reported aggregated, as none of the acquisitions have been deemed individually significant.

<b>Preliminary Purchase price (MSEK)</b>	
Liquid assets	745
Contingent purchase consideration (not paid)	404
Equity instruments (88,429 shares)	10
Holdback purchase consideration (not paid)*	-
Option to buy remaining 10 % of Impact Data Solutions Ltd (not paid)	43
<b>Total purchase price</b>	<b>1,201</b>

*\*Adjustments made in Q1 and Q2 2023*

<b>Recognised amounts for identifiable acquired assets and taken-over liabilities</b>	
Liquid assets	112
Tangible assets	62
Customer relations	97
Trademark	37
Other intangible assets	7
Financial assets	7
Accounts receivable	185
Inventory	60
Other receivables	72
Financial liabilities	-51
Other payables	-239
<b>Total identifiable net assets</b>	<b>349</b>
<b>Non-controlling interests</b>	<b>-32</b>
<b>Goodwill</b>	<b>883</b>

Acquisition-related costs of MSEK -11 are included in other external costs in the consolidated statement of comprehensive income for the 2022 financial year. Total cash flow, excluding acquisition related costs, attributable to the business combinations amounted to MSEK 633. Goodwill is attributable to the added earning capacity the company is expected to bring.

Subject to the agreements of conditional purchase price, the Group will pay a maximum MSEK 79 for homeway GmbH based on gross profit in the period 2022 – 2025, MSEK 56 for Impact Data Solutions Ltd based on EBITDA for 2022 and maximum MSEK 390 for KNET based on EBITDA for 2023–2025. The conditional purchase price for Impact Data Solutions LTD was paid during Q1 2023.



The fair value of accounts receivable totals MSEK 185. No accounts receivable is deemed to be doubtful.

No part of the goodwill is tax deductible.

Since the acquisition date, net sales of MSEK 110 have been included in the consolidated income statement from the acquired companies during 2022. The acquired companies generated an EBITDA of MSEK 20 in the same period.

Had the acquired companies been consolidated from January 1, 2022, to December 31, 2022, the consolidated statement for the full year would have shown increased net sales amounting to MSEK 908 and an EBITDA of MSEK 151.

### Note 3 Items not affecting cash flow

(MSEK)	2023 Q3	2022 Q3	2023 Jan-Sep	2022 Jan-Sep	2022 Full year
Depreciation/amortisation	85	52	241	147	208
Revaluation of incentive programmes	-3	13	-6	20	45
Change obsolescence reserve inventory	3	55	17	69	70
Other provisions	25	18	27	19	11
Exchange rate differences	1	-1	0	2	2
Other	0	9	-2	10	11
<b>Total</b>	<b>111</b>	<b>146</b>	<b>277</b>	<b>266</b>	<b>346</b>

### Note 4 Liabilities to credit institutions

(MSEK)	2022-12-31	Cash flow		Items not affecting cash flow				2023-09-30
		Borrowings	Amortisation of loan	Acquisitions	Reclassification	Currency effects	Cost of financing	
Non-current liabilities to credit institutions	1,811	1183	-185	132	-26	50	-1	2 964
Current liabilities to credit institutions	100	-	-	-	26	-	-	126
<b>Totalt</b>	<b>1,911</b>	<b>1183</b>	<b>-185</b>	<b>132</b>	<b>0</b>	<b>50</b>	<b>-1</b>	<b>3 090</b>

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

(MSEK)	2023-09-30	2022-09-30	2022-12-31
Additional purchase price	597	261	621

## 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>Q3 2023</b>	<b>Jan-Sep 2023</b>	<b>Full year 2022</b>
Net sales	1,917	6,289	6,574
Exchange-rate effects	-91	-259	-255
Acquisition driven	-319	-1,019	-990
<b>Comparable net sales</b>	<b>1,507</b>	<b>5,012</b>	<b>5,329</b>
Net sales corresponding period previous year	1,729	4,779	3,492
<b>Organic growth</b>	<b>-221</b>	<b>233</b>	<b>1,838</b>
Organic growth %	-13%	5%	53%
<b>Annual growth, rolling 12 months, %</b>	<b>Q3 2023</b>	<b>Q3 2022</b>	<b>Full year 2022</b>
<i>Net sales rolling 12 months</i>	8,085	5,948	6,574
<b>Annual growth, rolling 12 months</b>	<b>36%</b>	<b>104%</b>	<b>88%</b>
<b>Quick asset ratio, %</b>	<b>2023-09-30</b>	<b>2022-09-30</b>	<b>2022-12-31</b>
Current assets	3,960	3,023	3,264
Inventories	-1,727	-1,318	-1,596
<i>Current assets less inventories</i>	2,234	1,706	1,668
Current liabilities	1,816	1,559	1,759
<b>Quick asset ratio</b>	<b>123%</b>	<b>109%</b>	<b>95%</b>
<b>Core working capital, MSEK</b>	<b>2023-09-30</b>	<b>2022-09-30</b>	<b>2022-12-31</b>
Inventories	1,727	1,318	1,596
Accounts receivable	1,472	1,106	1,018
Accounts payable	-747	-669	-788
<b>Core working capital</b>	<b>2,451</b>	<b>1,755</b>	<b>1,827</b>

Net debt, MSEK	2023-09-30	2022-09-30	2022-12-31
Non-current liabilities to credit institutions	2,964	1,306	1,811
Current liabilities to credit institutions	126	100	100
Overdraft facilities	-	-	-
Liquid assets	-595	-541	-552
<b>Interest-bearing net debt</b>	<b>2,495</b>	<b>864</b>	<b>1,359</b>
Non-current lease liabilities	510	367	372
Current lease liabilities	89	67	68
<b>Net debt</b>	<b>3,094</b>	<b>1,298</b>	<b>1,798</b>

EBITDA and EBITDA (proforma) R12, MSEK	Q3 2023	Q3 2022	Full year 2022
<b>Operating result (EBIT), R12</b>	<b>1,274</b>	<b>846</b>	<b>1,028</b>
Amortisation of intangible assets, R12	101	57	62
<b>EBITA, R12</b>	<b>1,375</b>	<b>902</b>	<b>1,090</b>
Depreciation of tangible assets, R12	200	136	146
<b>EBITDA, R12</b>	<b>1,576</b>	<b>1,038</b>	<b>1,235</b>
<b>EBITDA (proforma), R12</b>	<b>1,720</b>	<b>1,051</b>	<b>1,367</b>

Debt ratio	Q3 2023	Q3 2022	Full year 2022
Net debt	3,094	1,298	1,798
EBITDA (proforma), R12	1,720	1,051	1,367
<b>Net debt / EBITDA (proforma), R12</b>	<b>1.8</b>	<b>1.2</b>	<b>1.3</b>

## Definition alternative key metrics

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### 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.

### Debt ratio

Net debt through EBITDA (proforma).

### 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.

## Auditor's report

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Hexatronic Group AB (publ) – org.nr 556168-6360

### Introduction

We have reviewed the condensed interim financial information (interim report) of Hexatronic Group AB as of 30 September 2023 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg on the date of the electronic signature.

Öhrlings PricewaterhouseCoopers AB

Johan Malmqvist  
Authorized Public Accountant

## This is Hexatronic

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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®.

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