



Genexis Group
Q3 2022 Financial Update



Highlights Financial Update Q3 2022 (22-30 September 2022)

Third Quarter	Proforma		Actuals ¹⁾	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
EUR millions				
Revenue	30,4	17,9	4,7	-
Gross Profit	9,8	5,8	1,5	-
Adjusted EBITDA	6,2	3,5	0,8	-
EBITA	4,1	1,8	-0,1	-
EBIT	3,7	1,4	-0,3	-
Net Debt ²⁾	38,7	-	38,7	-
Gross Margin (%)	32%	32%	32%	-
Adjusted EBITDA (%)	20%	20%	17%	-

Year to Date	Proforma		Actuals ¹⁾	
	Q1-Q3 2022	Q1-Q3 2021	Q1-Q3 2022	Q1-Q3 2021
EUR millions				
Revenue	86,7	50,9	4,7	-
Gross Profit	28,0	18,6	1,5	-
Adjusted EBITDA	16,4	8,3	0,8	-
EBITA	10,6	3,7	-0,1	-
EBIT	9,5	2,5	-0,3	-
Net Debt ²⁾	38,7	-	38,7	-
Gross Margin (%)	32%	37%	32%	-
Adjusted EBITDA (%)	19%	16%	17%	-

Last 12 months	Proforma		Actuals ¹⁾	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
EUR millions				
Revenue	110,8	68,7	4,7	-
Gross Profit	35,4	24,8	1,5	-
Adjusted EBITDA	19,1	10,9	0,8	-
EBITA	11,6	5,3	-0,1	-
EBIT	10,2	3,8	-0,3	-
Net Debt ²⁾	38,7	-	38,7	-
Gross Margin (%)	32%	36%	32%	-
Adjusted EBITDA (%)	17%	16%	17%	-

1) Actuals refers to the period between 22-30 September 2022

2) Net debt is exclusive of Shareholder Loans amounting to 3,8 EUR million

Word from the CEO



Word from the CEO

On September 22, 2022, Genexis Group AB acquired Inteno Group AB and its subsidiaries.

The group is a developer and provider of high-speed fibre CPE products, powered by leading open-source software platform for CPE, RGW and IoT devices. The group is operational through the two subsidiaries, Genexis and IOPSYS. Genexis predominantly focuses on the products and solutions part of the business and IOPSYS on the hardware agnostic open-source operating system, IOWRT.

The group continues to perform well in Q3 and through-out 2022. This despite a general concern related to the overall economy as well as long lead times and increased prices from our suppliers due to the ongoing disruptions in the logistic chain driven by the global component shortages. Genexis Group proforma revenue growth YTD is 70.5% and for Q3 69.5% (QoQ). All markets and Business Lines are performing in line with expectations and budget, apart from the software business IOPSYS which is YTD September lagging behind revenue budget by 9.2%.

Our Sustainability initiatives are tracking according to plan, and we are happy to see the positive response.

Genexis Group proforma consolidated revenue for Q3 amounted to EUR 30.4 million (EUR 17.0 million) and YTD proforma revenue was EUR 86.7 million (EUR 50.9 million). Genexis Group posted a proforma consolidated Q3 EBITDA of EUR 6.2 million YTD proforma EBITDA was EUR 16.4 million.

Supply chain have been negatively impacted by long lead-times and price increases from sub-suppliers. This has had a minor effect on our gross margin as we have been able to pass on most of the cost increases.

Overall, we are satisfied with the company's performance to date and expect the trend to last for the remainder of the year.



Stockholm, November 2022
Conny Franzén
CEO, Genexis Group

A blue ink handwritten signature of Conny Franzén, the CEO of Genexis Group. The signature is stylized and cursive, written in a professional manner.

Business and market

Business area Genexis:

In general, we have been impacted by Covid and the war in Ukraine, which has caused longer and unpredictable lead times and increased prices from our suppliers. To compensate for the cost increases and maintain our margins our pricing has been adjusted, a time lag between raised purchase price and sales prices may occur.

The Nordic market can look back at three good quarters with a top line increase of 63% compared to the same period last year. The DACH region with Germany as the engine has become our largest independent market with a top line increase YTD Q3 of 113% compared to the same period last year. Benelux also show strong growth driven primarily by the Fiber roll-out in the Netherlands, grew 109% compared to the same period last year. UK and Italy are considered new markets and show a growth of 177% compared to the same period last year.

Business area IOPSYS:

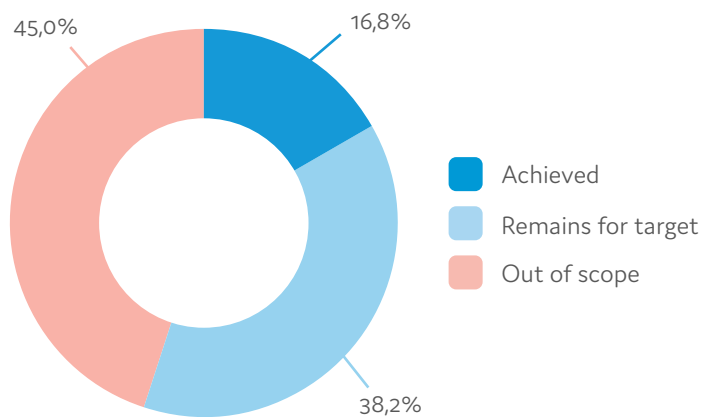
We have also been impacted by Covid within the software business unit causing longer and unpredictable lead times for our customers, resulting in a weaker top line growth due to lower deployments of products compared to expectations. The proforma revenue YTD September has increased by 27.7%. Key customer projects are tracking on as planned.

Sustainability update

As stated in our sustainability-linked bond framework Genexis group has set up two targets (KPI's) in order to reduce our impact on the environment. These targets are:

KPI 1: Increase the use of recycled plastics in Genexis products. 55% of total plastics (plastic weight) used in final products to consist of recycled plastics by FY 2026. At September YTD 16.8% of all products shipped (plastic weight) were based on recycled plastics.

KPI 1: 55% recycled plastics by end of 2026



KPI 2: Setting Science-Based Targets (SBTs) for scope 1-3 emissions approved by the Science-Based Target Initiative for CO₂e emission reduction in line with the 1.5-degree scenario. This SPT will be aligned with the SBTi targets (as sub-targets) and will be announced when the SBTi targets are validated. The 2026 milestone targets are expected to be reached by 2026.

Progress report as of Q3 2022:

Genexis have high ambitions within the sustainability area. By September YTD the company has performed a third-party sustainability due diligence. Based on the outcome a materiality analyses and a sustainability strategy per subsidiary has been developed and will be finalized during the year. Preparation steps have been taken to start a systemized collection of CO₂ data, preparations for the SBT process as well as developing the 2022 Sustainability Report.

Financial Review



Financial Review

Genexis Group AB was created in conjunction with the issue of the senior secured sustainability-linked bond (the "Bond") in September 2022. Thus, the start date for the Group accounts is September 22nd 2022 which forms the basis for the quarterly, year-to-date and last twelve months figures ("Actuals"). This update includes Actuals and proforma figures (stated in note 3-5), but as the first period for Actuals only concerns 8 days (September 22-30, 2022) we will in this update comment on the proforma numbers for income statement and cash flow, while balance sheet and equity are commented on as Actuals.

Financials (Proforma)

Genexis Group revenue was EUR 30.4 million in Q3 2022 (EUR 17.9 million) while the gross margin was 32% (32%). The EBITDA was EUR 6.2 million (EUR 3.5 million) with an EBITDA margin of 20% (20%).

The YTD Q3 2022 revenue for Genexis Group was EUR 86.7 million (EUR 50.9 million) and the gross margin was 32.3% (36.7%). The gross margin remains stable at high levels, despite a revenue growth of 71%. The decline compared to last year is driven by the increased share of product sales with lower gross margin. The EBITDA YTD Q3 2022 was EUR 16.4 million (EUR 8.3 million) and the EBITDA margin was 19% (16%).

Financial position

Genexis Group had a total equity of EUR 40.7 million at the end of Q3 2022. Total borrowings at the end of the quarter were EUR 58.8 million. EUR 55.0 million relates to the Bond and EUR 3.8 million is shareholder loan. Total assets per September 30, 2022, was EUR 109.3 million.

Genexis Group had a positive proforma cash flow from operating activities of EUR 10.3 million YTD Q3 2022 (EUR 5.1 million). Cash flow from investing activities was EUR -6.7 million (EUR -14.1 million), excluding the acquisition of Inteno Group. Cash flow from financing activities was EUR 13.5 million which relates to the new Bond, new shareholder loan as well as repayment of bank loans, bank overdrafts, other loans and paid interest. In total Genexis Group had a net increase in cash and cash equivalents of EUR 19.0 million YTD Q3 2022.

Condensed Consolidated Income Statement

Consolidated figures for Genexis Group AB

EUR thousands	YTD 22.09-30.09.2022
Revenue	4,724
Cost of Goods	-3,204
Personnel expenses	-635
Other operating expenses	-627
EBITDA	258
Depreciation & Amortization	-317
EBITA	-59
Amortization of Acquisitions	-234
EBIT	-293
Financial income	455
Financial expenses	-556
Financial Net	-101
Profit before income tax	-394
Income tax expense	-67
Profit for the year	-461
Profit for the year is attributable to:	
Owners of the parent company	-461

Consolidated statement of financial position

Balance sheet according to IFRS per 30.09.2022

EUR thousands	30.09.2022
ASSETS	
Non-current assets	
Capitalized Expenditure for Software	15,454
Customer Contracts	13,551
Trademarks	1,638
Goodwill	44,617
Buildings	1,593
Machines & Inventory	2,230
Financial Assets	1,175
Total Fixed Assets	80,258
Current assets	
Stock & Work In Progress	9,881
Accounts Receivable	16,809
Other Current Receivables	695
Prepayments & Accrued Income	394
Cash & Bank Balances	16,316
Total current assets	44,095
TOTAL ASSETS	124,354

EUR thousands	30.09.2022
EQUITY	
Equity	-40,667
Total Equity	-40,667
Liabilities	
Non-current liabilities	
Provisions For Guarantees	-130
Provisions For Deferred Taxes	-1,755
Other Provisions	-219
Other Long-Term Liabilities	-59,389
Total non-current liabilities	-61,493
Current liabilities	
Other Short-Term Financial Liabilities	-1,082
Current Liabilities To Customers & Suppliers	-12,137
Tax Liabilities	-1,771
Vat & Special Excise Duties	-3,001
Personnel Taxes, Fees & Salary Deductions	-303
Accrued Expenses & Deferred Income	-3,899
Total current liabilities	-22,193
Total liabilities	-83,686
TOTAL EQUITY AND LIABILITIES	-124,354

Consolidated statement of Cash Flows

EUR thousands	22.09.2022 - 30.09.2022
Cash flows from operating activities	
EBITDA adjusted	818
Non-cash Result	-11
Income Taxes Paid	-254
Cashflow Before Change In Net Working Capital	553
Change in Inventory	56
Change in Accounts receivables	-1,457
Change in Other ST Operating receivables / Accruals	777
Change in Accounts payables	-970
Change in Other ST Operating payables / Accruals	3,804
Change in Net Working Capital	2,210
Net cash flow from Operating Activities	2,764
Cash flows from Investing Activities	
Cash flows from Investing Activities	
Capex Intangible Assets	-913
Capex Plant & Equipment	-1
Net cash flow from Investing Activities	-914
Cash Flows from Financing Activities	
Cash Flows from Financing Activities	
Acquisitions	-51,199
Equity issuance	44,121
Net Other Financial Items	3,216
Issuance/Amortisation of SHL	-19,093
Bond & Debentures	55,000
Amortization Financial Liabilities	-10,627
Change in Overdraft	-4,394
Leasing Amortization	-121
Net Cash Flow from Financing Activities	16,901
Non-recurring Items in EBITDA	-560
Sum Non-recurring Items	-560
Net Increase/Decrease in Cash	18,192
Cash and Cash Equivalents 30 September	16,316

Notes to the financial statements



Notes to the financial statements

Basis of preparation

The numbers are prepared in accordance with the International Financial Reporting Standards (IFRS) and local GAAP for the legal entities.

This Financial Update is a non-mandatory document stating the current business and financial status of Genexis Group. The first official interim report will be for the fourth quarter and FY2022.

This Financial Update was authorised for issue by the Company's board of directors on 23 November 2022.

Key figure

Definition

Proforma revenue

Total revenue according to income statement adjusted for acquired/divested sites and extraordinary items.

Proforma Adjusted EBITDA

EBITDA according to income statement adjusted for acquired/divested sites, extraordinary items and all leasing being handled as financial leasing.

Note 2 - Disclaimer

The report has not been reviewed by the company's auditors.

Note 3 - Proforma Cash Flow

EUR thousands	Year to Date 30.09.2022	Year to Date 30.09.2021	LTM* 30.09.2022	LTM* 30.09.2021
Cash flows from operating activities				
EBITDA adjusted	16,431	8,272	19,108	10,923
Non-cash Result	140	69	248	440
Income Taxes Paid	-1,858	-1,132	-2,229	-1,206
Cashflow Before Change In Net Working Capital	14,713	7,209	17,127	10,157
Change in Inventory	113	-2,061	-2,031	158
Change in Accounts receivables	-5,524	-2,089	-7,010	-541
Change in Other ST Operating receivables / Accruals	-1	-89	-265	147
Change in Accounts payables	-1,233	2,070	1,239	-953
Change in Other ST Operating payables / Accruals	2,260	92	2,697	334
Change in Net Working Capital	-4,384	-2,077	-5,371	-855
Net cash flow from operating activities	10,329	5,132	11,757	9,301
Cash flows from investing activities				
Capex Intangible Assets	-5,842	-12,106	-7,972	-13,391
Capex Plant & Equipment	-791	-877	-1,073	-1,107
Proceeds From Intangible Assets	0	-1,068	0	-1,068
Proceeds From Disinvestments	-36	0	-36	0
Capex Group	0	0	-4	0
Net cash flow from Investing activities	-6,670	-14,051	-9,085	-15,566
		0		0

EUR thousands	Year to Date 30.09.2022	Year to Date 30.09.2021	LTM* 30.09.2022	LTM* 30.09.2021
Cash flows from financing activities				
Acquisitions	-51,592	4,401	-51,576	4,401
Equity issuance	44,121	-1,732	44,121	-1,732
Net other financial items	779	-367	640	-809
Issuance/amortisation of SHL	-22,903	-2,389	-22,903	-2,389
Change in bank debt	46,199	6,941	45,727	6,657
Change in overdraft	-2,520	3,070	-1,389	-139
Leasing Amortization	-592	-530	-799	-687
Net cash flow from financing activities	13,491	9,395	13,821	5,303
Non Recurring Items in EBITDA	-638	0	-638	0
Sum Non Recurring Items	-638	0	-638	0
Net increase/decrease in cash	16,513	476	15,856	-962
Cash and cash equivalents 30 September	16,316	-885	16,316	-885

*) LTM = Last 12 months

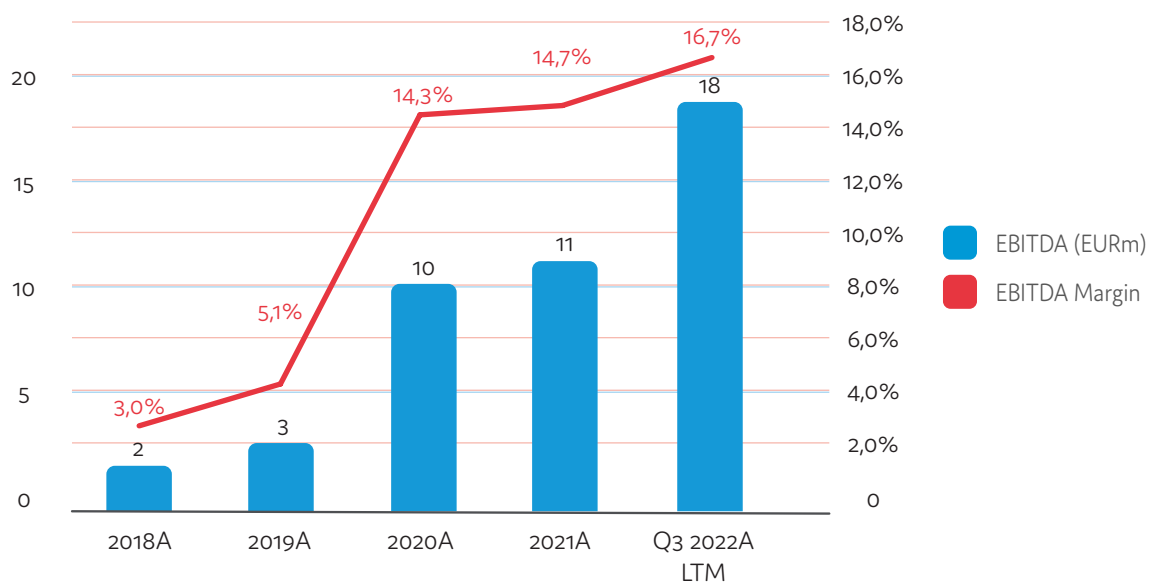
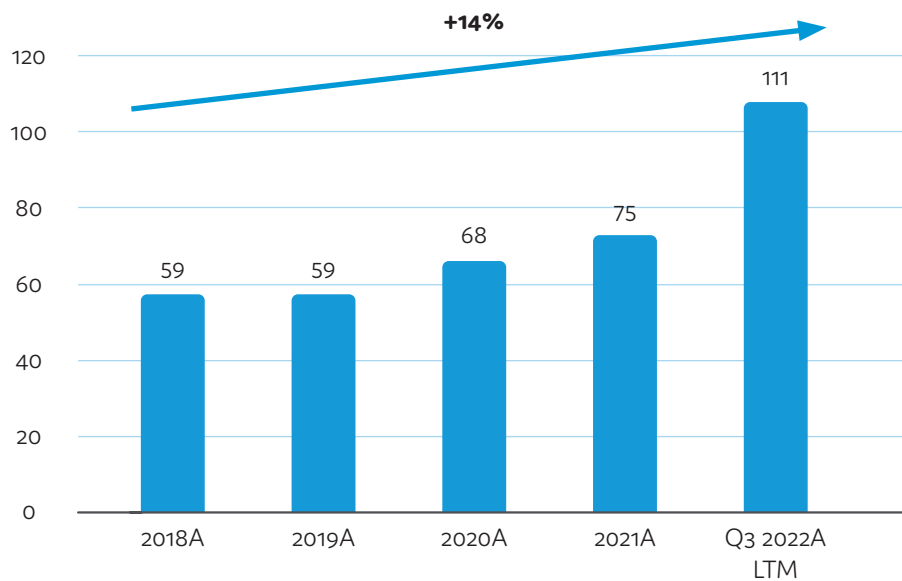
Note 4 - pro forma Adjusted EBITDA and reported EBITDA

EUR millions	YTD Q3 2022	YTD Q3 2021
Revenue	86.7	50.9
Cost of Goods	-58.7	-32.2
Gross profit	28.0	18.6
Gross Margin (%)	32.3%	36.7%
Personnel costs	-8.2	-7.5
Other operating expenses	-3.3	-2.9
EBITDA Adjusted	16.4	8.3
Non-recurring items	-0.6	0.0
EBITDA Reported	15.8	8.3

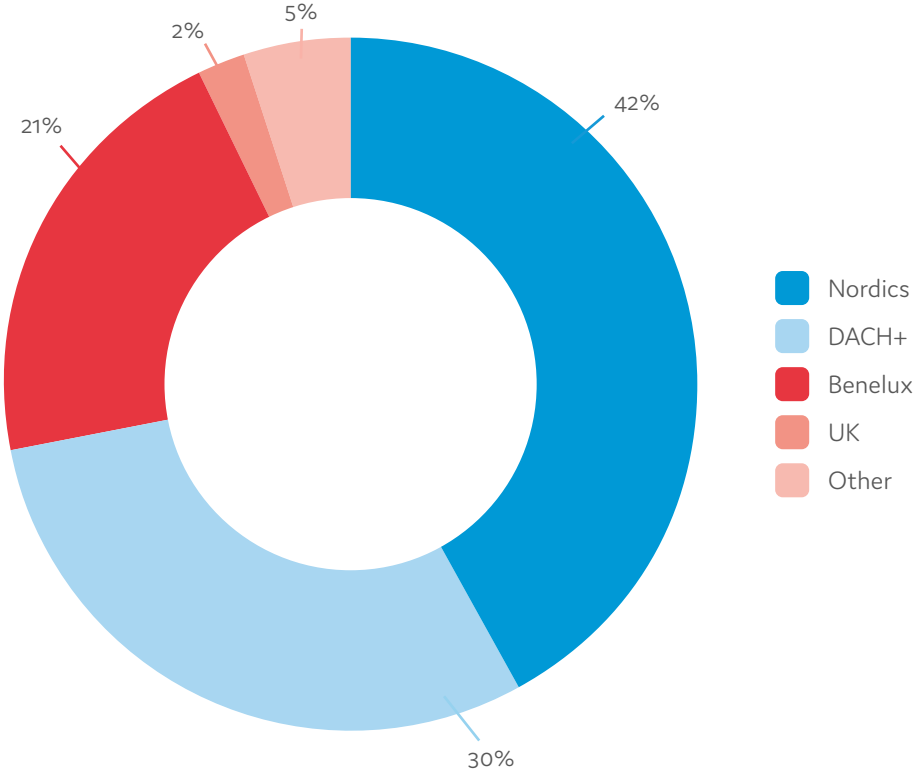
EUR millions	LTM Q3 2022	LTM Q3 2021
Revenue	110.8	68.7
Cost of Goods	-75.4	-43.8
Gross profit	35.4	24.8
Gross Margin (%)	32.0%	36.2%
Personnel costs	-11.6	-10.0
Other operating expenses	-4.7	-3.9
EBITDA Adjusted	19.1	10.9
Non-recurring items	-0.6	0.0
EBITDA Reported	18.5	10.9

Note 5 - pro forma Statistics

Sales (EURm)



Sales split by region (Genexis) Q1-Q3 2022



Glossary

CPE	Customer Premises Equipment
RGW	Residential Gateway
IoT	Internet of Things
IOWRT	IOPSYS Operating System Software
SBTi	Science-Based Target Initiative
CO ₂ e	Carbon Dioxide Emission equivalents
CAGR	Compound Average Growth Rate

Board of Director's Assurance



Board of Director's Assurance

The Board and the CEO assures that this Financial Update is prepared in accordance with the accounting standards applied by the group and in accordance with the past practices and provides to the best of our knowledge a true and fair view of the group's operations, financial position, and performance, and describes the material and uncertainties faced by the parent company and other group companies.

Stockholm, 23 November 2022

Genexis Group AB

Conny Franzén
CEO

Daniel Winberg
Chairman of the Board

Eric van Schagen
Board member

Victoria Scheer
Board member



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