



Genexis Group
Q1 2023 Financial Report



Word from the CEO

As the global component shortages are normalizing, lead times for components are returning to normal levels. As a result, the market is suffering from a “post-component shortage” situation partly caused by hoarding of products and components during the shortage period leading to temporary inventory “fill-ups” preventing us from supplying and keeping up with our budgeted revenue. However, the underlying market and demand for fiber connectivity and broadband is still strong and the situation with full inventories are expected to normalize during the year.

The Genexis Group Q1, 2023 net sales was 24% below the same period last year. Genexis Group consolidated Net Sales for Q1 amounted to EUR 20.4 million (pro forma Q1 2022; EUR 27.0 million) and the consolidated Q1 Adjusted EBITDA was EUR 2.1 million (EUR 5.7 million). Genexis Group has during the past two quarters experienced a slowdown in order intake, which has resulted in lower revenues in Q1 of 2023. Also, Q1 2022 was a strong quarter for the Group including some delayed orders from Q4, 2021, making the comparison to previous year (pro forma) unfavorable. Furthermore, revenue recognition of subscription-based software revenues has changed compared to previous year resulting in revenue being recognized later during the year rather than in Q1.

All markets and Business Lines are behind budget except for Finland that is ahead of budget by 18%. From 2023 IOPSYS has changed revenue recognition practices which makes it difficult to compare 2023 with the previous year.

Our sustainability initiatives are progressing and on April 30th we published Genexis Group’s first sustainability report. The work with setting Science Based Targets is ongoing and is targeted to be submitted before the end of Q2.

We are dissatisfied with the performance in Q1. Even though we expect the “post-component shortage” situation to be normalized during 2023 several revenue increasing, as well as cost saving initiatives have been initiated. Despite lower market activity we are keeping our market shares and continue to work on our mission to digitize European homes with the ambition to continue our growth journey and realize our long-term targets.



Stockholm, May 22, 2023
Gerlas van den Hoven
CEO, Genexis Group

A handwritten signature in blue ink, which appears to be 'Gerlas van den Hoven', written over a light blue horizontal line.

Highlights



Highlights Financial Report Q1 2023

YTD March 2023

EUR millions ¹⁾	Q1 2023	Q1 2022
Revenue	20.4	27.0
Gross Profit	6.6	9.3
Adjusted EBITDA	2.1	5.7
EBITA	0.0	3.9
EBIT	-0.5	3.5
Cash and cash equivalents	14.4	2.9
Net Debt ²⁾	60.5	14.5
Gross Margin (%) ³⁾	31.0%	34.7%
Adjusted EBITDA (%)	10.1%	21.1%

Last 12 months

EUR millions ¹⁾	Q1 2023	Q1 2022
Revenue	100.3	81.5
Gross Profit	33.2	28.7
Adjusted EBITDA	14.7	14.1
EBITA	6.1	7.7
EBIT	4.5	6.2
Cash and cash equivalents	14.4	2.9
Net Debt ²⁾	60.5	14.5
Gross Margin (%) ³⁾	32.6%	33.7%
Adjusted EBITDA (%)	14.7%	17.3%

1) 2022 figures are pro forma as Genexis Group AB (former GC 100876 BidCo AB) was founded on February 8, 2022, but the activity in the company started by the acquisition of Inteno Group AB on September 22, 2022

2) The Net debt March 31, 2023 includes provision for Earn-Out of 18.0 EUR million, but excludes Shareholder Loans amounting to 4.1 EUR million

3) Raw materials and goods for resale' divided by 'Net Sales'

Business and market

Even if, in Q1, 2023, our business areas underperformed compared to previous year, the underlying market demand is strong, and our offering is well received by the market. During our 30 years of history, the Group has been through similar situations before and managed to keep or increase market shares.

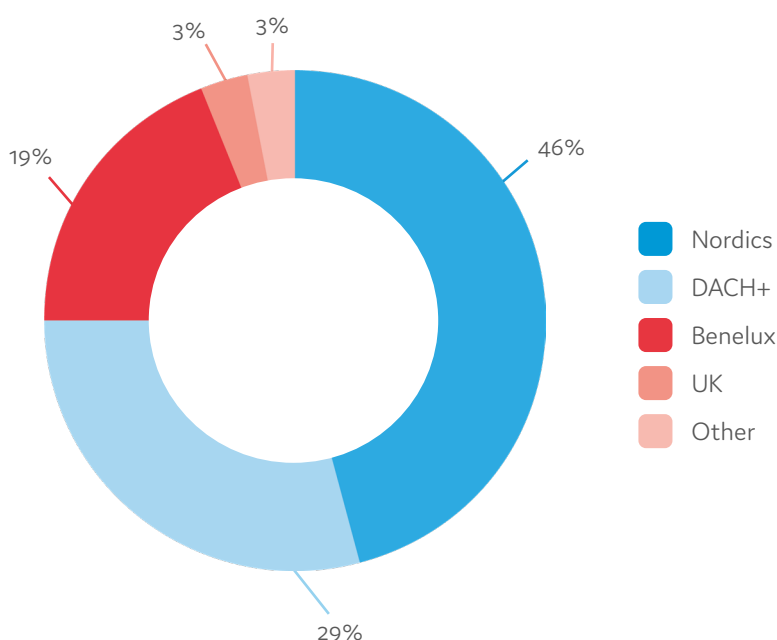
Business area Genexis:

The demand for semiconductors has decreased from the peak levels of previous years, resulting in normalization of prices and lead times. As a result, the market is suffering from a “post-component shortage” situation partly caused by hoarding of products and components during the shortage. On the contrary, 2022 had a strong start with with record high sales and order intake. Compared to Q1 2022, sales in the Nordic market decreased by 17%, while the DACH region, with Germany as the main driver, decreased sales by 27%. The Benelux area decreased its sales by 9% compared to Q1 2022. Our view is that Genexis has maintained its market shares in all regions.

Business area IOPSYs:

Due to phasing and renegotiations of customer contracts IOPSYs reported revenue for Q1 2023 decreased by 60%. The renegotiations are done to make a better fit to the business model and bring a more even revenue spread. The negotiations will not impact overall revenues or profitability. Key customer projects are tracking on as planned and new interesting opportunities are being negotiated.

Sales split by region (Genexis Group) Q1 2023

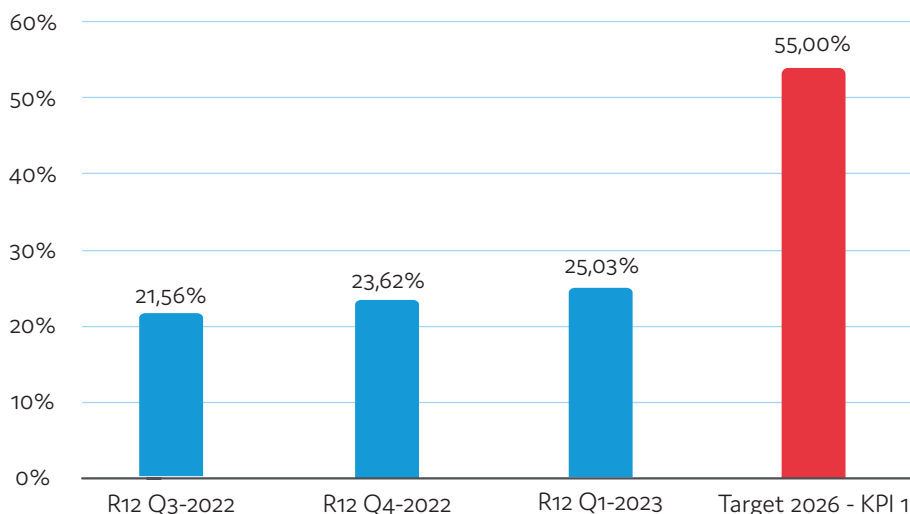


Sustainability update

In accordance with the sustainability-linked bond framework Genexis Group has established two targets (KPI's) to reduce our impact on the environment. These targets are:

KPI 1: Share of recycled plastics in Genexis' products (measured as share of total plastic in terms of plastic weight). The KPI target is to increase the share of recycled plastics used in Genexis' products to 55% by YE 2026. The Q1 rolling-12-month average indicates a current level of 25.0% recycled plastics of all products shipped.

Level of recycled plastics rolling 12 months



Note: the percentage can vary over quarter driven by product mix, hence levels above are presented on a rolling-12-month average basis.

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 announced when the SBTi targets have been validated. It is expected that the 2026 milestone targets will be achieved by 2026.

Progress report as of Q1 2023:

Genexis Group has high ambitions within the sustainability area. In Q1 2023 the Group concluded the emission data collection and prepared for the publication of our first Sustainability Report which was presented on 30 April 2023. Based on the data collection we continued the preparations and submission of our SBT.

Financial Review



Financial Review

Genexis Group AB started its operations in conjunction with the issue of the senior secured sustainability-linked bond (the "Bond") in September 2022, as such all financial data including periods prior to this date are pro forma financials.

The Annual Report for Genexis Group AB will be published on May 31. The financial data for FY2022 has been slightly revised since the Q4 2022 financial statement was published.

Financials

Genexis Group Q1 2023 Net Sales was EUR 20.4 million (pro forma Q1 2022; EUR 27.0 million) while the gross margin was 31.0% (34.7%). The EBITDA was EUR 2.1 million (EUR 5.7 million) with an EBITDA margin of 10.1% (21.1%).

Gross margins have declined slightly mainly due to lower recognized share of software revenues.

Operating expenses have increased by EUR 0.9 million compared to Q1 2022, driven by recruitments made during 2022 as well as slightly higher share of R&D expenses being taken as cost rather than CAPEX.

Financial position

Genexis Group had a total equity of EUR 36,9 million at the end of Q1 2023. Total borrowings were EUR 59.1 million. EUR 55.0 million relates to the Bond and EUR 4.1 million to a shareholder loan. Total assets per March 31, 2023, was EUR 135.9 million. Cash on hand per March 31, 2023, was EUR 14.4 million. Furthermore the 2022 EBITA result will lead to an Earn-out payment of SEK 200 million (EUR 18.0 million¹) to be paid during Q2 2023 included in Other short term financial liabilities.

In Q1 2023 Genexis Group had a negative cash flow from operating activities of EUR -1.1 million (EUR 1.4 million) of which EUR 0.8 million relates to increase in NWC. Cash flow from investing activities was EUR -2.1 million (EUR -2.2 million), while Cash flow from financing activities was EUR 0.3 million. In total Genexis Group had a net decrease in cash and cash equivalents of EUR 2.9 million in Q1 2023.

¹ Based on a EUR/SEK rate 11.1

Condensed Consolidated Income Statement

Consolidated figures for Genexis Group AB

EUR thousands	YTD 2023 01.01-31.03	YTD 2022 ¹ 01.01-31.03
Net sales	20,384	26,960
Other income	642	1 003
Total	21,025	27,963
Raw Materials and Goods For Resale	-14,062	-17,607
Other Direct Costs	- 395	-1,028
Gross profil	6,569	9,328
Other operating expenses	-4,517	-3,643
EBITDA	2,053	5,685
Depreciation & Amortization	-2,057	-1,797
EBITA	-5	3,888
Amortization of Acquisitions	-470	-364
EBIT	-475	3,524
Financial income	-48	127
Financial expenses	-1,885	-1,022
Financial Net	-1,933	-896
Profit before income tax	-2,408	2,628
Income tax expense	59	21
Minority interests	-	16
Profit for the year	-2,349	2,649
Profit for the year is attributable to:		
Owners of the parent company	-2,349	2,633
Non-Controlling Interests means	0	16

1) 2022 figures are pro forma as Genexis Group AB (former GC 100876 BidCo AB) was founded on February 8, 2022, but the activity in the company started by the acquisition of Inteno Group AB on September 22, 2022

Consolidated statement of financial position

Balance sheet according to IFRS per 31.03.2023

EUR thousands	31.03.2023	31.03.2022 ¹	31.12.2022
ASSETS			
Non-current assets			
Capitalized Expenditure for Software	16,272	15,214	16,110
Customer Contracts	12,378	14,855	13,022
Trademarks	1,759	1,453	1,732
Goodwill	63,260	10,449	64,111
User rights	550	1,373	1,422
Machines & Inventory	2,493	2,010	1,968
Financial Assets	1,191	1,192	972
Total Fixed Assets	97,903	46,546	99,337
Current assets			
Stock & Work In Progress	12,123	11,483	12,530
Accounts Receivable	9,190	14,672	8,831
Prepayments & Accrued Income	2,249	1,322	1,833
Cash & Bank Balances	14,367	2,897	17,437
Total current assets	37,928	30,374	40,631
TOTAL ASSETS	135,831	76,919	139,967

1) 2022 figures are pro forma as Genexis Group AB (former GC 100876 BidCo AB) was founded on February 8, 2022, but the activity in the company started by the acquisition of Inteno Group AB on September 22, 2022

EUR thousands	31.03.2023	31.03.2022 ¹	31.12.2022
EQUITY			
Equity	-36,895	-33,170	-40,278
Total Equity	-36,895	-33,170	-40,278
Liabilities			
Non-current liabilities			
Provisions For Guarantees	-83	-51	0
Provisions For Deferred Taxes	-1,653	-1,859	-1,713
Other Provisions	0	-231	-132
Other Long-Term Liabilities	-59,056	-9,697	-59,529
Total non-current liabilities	-60,792	-11,839	-61,374
Current liabilities			
Bank Overdrafts	0	-7,655	0
Other Short-Term Financial Liabilities	-19,857	-3,617	-18,774
Current Liabilities To Customers & Suppliers	-11,918	-14,020	-12,463
Tax Liabilities	-771	-812	-844
Vat & Special Excise Duties	-2,292	-2,501	-2,022
Personnel Taxes, Fees & Salary Deductions	-32	-578	-347
Accrued Expenses & Deferred Income	-3,274	-2,728	-3,866
Total current liabilities	-38,144	-31,910	-38,316
Total liabilities	-98,936	-43,479	-99,690
TOTAL EQUITY AND LIABILITIES	-135,831	-76,919	-139,967

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Consolidated statement of changes in Equity

1 January – 31 March, 2023

EUR thousands	Share Capital	Other paid in capital	Other reserves	Retained earnings	Total Equity
Opening balance at January 1, 2023	108	40,710	1,263	-1,804	40,278
Profit for the period				-2,349	-2,349
Other comprehensive income			45	-60	-15
Currency Translation Effects	0	-58	-89	-872	-1,019
Total comprehensive income	0	-58	-44	-3,280	-3,383
Balance at 31 March, 2023	108	40,652	1,218	-5,084	36,895

Consolidated statement of Cash Flows

EUR thousands	YTD 01.01- 31.03.2023	YTD 01.01- 31.03.2022
Cash flows from operating activities		
EBITDA adjusted	2,053	5,686
Adjustments FX	-1,864	0
Non-cash Result	0	51
Income Taxes Paid	-488	-525
Cashflow Before Change In Net Working Capital	-299	5,211
Change in working capital		
Change in Inventory	358	-1,312
Change in Accounts receivables	-449	-2,917
Change in Other ST Operating receivables / Accruals	-528	-144
Change in Accounts payables	-347	414
Change in Other ST Operating payables / Accruals	163	183
Change in Net Working Capital	-803	-3,775
Net cash flow from Operating Activities	-1,102	1,436
Cash flows from Investing Activities		
Capex Intangible Assets	-1,962	-2,031
Capex Plant & Equipment	-132	-188
Net cash flow from Investing Activities	-2,093	-2,219
Cash Flows from Financing Activities		
Equity issuance	0	0
Net Other Financial Items	397	-216
Change in bank debt	0	-784
Change in overdraft	-63	3,201
Leasing Amortization	0	-205
Net Cash Flow from Financing Activities	334	2,779
Net Increase/Decrease in Cash	-2,861	1,996
Cash and Cash Equivalents by January 1	17,437	1,662
Echange rate differences	-209	-16
Cash and Cash Equivalents by March 31	14,367	2,857

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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 was authorised for issue by the Company's board of directors on 22 May 2023.

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 - Adjusted EBITDA and reported EBITDA

EUR millions	Q1 2023	Q1 2022
Net sales	20.4	27.0
Other income	0.6	1.0
Total	21.0	28.0
Raw materials and goods for resale	-14.1	-17.6
Other direct costs	-0.4	-1.0
Gross profit	6.6	9.3
Personnel costs	-3.0	-2.7
Other operating expenses	-1.5	-1.0
Adjusted EBITDA	2.1	5.7
Non-recurring items	-0.0	0.0
EBITDA Reported	2.1	5.7

Glossary

CPE	Customer Premises Equipment
RGW	Residential Gateway
IoT	Internet of Things
IOWRT	IOPSYS Operating System Software
SBTi	Science-Based Target Initiative
SPT	Sustainability Performance Targets
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, May 22, 2023

Genexis Group AB

Gerlas van den Hoven
CEO

Daniel Winberg
Chairman of the Board

Eric van Schagen
Board member

Victoria Scheer
Board member



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