

Hexatronic Group AB (publ)

Full year January – December 2023

Strong operating cash flow and continued growth in new areas

Fourth quarter (October 1 – December 31, 2023)

- Net sales increased by 4 percent to MSEK 1,861 (1,795). Sales decreased organically by -23 percent.
- EBITA decreased by 45 percent to MSEK 170 (310), corresponding to an EBITA margin of 9.1 percent (17.3).
- Adjusted EBITA margin of 10.7 percent (adjusted for restructuring costs of MSEK 29).
- Operating profit (EBIT) decreased by 52 percent to MSEK 138 (291), corresponding to an operating margin of 7.4 percent (16.2).
- Net profit decreased by 12 percent to MSEK 191 (218).
- Earnings per share after dilution amounted to SEK 0.94 (1.06).
- Leverage ratio (net debt/EBITDA (pro forma), R12) amounted to 1.7x (1.3x).
- Cash flow from operating activities amounted to MSEK 462 (292).

Significant events during the quarter

- Hexatronic acquires USNet and strengthens its position in the US data center market with a broader service offering and cross-selling opportunities.
- Hexatronic enters into a new senior term loan facility agreement of MSEK 500 with its existing lenders.
- Hexatronic downgrades short-term outlook and expects that the EBITA margin, excluding restructuring costs, will amount to 12-14 percent for the second half of the 2023. Furthermore, the company is initiating a cost savings program that is expected to result in annual savings of approximately MSEK 90.

Significant events since the end of the quarter

- The Board of Directors proposes to the Annual General Meeting that no payment of dividend will be made for the financial year 2023.

Key ratio for the Group

MSEK	Q4			Full year		
	2023	2022	Δ %	2023	2022	Δ %
Net sales	1,861	1,795	4%	8,150	6,574	24%
EBITA	170	310	-45%	1,234	1,090	13%
EBITA-margin	9.1%	17.3%		15.1%	16.6%	
Operating result (EBIT)	138	291	-52%	1,122	1,028	9%
Net earnings	191	218	-12%	846	793	7%
Earnings per share after dilution, SEK	0.94	1.06	-11%	4.17	3.89	7%
Cash flow from operating activities	462	292		944	670	
Liquid assets	813	552	47%	813	552	47%

Strong operating cash flow and continued growth in new areas

During the quarter, we improved operating cash flow and delivered sales growth, mainly driven by our expansion in Harsh Environment and Data Center. This despite a continued weak market climate in Fiber Solutions, mainly in the US and Germany. EBITA margin excluding restructuring costs amounted to 10.7 percent in the fourth quarter and 13.1 percent for the second half of the year, in line with the communication published on November 21, 2023. Like the rest of the industry, we expect the market in Fiber Solutions in the first half of 2024 to continue to be affected by higher financing costs, cost inflation and high inventory levels in some markets. We are addressing these challenges through the previously communicated cost savings program and continued focus on operating cash flow. During the second half of 2024, we expect market demand in Fiber Solutions to increase gradually. In parallel, we will continue our strategic ambition to grow our businesses in Harsh Environment and Data Center to further strengthen our diversification, both areas with strong underlying market drivers.

Profitability in line with previous communication

Adjusted for restructuring costs of MSEK 29 related to the cost savings program, EBITA margin for the second half of 2023 was 13.1 percent (17.8). This is in line with the 12-14 percent previously communicated. The EBITA margin for the fourth quarter amounted to 10.7 percent excluding restructuring costs (17.3) and 9.1 percent including restructuring costs. Lower capacity utilization in Fiber Solutions and price pressure in some markets explain the decrease compared with the corresponding period last year.

Continued growth in Harsh Environment and Data Center

Fourth quarter showed a total sales growth of 4 percent compared to the corresponding period last year, which can mainly be attributed to completed acquisitions in Harsh Environment and Data Center.

Harsh Environment grew sales during the quarter primarily driven by the acquisitions of Rochester Cable and Fibron. Rochester Cable developed very well both operationally and in terms of profitability, and had a continued strong order intake. Fibron has developed well and in line with our expectations.

Data Center also developed strongly during the quarter. As previously communicated, USNet was acquired during the quarter. USNet is active in project management, decommissioning and relocation services of data centers in the US. USNet complements our existing company DCS well in the US market.

Expansion in Harsh Environment and Data Center continues to be a strategic focus area for our long-term growth and

diversification. Both areas benefit from strong underlying macro trends and in the fourth quarter they together accounted for almost a third of Group sales and contributed positively to the EBITA margin.

As we communicated on November 21, 2023, the market conditions in Fiber Solutions, particularly in the German market and the duct market in the US, have weakened, resulting in a 23% organic decline in Group sales in the quarter. We believe that higher financing costs and cost inflation have contributed to a deterioration in investment calculations and thus the postponement of projects.

North America

North America showed sales growth of 15 percent in the quarter, mainly driven by the acquisition of Rochester Cable, as well as increased sales in Canada and system sales in the US. It is particularly reassuring that our system sales in the US continue to grow, which is a sign of strength for our core offering in Fiber Solutions. This development partly compensated for lower demand for duct in Blue Diamond Industries.

The completion of the new production plant in Ogden, Utah, is proceeding according to plan. The plant expands 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 during the third quarter of 2024.

Europe

Fourth quarter sales in Europe, excluding Sweden, were in line with the corresponding period last year. A weaker development in Fiber Solutions, especially in Germany, was offset by a positive development in Data Center and the acquisition of Fibron.

Sales in Sweden decreased 19 percent, due to lower activity in fiber deployment but also lower activity in sales to mobile operators during the quarter.

APAC

APAC showed a sales growth of 12 percent. This is mainly due to the acquisitions of Fibron, Rochester Cable and KNET which showed positive sales development in these regions.

Strong operating cash flow

Cash flow from operating activities amounted to MSEK 462 in the fourth quarter, compared with MSEK 292 in the corresponding period last year. In line with our plan, inventory levels and accounts receivables continued to decrease during the quarter, partly offset by decrease in accounts payable. We continue to focus on optimizing our inventory levels in 2024.

Continued financial flexibility

We continue to have good financial flexibility for creating long-term value, even though we, during 2023, made historically extensive acquisition- and capacity investments, totalling approximately MSEK 1,500.

During the quarter, interest-bearing net debt (i.e. excluding IFRS 16) decreased by MSEK 383 and amounted to MSEK 2,111 at the end of the quarter. The decrease is mainly attributable to a strong operating cash flow. Interest-bearing net debt in relation to pro forma EBITDA on a rolling 12-month basis, key ratio that reflects our existing bank covenant, decreased from 1.5x to 1.4x during the quarter. Including IFRS 16, it corresponds to a decrease from 1.8x to 1.7x in the quarter.

To strengthen our financial flexibility, we entered into a new senior term loan facility agreement of MSEK 500 with existing lenders under the existing agreement and subject to the same credit documentation and covenants.

Lower expected investments and acquisitions in 2024

We have completed two years with a high investment level. In 2022 and 2023, we invested in two new duct factories in the US, of which one is completed. In addition, we significantly expanded our production capacity in several of our production units within Fiber Solutions. After completing the investment program with mainly the completion of the duct factory in Ogden, Utah, in the third quarter of 2024, we believe that we will be able to grow for several years without extensive investments in Fiber Solutions. In total, Hexatronic invested 67 MSEK in the fourth quarter and 518 MSEK during the full year 2023. We estimate that capital investments in 2024 and onwards will amount to approximately 3-4 percent of sales, of which approximately 1-2 percent are expected to be maintenance investments.

On the acquisition side, we have continued to identify and build relationships with profitable companies that have a strong market position, primarily in Harsh Environment and Data Center. After the end of the quarter, we completed a small add-on acquisition to the Data Center company IDS in the form of the UK based company M Connect, which will contribute to increased profitability in IDS.

For 2024, we expect significantly lower investment levels in acquisitions compared to 2023.

Cost savings program proceeding according to plan

On November 21, 2023, we announced a cost savings program that affects approximately 160 employees and is expected to lead to annual savings of approximately MSEK 90. The program is proceeding according to plan and is expected to yield full effect from the end of the first quarter, 2024. The cost of the program, which affects the fourth quarter, amounts to MSEK 29, which is in line with the initially estimated MSEK 30.

Expected gradual increase in market demand during the second half of 2024 in Fiber Solutions

Our view of the market remains, and we expect continued weak market demand in Fiber Solutions in the coming quarters and then a gradual increase in market demand in the second half of 2024. In the second half of the year, we expect to see the initial effects of the BEAD program in the US, while inventory levels are expected to have normalized. With our expanded capacity, we are well positioned for an expected increase in demand, even if this means lower capacity utilization in the short term.

In Harsh Environment and Data Center, we expect market demand to remain strong during the year.

As communicated in the third quarter of 2023, our order book is back to pre-pandemic levels. At the end of 2023, we had an order book corresponding to just over 2 months of sales, compared with about 5 months of sales at the end of 2022. Before the pandemic, we typically had an order book corresponding to about 2 months of sales.

Fiber optic networks are critical infrastructure and the degree of penetration remains low in many countries, such as the US, Germany and the UK. We therefore see strong underlying structural trends supporting global build out over the long term. 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.

Welcome to join us on our growth journey.

Henrik Larsson Lyon

President and CEO Hexatronic Group AB (publ)



Net sales and earnings

Fourth quarter (October 1 – December 31, 2023)

Net sales and growth

The Group's net sales during the fourth quarter increased by 4 percent to MSEK 1,861 (1,795). Sales in the quarter decreased organically by -23 percent and is primarily attributable to a weaker market in Germany, US and UK. Growth from acquisitions amounted to 24 percent and is attributable to KNET, Rochester Cable, Fibron, ATG och USNet. Currency effects in the quarter amounted to 2 percent and are mainly driven by the weakening of the SEK in relation to USD, GBP and EUR.

The highest growth was achieved in North America, where sales grew by 15 percent in the quarter, which is explained by the acquisition of Rochester Cable, increased sales in Canada and system sales in the US. This development partly compensated for lower demand for duct in Blue Diamond Industries. In APAC and Rest of World, sales grew by 12 percent in the quarter, which is explained by the acquisitions made during the year. Sales in Rest of Europe was in line with the corresponding period last year, a weaker development in Fiber Solutions, mainly in Germany, was offset by a positive development in Datacenter and the acquisition of Fibron. Sales in Sweden decreased by 19 percent and can be attributed to a slightly softer market linked to FTTH and decreased sales to mobile operators.

Analysis of change in net sales (MSEK)	Q4		Q4	
	2023	(%)	2022	(%)
Previous year's quarter	1,795	-	1,169	-
Organic growth	-406	-23%	425	36%
Acquisitions and structural changes	435	24%	105	9%
Exchange-rate effects	36	2%	96	8%
Current quarter	1,861	4%	1,795	54%

Geographical net sales (MSEK)	Q4	Allocation	Growth
	2023	(%)	(%)
Sweden	175	9%	-19%
Rest of Europe	816	44%	0%
North America	715	38%	15%
APAC and Rest of the world	155	8%	12%
Total	1,861	100%	4%

**In Q4 2022, all sales from KNET since the acquisition date (December 1, 2022) were reported against APAC and Rest of World, this has been adjusted against other geographies to show the correct growth rate..*

EBITA

EBITA decreased 45 percent to MSEK 170 (310) in the quarter, corresponding to an EBITA margin of 9.1 percent (17.3). The lower EBITA margin is affected by higher operating costs in relation to revenue, as well as lower gross profit margin. The quarter was negatively affected in the amount of MSEK 29 by the previously communicated cost savings program, which gives an adjusted EBITA of MSEK 199 in the quarter, corresponding to an EBITA margin of 10.7 percent.

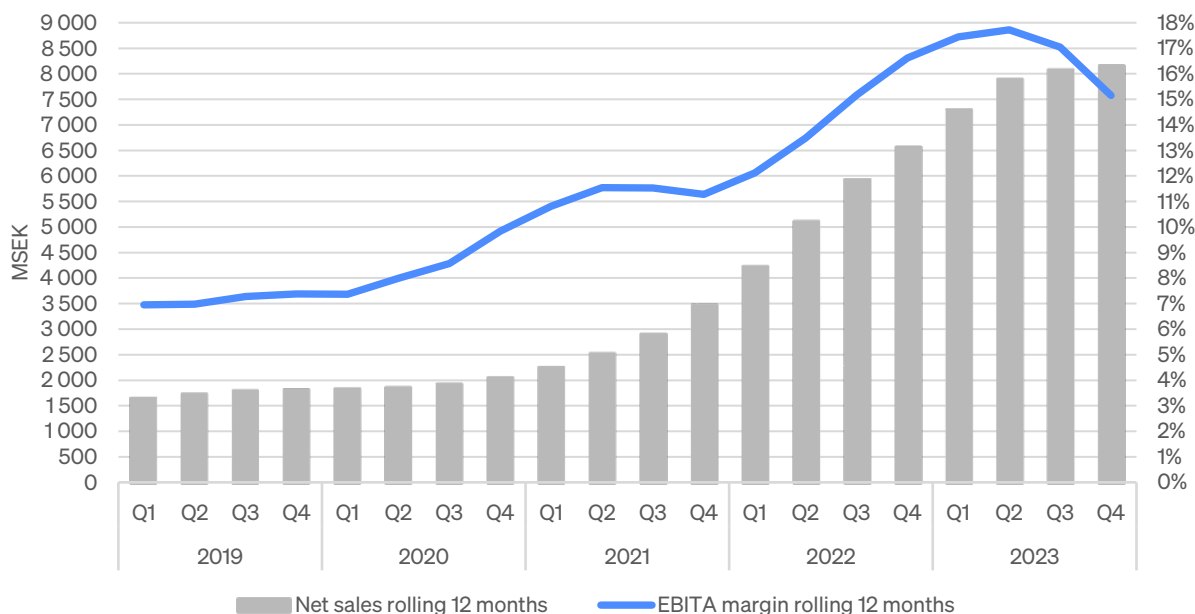
Financial items

Net financial items during the quarter amounted to MSEK 81 (-21), whereof net interest amounted to MSEK -49 (-15), realised and unrealised foreign exchange differences to MSEK -20 (-4) and other financial items to MSEK 151 (-2). Other financial items include revaluation of the additional purchase price and acquisition option of MSEK 151 (2), whereof revaluation linked to additional purchase price for KNET amounts to MSEK 139.

Result

Net earnings for the fourth quarter amounted to MSEK 191 (218) and earnings per share after dilution decreased by 11 percent to SEK 0.94 (1.06). Tax for the quarter was MSEK -28 (-53), and the average effective tax rate for the Group was 12.9 percent (19.5) for the quarter. The effective tax rate during the quarter was affected by non-taxable income from the revaluation of additional purchase price considerations and 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 462 (292), including a change in working capital of MSEK 259 (0). In line with our plan, both inventory and accounts receivable decreased during the fourth quarter, partly offset by a decrease in accounts payable.

During the quarter, cash flow from the Group's investing activities amounted to MSEK -125 (-732). Investments in intangible and tangible fixed assets amounted to MSEK -68 (-164), mainly driven by capacity investments in Sweden and the US. Cash flow effect related to business combinations after deduction of acquired cash and cash equivalents amounted to MSEK -58 (-567) and relates to the acquisition of USNet, and payment of additional purchase price related to the acquisition of FOS & OSA.

During the quarter, cash flow from the Group's financing activities amounted to MSEK -77 (452). The change is mainly explained by a new senior loan facility agreement that has been used to refinance existing revolving credit facilities, which amounts to MSEK 452 and has been reported gross as borrowings and amortizations in the cash flow. In addition, amortization of loans of MSEK -51 (-87) and amortization of lease liabilities MSEK -25 (-19) have affected the cash flow during the quarter.

Total cash flow for the quarter amounted to MSEK 260 (12).

Full year (January 1 – December 31, 2023)

Net sales and growth

The Group's net sales for the full year increased by 24 percent to MSEK 8,150 (6,574). Net sales for the full year decreased organically by -3 percent and are mainly driven by a weaker market in Sweden, while the strategic growth markets of the UK, Germany and North America are in line or slightly below the previous year. Growth from acquisitions amounted to 22 percent and is attributable to IDS, homeway, KNET, Rochester Cable, Fibron, ATG and USNet. Currency effects for the full year amounted to 4 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 of 33 percent, which is explained by an increase in duct sales in Blue Diamond Industries during the first half of the year, sales in the US and Canada where the companies continue to experience high demand in our FTTH, and the acquisition of Rochester Cable. Rest of Europe shows growth of 29 percent compared to corresponding period last year, which is partly due to the acquisitions of IDS, KNET, Rochester Cable and Fibron, but also a strong development in the UK and Germany during the first half of the year. Sales in APAC grew by 18 percent, mainly as a result of the acquisition of KNET, which was consolidated as of December 1, 2022. For the full year, sales in Sweden decreased by 14 percent and can be attributed to a weaker market linked to FTTH systems.

Analysis of change in net sales (MSEK)	Jan-Dec 2023		Jan-Dec 2022	
		(%)		(%)
Previous year	6,574	-	3,492	-
Organic growth	-172	-3%	1,838	53%
Acquisitions and structural changes	1,454	22%	990	28%
Exchange-rate effects	294	4%	255	7%
Current period	8,150	24%	6,574	88%

Geographical net sales (MSEK)	Jan-Dec 2023	Allocation (%)	Growth (%)
Sweden	694	9%	-14%
Rest of Europe	3,807	47%	29%
North America	2,964	36%	33%
APAC and Rest of the world	685	8%	18%
Total	8,150	100%	24%

**In Q4 2022, all sales from KNET since the acquisition date (December 1, 2022) were reported against APAC and Rest of World, this has been adjusted against other geographies to show the correct growth rate.*

EBITA

EBITA increased 13 percent to MSEK 1,234 (1,090) for the full year, corresponding to an EBITA margin of 15.1 percent (16.6). The lower EBITA margin is primarily an effect of higher depreciation and amortization in relation to net sales due to capacity investments made in 2022-2023, which been put into operation during the year.

Financial items

Net financial items for the full year amounted to MSEK -1 (-11), of which net interest income amounted to MSEK -159 (-36), realized and unrealized exchange rate differences to MSEK -12 (-5) and other financial items to MSEK 171 (30). Other financial items include revaluation of additional purchase price and acquisition option of MSEK 179 (34), of which revaluation of additional purchase price consideration for KNET amounts to MSEK 106.

Result

Net earnings after tax for the full year amounted to MSEK 846 (793) and earnings per share after dilution increased by 7 percent and amounted to SEK 4.17 (3.89). Tax for the full year amounted to MSEK -275 (-224), and the average effective tax rate in the Group was 24.5 percent (22.0). The effective tax rate for the full year was affected by non-taxable income in the form of revaluation of additional purchase price considerations and non-deductible interest.

Cash flow and investments

Cash flow from operating activities for the full year amounted to MSEK 944 (670), including a change in working capital of MSEK -156 (-522). In line with our plan, inventory has decreased during the year. Simultaneously, cash flow has been negatively affected by a decrease in accounts payable. As a result of lower sales growth and earnings in the last quarter compared to corresponding period last year, the Group's tax and VAT liability, which is included in other operating liabilities, also decreased.

For the full year, cash flow from the Group's investment activities amounted to MSEK -1,426 (-1,104). Investments in intangible and tangible fixed assets amounted to MSEK -518 (-479), mainly driven by capacity investments in Sweden and the US. The cash flow effect from business combinations after deduction of acquired cash and cash equivalents amounted to MSEK -907 (-625) and relates to the acquisitions of Rochester Cable, Fibron, ATG and USNet, as well as the payment of additional purchase price consideration mainly related to the acquisitions of IDS, Rehau Telecom, Weterings and FOS & OSA.

For the full year, cash flow from the Group's financing activities amounted to MSEK 769 (271), which mainly refers to borrowings of MSEK 1,635 (791) linked to acquisitions, investments and refinancing, amortization of loans MSEK -688 (-464), amortization of leasing liabilities MSEK -92 (-74), repurchase of shares MSEK -81 (-) and dividends of MSEK -20 (-20).

The total cash flow for the full year amounted to MSEK 288 (-164).

Liquidity and financial position

The Group's net debt

The Group's net debt amounted to MSEK 2,678 at the end of the reporting period, compared to a net debt of MSEK 1,798 as of December 31, 2022. The leverage ratio (net debt / EBITDA (pro forma), R12) as of December 31, 2023, amounted to 1.7x, compared to 1.3x as of December 31, 2022.

The Group's interest-bearing net debt, which corresponds to net debt excluding lease liabilities, amounted to MSEK 2,111 as of December 31, 2023, compared to MSEK 1,359 on December 31, 2022.

Available funds

Available funds on December 31, 2023, including unutilized credit facilities, amounted to MSEK 1,732, compared to MSEK 2,150 as per December 31, 2022.

Equity

As of December 31, 2023, equity amounted to MSEK 3,438, corresponding to SEK 16.93 per outstanding share at the end of the reporting period before dilution, compared to equity of MSEK 2,805 as of December 31, 2022.

The market

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

Acquisitions during the quarter

During the quarter, Hexatronic acquired USNet, a US-based company that offers installation, project management, decommissioning and relocation services across the country for large-scale data center customers. The acquisition further strengthens Hexatronic's position in the US in data centers through a broader range of services and with the possibility of cross-selling within Hexatronic Group. As of December 31, 2023, USNet currently has 32 employees and annual sales of approximately MUSD 10.

Acquisitions during the year

Company	Country	Consolidated from	Acquired share, %	EBITDA ¹⁾	Number of employees
Rochester Cable, Inc.	USA	2023-03-01	100%	Approx. MUSD 8	148
Fibron BX, Ltd	UK	2023-08-18	100%	Approx. MGBP 4.3	130
ATG Technology	New Zealand	2023-09-01	100%	Not significant	6
USNet	USA	2023-10-01	95%	Not significant	32

¹⁾ Last reported full year

Acquisitions after the end of the quarter

After the end of the quarter, Hexatronic completed a small add-on acquisition to the Data Center company IDS, the UK based company M Connect, which will contribute to increased profitability in IDS.

Sustainability

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 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

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 1,961 employees in the Group on December 31, 2023, to be compared with 1,696 employees as of December 31, 2022. The increase compared to the previous year is mainly related to production personnel in Sweden, the UK and North America and to the acquisitions of Rochester Cable, Fibron, ATG and USNet. The number of employees in acquired companies amounted to 316 people.

Parent company

The Parent Company's main business consists of performing Group-wide services. Revenue for the full year amounted to MSEK 121 (67) and the result after financial items was MSEK -40 (122). The change compared to the previous year is explained by increased interest expense and less dividends from group companies.

Share structure

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

Class of shares	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Ordinary share, 1 vote per share	203,026,610	203,026,610	98.9%	99.9%
Class C share, 1/10 vote per share	2,297,040	229,704	1.1%	0.1%
Total number of shares before repurchases	205,323,650	203,256,314	100%	100%
Repurchased class C shares	-2,297,040		1.1%	0.1%
Total number of shares after repurchases	203,026,610			

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

Outstanding warrant programme	Number of warrantees	Corresponding Number of shares	Proportion of total Shares	Exercise price	Expiration period
Warrant programme 2021/2024	337,500	1,687,500	0.8%	37.93	15 May - 15 Jun -24
Warrant programme 2022/2025	483,000	483,000	0.2%	96.96	15 May - 15 Jun -25
Warrant programme 2023/2026	383,500	383,500	0.2%	96.20	15 May - 15 Jun -26
Total	1,204,000	2,554,000			

In addition to above warrant programmes, there are three ongoing long-term, performance-based incentive plans (LTIP 2021, 2022 and 2023) for 43 senior executives and other key employees in the Group who are resident in Sweden. The participants have invested 230,646 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 5,609. Based on data from Euroclear and subsequent known changes the number of shareholders was 65,665 at period end. The shareholder structure of Hexatronic Group AB (publ) on December 31, 2023, is shown in the table below.

Shareholder	No. of ordinary shares	Votes %
Handelsbanken Funds	14,802,194	7.3%
AMF Pension & Funds	14,064,491	7.0%
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	7,159,916	3.5%
Avanza Pension	6,330,753	3.1%
Tredje AP fund	5,895,481	2.9%
Henrik Larsson Lyon	4,103,680	2.0%
Norges Bank	3,975,316	2.0%
Other shareholders	114,495,723	56.3%
Total outstanding shares	203,026,610	100.0%

Transactions with related parties

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

Significant risks and uncertainties

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

Several risk areas have been identified in Hexatronic's risk management process. Hexatronic has divided identified risks into operational risks, market risks and financial risks. A more detailed description of the Group's risks and risk management is provided in the Hexatronic Group Annual Report for 2022 on page 72-77.

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

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

Governmental subsidies are expected to have an increased positive impact on the market going forward. In combination with normalizing inventory levels, we expect a gradual market recovery 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 year-end report has not been reviewed by the company’s auditor.

Other information

Presentation of the year-end report

Henrik Larsson Lyon, CEO, of Hexatronic Group and Pernilla Lindén, CFO, of Hexatronic Group, will present the Year-End Report in a telephone conference today, February 9, 2024, at 10:00 CET.

Link to webcast:

<https://ir.financialhearings.com/hexatronic-group-q4-report-2023>

Link to register for the teleconference:

<https://conference.financialhearings.com/teleconference/?id=5005968>

Presentation materials and a recording will be made available on Hexatronic's website after the presentation via the following link:

<https://group.hexatronic.com/en/financial#financial-reports>.

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 February 9, 2024, at 07:00 CET.

Financial calendar

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

Annual General Meeting

The Annual General Meeting for the financial year 2023 will be held on May 7, 2024.

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 year-end report. When in doubt, the Swedish wording prevails.

The Board of Directors and President hereby confirm that this year-end 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, February 9, 2024

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 Q4	2022 Q4	2023 Full year	2022 Full year
Revenue				
Net sales	1,861	1,795	8,150	6,574
Other operating income	21	17	90	56
Total	1,881	1,812	8,240	6,630
Operating expenses				
Raw materials and goods for resale	-1,108	-971	-4,646	-3,705
Other external costs	-222	-194	-925	-735
Personnel costs	-292	-296	-1,147	-955
Other operating expenses	-21	0	-60	-1
Depreciation of tangible assets	-69	-41	-228	-146
Earnings before amortisation of intangible assets (EBITA)	170	310	1,234	1,090
Amortisation of intangible assets	-31	-20	-113	-62
Operating result (EBIT)	138	291	1,122	1,028
Result from financial items				
Financial items, net	81	-21	-1	-11
Result after financial items	220	270	1,121	1,017
Income taxes	-28	-53	-275	-224
Net result for the period	191	218	846	793
Attributable to:				
Parent Company shareholders	191	218	848	795
Non-controlling interest	0	-1	-2	-2
Net result for the period	191	218	846	793
Earnings per share				
Earnings per share before dilution (SEK)	0.94	1.08	4.18	3.95
Earnings per share after dilution (SEK)	0.94	1.06	4.17	3.89
	2023	2022	2023	2022
Consolidated statement of comprehensive income	Q4	Q4	Full year	Full year
Result for the period	191	218	846	793
Items which can later be recovered in the income statement				
Translation differences	-331	-37	-196	293
Hedging of net investments	119	-	69	-
Tax attributable to items that can be returned to the income statement	-24	-	-14	-
Other comprehensive income for the period	-236	-37	-142	293
Comprehensive income for the period	-45	181	704	1,086
Attributable to:				
Parent Company shareholders	-43	180	706	1,086
Non-controlling interest	-2	0	-2	0
Comprehensive income for the period	-45	181	704	1,086

Consolidated balance sheet

(MSEK)	Note	2023-12-31	2022-12-31
Assets			
Non-current assets			
Intangible assets		2,978	2,491
Tangible assets		2,279	1,630
Financial assets		5	4
Total non-current assets		5,263	4,124
Current assets			
Inventories		1,393	1,596
Account receivables		1,124	1,018
Other receivables		25	23
Prepaid expenses and accrued income		116	75
Liquid assets		813	552
Total current assets		3,470	3,264
TOTAL ASSETS		8,733	7,388
Equity			
		3,438	2,805
Non-current liabilities			
Liabilities to credit institutions	4	2,774	1,811
Deferred tax		248	212
Non-current lease liabilities		476	372
Other non-current liabilities	5	304	430
Total non-current liabilities		3,803	2,825
Current liabilities			
Liabilities to credit institutions	4	150	100
Current lease liabilities		91	68
Overdraft facilities		-	-
Accounts payable		510	788
Provisions		59	14
Current tax liabilities		88	108
Other liabilities	5	249	330
Accrued expenses and deferred income		347	351
Total current liabilities		1,493	1,759
TOTAL EQUITY, PROVISION AND LIABILITIES		8,733	7,388

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
(MSEK)								
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
Total comprehensive income	0	0	291	0	795	1,086	0	1,086
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
Total transactions with shareholders, reported directly in equity	0	34	0	0	6	40	32	72
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	-	-	-	-	848	848	-2	846
Other comprehensive income	-	-	-196	54	-	-142	0	-142
Total comprehensive income	0	0	-196	54	848	706	-2	704
New shares related to employee stock option programme	-	16	-	-	-	16	-	16
Employee stock option programme	-	5	-	-	-	5	-	5
Share-based remuneration	0	-	-	-	8	8	-	8
Repurchase of shares	-	-	-	-	-81	-81	-	-81
Dividend paid	-	-	-	-	-20	-20	-	-20
Total transactions with shareholders, reported directly in equity	0	21	0	0	-93	-72	0	-72
Balance carried forward as of 31 December 2023	2	959	129	54	2,258	3,402	35	3,438

Consolidated statement of cash flow

(MSEK)	Note	2023 Q4	2022 Q4	2023 Full year	2022 Full year
Operating result		138	291	1,122	1,028
Items not affecting cash flow	3	132	80	409	346
Interest received		1	2	8	2
Interest paid		-46	-14	-156	-32
Income tax paid		-23	-67	-282	-152
Cash flow from operating activities before changes in working capital		203	292	1,100	1,192
Increase (-)/decrease (+) in inventories		258	-243	329	-610
Increase (-)/decrease (+) in accounts receivable		291	193	26	-239
Increase (-)/decrease (+) in operating receivables		22	38	-4	38
Increase (+)/decrease (-) in accounts payable		-222	81	-391	200
Increase (+)/decrease (-) in operating liabilities		-90	-69	-116	89
Cash flow from changes in working capital		259	0	-156	-522
Cash flow from operating activities		462	292	944	670
Investing activities					
Acquisition of tangible and intangible assets		-68	-164	-518	-479
Acquisition of subsidiaries after deduction of acquired liquid assets		-58	-567	-907	-625
Change in financial assets		0	0	0	0
Cash flow from investing activities		-125	-732	-1,426	-1,104
Financing activities					
Borrowings		452	558	1,635	791
Amortisation of loans		-503	-87	-688	-464
Amortisation of lease liabilities		-25	-19	-92	-74
New share issues for the period		0	0	0	20
Sale of shares		0	0	0	17
Repurchase of shares		0	0	-81	0
New shares related to employee stock option programme		0	0	16	0
Dividend paid		0	0	-20	-20
Cash flow from financing activities		-77	452	769	271
Cash flow for the period		260	12	288	-164
Liquid assets at the start of the period		595	541	552	675
Exchange rate difference in liquid assets		-42	-1	-28	40
Liquid assets at the end of the period		813	552	813	552

Key metric for the Group

	2023	2022	2023	2022
	Q4	Q4	Full year	Full year
Growth in net sales	4%	54%	24%	88%
EBITA margin	9.1%	17.3%	15.1%	16.6%
EBITA margin, 12 months rolling	15.1%	16.6%	15.1%	16.6%
Operating margin	7.4%	16.2%	13.8%	15.6%
Equity asset ratio	39.5%	38.0%	39.5%	38.0%
Earnings per share before dilution (SEK)	0.94	1.08	4.18	3.95
Earnings per share after dilution (SEK)	0.94	1.06	4.17	3.89
Net sales per employee (SEK thousand)	929	1,124	4,211	4,598
Result per employee (SEK thousand)	96	136	438	556
Quick asset ratio	139%	95%	139%	95%
Cash flows from operating activities	462	292	944	670
Average number of employees	2,002	1,598	1,935	1,430
Number of shares at period end before dilution	203,026,610	203,026,610	203,026,610	203,026,610
Average number of shares before dilution	203,026,610	202,622,409	203,026,610	201,151,897
Average number of shares after dilution	203,026,610	205,312,313	203,454,005	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 Full year	2022 Full year
Revenue		
Net sales	121	67
Total	121	67
Operating expenses		
Other external costs	-122	-78
Personnel costs	-59	-62
Other operating expenses	0	-
Depreciation of tangible assets	0	0
Earnings before amortisation of intangible assets (EBITA)	-60	-73
Amortisation of intangible assets	-2	-1
Operating result (EBIT)	-62	-74
Result from financial items		
Financial items, net	22	197
Result after financial items	-40	122
Appropriations	-17	25
Result before tax	-58	147
Income taxes	-	-7
Net result for the period	-58	140

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)	2023-12-31	2022-12-31
Assets		
Intangible assets	6	8
Tangible assets	1	1
Financial assets	4,418	3,699
Total non-current assets	4,425	3,708
Current receivables		
Receivables from Group companies	450	266
Current tax receivables	1	-
Other receivables	2	10
Prepaid expenses and accrued income	8	6
Total current receivables	462	282
Cash and bank balances	173	42
Total current assets	635	324
TOTAL ASSETS	5,060	4,032
Equity	983	1,116
Untaxed reserves	29	29
Non-current liabilities		
Liabilities to credit institutions	2,760	1,798
Other non-current liabilities	282	413
Total non-current liabilities	3,042	2,211
Current liabilities		
Liabilities to credit institutions	150	100
Accounts payable	16	18
Provisions	5	-
Liabilities to Group companies	668	367
Current tax liabilities	-	3
Other liabilities	146	150
Accrued expenses and deferred income	21	38
Total current liabilities	1,006	676
TOTAL EQUITY, PROVISIONS AND LIABILITIES	5,060	4,032

Notes

Note 1 Revenue

Full year 2023					
Geographical markets	Sweden	Rest of Europe	North America	APAC/ Rest of the world	Total
Revenue from external customers	694	3,807	2,964	685	8,150
Category					
Goods	653	3,450	2,826	677	7,606
Services	41	356	139	8	544
Total	694	3,807	2,964	685	8,150
Time for revenue recognition					
At a given time	653	3,346	2,801	674	7,475
Over time	41	460	163	11	676
Total	694	3,807	2,964	685	8,150
Full year 2022					
Geographical markets	Sweden	Rest of Europe	North America	APAC/ Rest of the world	Total
Revenue from external customers	808	2,961	2,226	579	6,574
Category					
Goods	771	2,862	2,172	576	6,381
Services	38	99	54	3	193
Total	808	2,961	2,226	579	6,574
Time for revenue recognition					
At a given time	771	2,862	2,172	576	6,381
Over time	38	99	54	3	193
Total	808	2,961	2,226	579	6,574

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 on a debt free basis (excluding ND/NWC adjustment of MUSD -4.5).

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

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

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

The preliminary table below summarises the purchase price for the acquisitions and the fair value of the acquired assets and assumed liabilities recognized on the acquisition dates. The 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.

Preliminary Purchase price (MSEK)	
Liquid assets	865
Contingent purchase consideration (not paid)	108
Holdback purchase consideration (not paid)	2
Option to acquire remaining 5% of USNet (not paid)	14
Total purchase price	988
Recognised amounts for identifiable acquired assets and taken-over liabilities	
Liquid assets	75
Tangible assets	225
Customer relations	168
Financial assets	-
Accounts receivable	173
Inventories	168
Other receivables	44
Financial liabilities	-132
Other liabilities	-251
Total identifiable net assets	470
Non-controlling interests	-
Goodwill	518

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

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

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

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

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

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

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 (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.

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

**Adjustments made in Q1 and Q2 2023*

Recognised amounts for identifiable acquired assets and taken-over liabilities	
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
Total identifiable net assets	349
Non-controlling interests	-32
Goodwill	883

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 and Q2 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 Q4	2022 Q4	2023 Full year	2022 Full year
Depreciation/amortisation	100	61	340	208
Revaluation of incentive programmes	-7	26	-12	45
Change inventory obsolescence reserve	9	1	26	70
Other provisions	24	-8	51	11
Exchange rate differences	0	0	0	2
Other	5	0	4	11
Total	132	80	409	346

Note 4 Liabilities to credit institutions

(MSEK)	2022-12-31	Cash flow		Items not affecting cash flow				2023-12-31
		Borrowings	Amortisation of loan	Acquisitions	Reclassification	Currency effects	Cost of financing	
Non-current liabilities to credit institutions	1,811	1,635	-688	136	-50	-69	-1	2,774
Current liabilities to credit institutions	100	-	-	-	50	-	-	150
Total	1,911	1,635	-688	136	0	-69	-1	2,924

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

(MSEK)	2023-12-31	2022-12-31
Additional purchase price	461	621

Reconciliation between IFRS and key metrics used

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

Organic growth, MSEK, %	Q4 2023	Full year 2023	Full year 2022
Net sales	1,861	8,150	6,574
Exchange-rate effects	-36	-294	-255
Acquisition driven	-435	-1,454	-990
Comparable net sales	1,390	6,402	5,329
Net sales corresponding period previous year	1,795	6,574	3,492
Organic growth	-406	-172	1,838
Organic growth %	-23%	-3%	53%
Annual growth, rolling 12 months, %		Full year 2023	Full year 2022
<i>Net sales rolling 12 months</i>		8,150	6,574
Annual growth, rolling 12 months		24%	88%
Quick asset ratio, %		2023-12-31	2022-12-31
Current assets		3,470	3,264
Inventories		-1,393	-1,596
<i>Current assets less inventories</i>		2,077	1,668
Current liabilities		1,493	1,759
Quick asset ratio		139%	95%
Core working capital, MSEK		2023-12-31	2022-12-31
Inventories		1,393	1,596
Accounts receivable		1,124	1,018
Accounts payable		-510	-788
Core working capital		2,008	1,827

Net debt, MSEK	2023-12-31	2022-12-31
Non-current liabilities to credit institutions	2,774	1,811
Current liabilities to credit institutions	150	100
Overdraft facilities	-	-
Liquid assets	-813	-552
Interest-bearing net debt	2,111	1,359
Non-current lease liabilities	476	372
Current lease liabilities	91	68
Net debt	2,678	1,798

EBITDA and EBITDA (proforma) R12, MSEK	Full year 2023	Full year 2022
Operating result (EBIT), R12	1,122	1,028
Amortisation of intangible assets, R12	113	62
EBITA, R12	1,234	1,090
Depreciation of tangible assets, R12	228	146
EBITDA, R12	1,462	1,235
EBITDA (proforma), R12	1,574	1,367

Leverage ratio	Full year 2023	Full year 2022
Net debt	2,678	1,798
EBITDA (proforma), R12	1,574	1,367
Net debt / EBITDA (proforma), R12	1.7	1.3

Definition alternative key metrics

Gross profit margin

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

EBITDA (proforma), R12

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

EBITA

Earnings before amortisation of intangible assets.

EBITA margin

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

EBIT (operating result)

Earnings before interest and taxes.

Operating margin

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

Equity asset ratio

Total equity as a percentage of total assets.

Number of shares

Number of outstanding shares at the end of the period.

Organic growth

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

Acquisition-driven growth

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

Annual growth

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

Quick asset ratio

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

Core-working capital

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

Net debt

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

Leverage ratio

Net debt through EBITDA (proforma), R12.

Average number of outstanding shares

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

Average number of outstanding shares after dilution

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

Earnings per share before dilution

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

Earnings per share after dilution

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

Equity per share

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

Number of employees

Number of employees at the end of the period.

This is Hexatronic

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

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

Hexatronic Group AB (publ) Org nr 556168-6360