



Genexis Group AB (publ)  
Q3 2023 Financial Report



## Word from the CEO

The broadband market looks to have reached a stable, but lower level compared to 2022. A slight increase in orders is noticeable as some customers are slowly working down inventories over the past months, others are still dealing with high inventory levels leading to lower-than-normal demand for products. These effects are amplified by the slower economy and higher cost-of-capital, which translate to a lower roll-out speed of new broadband fiber connections. We do see several procurement processes underway as customers are requesting proposals for new products. Our mid and long-term view on the market remains positive, but for the short term we expect sales around the current levels.

Genexis Group Q3 2023 net sales were 48% below the same period last year. Genexis Group consolidated Net Sales for Q3 amounted to EUR 15.3 million (pro forma Q3 2022; EUR 29.4 million) and the consolidated Q3 Adjusted EBITDA was EUR 2.2 million (EUR 6.4 million). Q3 2022 was an all-time high quarter and influenced by the catch-up effect after the component shortage. Customers built up high levels of safety stock in this period, which is now hindering our short-term revenue.

As mentioned previously, we expect the overstocking situation to gradually normalize over the coming 6 months. With our customers soliciting new product proposals, we start to see signs that the demand for broadband products and software rise again in the mid-term. We have also managed to secure our first deal in North America. The underlying demand for increased fibre penetration remains high and drives the market long term.

As earlier mentioned, we have executed a cost reduction program whereby we have re-organized into business units to cover specific market segments. These units can operate more effectively, connecting market and commercial activities directly to our R&D programs.

Besides technology development, we are front-runner in our market when it comes to sustainability. In September 2023, our SBTi application was approved, in addition to this we were awarded a GOLD medal for our Ecovadis sustainability assessment.

We continue our mission to provide digital connectivity to European homes.



Stockholm, November 20, 2023  
Gerlas van den Hoven  
CEO, Genexis Group AB (publ)

A handwritten signature in blue ink, appearing to be 'Gerlas van den Hoven', written over a white background.

# Highlights



## Highlights Financial Report Q3 2023

### Third Quarter

EUR millions	Q3 2023	Q3 2022
Net Sales	15,3	29,4
Other income	0,6	1,1
Total	15,9	30,5
Raw materials and goods for resale	-9,1	-19,4
Other direct costs	-0,6	-0,9
Gross Profit	6,2	10,1
Adjusted EBITDA	2,2	6,4
EBITA	-0,1	4,1
EBIT	-1,9	3,7
Net Debt <sup>2)</sup>	62,0	42,8
Gross Margin (%)	40,6%	33,9%
Adjusted EBITDA (%)	13,9%	21,1%

### YTD September 2023

EUR millions <sup>1)</sup>	Q3 2023	Q3 2022
Net Sales	54,4	83,3
Other income	1,8	3,4
Total	56,2	86,7
Raw materials and goods for resale	-34,4	-55,2
Other direct costs	-1,6	-3,5
Gross Profit	20,2	28,0
Adjusted EBITDA	7,2	16,4
EBITA	0,7	10,6
EBIT	-2,1	9,5
Net Debt <sup>2)</sup>	62,0	42,8
Gross Margin (%) <sup>3)</sup>	36,8%	33,8%
Adjusted EBITDA (%)	12,9%	18,9%

**Last 12 months (LTM)**

<b>EUR millions<sup>1)</sup></b>	<b>Q3 2023</b>	<b>Q3 2022</b>
Net Sales	78,0	105,9
Other income	3,1	3,1
Total	81,1	109,0
Raw materials and goods for resale	-50,4	-71,1
Other direct costs	-2,5	-4,3
Gross Profit	28,2	33,6
Adjusted EBITDA	9,2	19,2
EBITA	0,1	11,6
EBIT	-3,1	10,2
Net Debt	62,0	42,8
Gross Margin (%)	35,4%	32,8%
Adjusted EBITDA (%)	11,3%	17,6%

1) 2022 figures are pro forma as Genexis Group AB was founded on January 18, 2022, but the activity in the company started by the acquisition of Inteno Group AB on September 22, 2022

2) The Net debt September 30, 2023 includes provision for Earn-Out of 6.0 EUR million, but excludes Shareholder Loans amounting to 4.3 EUR million

3) Gross Margin is defined as: ('Net Sales' minus 'Raw materials and goods for resale') divided by ('Net Sales')

## Events during the quarter



## Business and market

While the long-term demand for fiber to the home is solid, the near-term development is challenged by communication operators and service providers carrying high safety stocks. In addition, the overall economy and high-cost of capital lower the fiber deployment speeds. We expect that we have reached the bottom of the market downturn and foresee that customer will start increasing their demand during 2024.

During the quarter the organization was restructured into two business units to link our target market segments more effectively to R&D activities. In note 3 we report as per these business units.

### Business unit FTTH

Our FTTH business in Q3 was solid, albeit at a lower level than the exceptionally strong Q3 last year due to the factors described above. While revenues were lower, we have been able to maintain and increase our gross profit margin. We have taken measures to increase sales, particularly in key growth markets such as DACH and the UK, as well as to grow the customer base, and are involved in multiple request-for-quotation/tender processes. During the quarter we successfully won a contract with an operator in the UK market and are actively engaged in a pilot program for WGSPON products in Finland. Furthermore, we secured our first smaller project in the US.

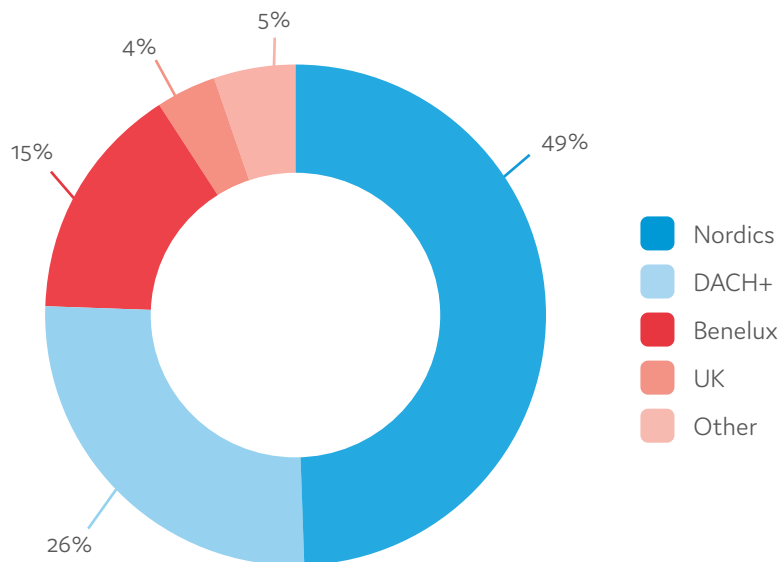
On the R&D side, we have been working further on TrueTalk, the ability of our PON products to interact with multiple central office equipment types. In addition, we continue to expand our portfolio of 10 Gbps and XGS-PON products to match the various scenarios that our customers require.

### Business unit Connected Home

We have refocused our efforts in Connected Home to target faster deployment of WiFi 6 and later WiFi 7 capable products. We launched our Aura E650 WiFi 6 gateway at Connected Britain in September. This 2.5 Gbps gateway has an attractive price performance level and we received very positive reactions, especially with regards to its design. We are planning a roadshow to introduce this product to several markets.

On the software side of our business, further preparations for the upcoming launch by BT of IOWRT-based products are ongoing. We are organizing our software activities to support several different residential gateway and extender platforms, including the above-mentioned Aura platform.

## Revenue split by region (Genexis Group) YTD Q3 2023



## Other Events

On August 28 the senior secured sustainability-linked bond was successfully listed at Nasdaq Stockholm and will be delisted from Frankfurt.

Our application for science-based emission reduction targets was approved by the Science-Based Targets initiative (SBTi). The acknowledgment represents a significant step forward in Genexis' ambitious commitment to sustainability, and its dedication to addressing climate change on a worldwide scale.

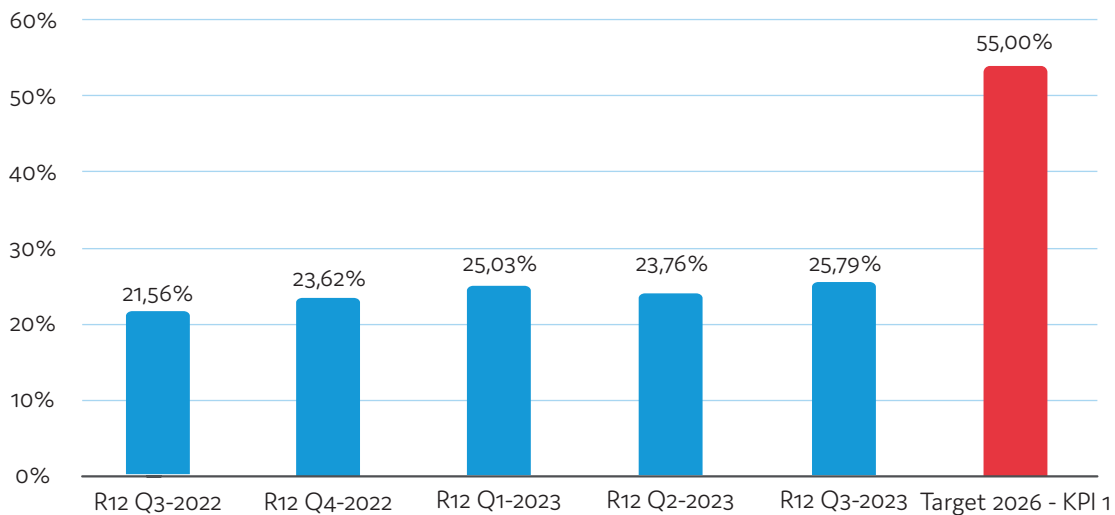


## Sustainability update

In accordance with the sustainability-linked bond framework Genexis Group has established two targets (KPIs) 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. After a drop in Q2, the trend is in the right direction as the Q3 rolling-12-month average indicates a current level of 25,8% 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 CO<sub>2</sub>e emission reduction in line with the 1.5-degree scenario. We can announce that we have set out targets and they have been validated and confirmed by Science-Based Target Initiative. Genexis Group are to reduce scope 1 and scope 2 GHG emissions 42% by 2030 from a 2022 base year, and to measure and reduce its scope 3 emissions. Genexis Group commits to reach net-zero by 2050. As part of this, Genexis Group commits to reduce scope 1+2+3 emissions 90% by 2050 from a 2022 base year. For more information, please visit <https://sciencebasedtargets.org/companies-taking-action>

### Sustainability Report 2024:

Genexis Group will publish its annual Sustainability Report on the 30 April 2024. The preparation process of finalizing the data collection, calculating our emissions and summarizing sustainability achievements the past year is initiated.

# Financial Review



## Financial Review

Genexis Group AB started its operations in conjunction with the issue of a senior secured sustainability-linked bond (the "Bond") in September 2022. All financial data including periods prior to September 22, 2022 are pro forma financials.

### Financials Q3 (July 1 – September 30, 2023)

#### Net sales and earnings

Genexis Group Q3 2023 Net Sales was EUR 15.3 million (pro forma Q3 2022; EUR 29.4 million) and with a gross margin of 40.6% (33.9%). The Adjusted EBITDA was EUR 2.2 million (EUR 6.4 million) with an Adjusted EBITDA margin of 14.4% (21.9%).

Gross margins increased also during this quarter, mainly due to higher share of software revenues as well as revenue from high margin regions.

During the quarter a re-classification of Intangible Assets was done with the following impact on the year-to-date earnings (EUR thousand):

Amortization of Acquisitions	- 999
Deferred Taxes	347
<b>Net impact</b>	<b>- 652</b>

### Financial position

Genexis Group had a total equity of EUR 35.5 million at the end of Q3 2023. Total borrowings were EUR 59.4 million. EUR 55.0 million relates to the Bond and EUR 4.3 million to a shareholder loan. Total assets per September 30, 2023, was EUR 117,3 million. Cash and cash equivalents per September 30, 2023, was minus EUR 1.7 million. To ensure compliance with the incurrence test of the bond, the communicated Earn-Out payment linked to the 2022 EBITA was to be disbursed in two installments. The first tranche of SEK 137.5 million (EUR 11.7 million<sup>1</sup>) was paid in July 2023. The remaining part of the Earn-Out payment of SEK 62.5 million (EUR 5.3 million<sup>2</sup>) is planned to be paid during 2024. The full provision for the SEK 62.5 million (EUR 5.3 million) is included in Other short term financial liabilities.

<sup>1</sup> Based on a EUR/SEK rate 11.8

<sup>2</sup> Based on a EUR/SEK rate 11.8

## Cash Flow and Investments

In Q3 2023 Genexis Group had a positive cash flow from operating activities of EUR 3.5 million (EUR 2.3 million) of which EUR 3.2 million relates to changes in NWC. Cash flow from investing activities was EUR -2.0 million (EUR -2.3 million), while Cash flow from financing activities was EUR -13.0 million. In total Genexis Group had a net decrease in cash and cash equivalents of EUR 11.4 million in Q3 2023

## Financials Q1 – Q3 (January 1 – September 30, 2023)

### **Net sales and earnings**

Net Sales amounted to EUR 54.4 million, a 34.7% decline compared to EUR 83.3 million last year, and below budget. YTD gross margin was 36.8%, an increase compared to last year at 33.8% and above budget at 35.2%. The increase in the gross margin compared to last year was driven by an increased proportion of software sales and higher proportion of sales to countries with higher margins.

EBITDA YTD amounted to EUR 7.2 million translating to a 12.9% margin, a 56% decrease compared to YTD last year's EUR 16.4 million and EUR 6.5 million behind budget YTD of EUR 13.7 million. EBITDA margin decreased in comparison to the exceptionally strong margin last year of 18.9%. The decrease was primarily driven by lower volumes relative to operational expenses, despite the latter being 15% below the YTD budget due to cost-saving initiatives, although a higher portion of R&D expense is categorised as operating costs in 2023 instead of being capitalized.

### **Cash Flow and investments**

The investments for the period amounts to EUR 6.2 million (EUR 6.7 million) of which EUR 5.8 million (EUR 5.8 million) are capitalized R&D.

Genexis Group cash flow for the period deriving from operating activities was EUR 0.2 million (EUR 10.3 million). The change in Net Working Capital was EUR -1.4 million (EUR -4.4 million). Cash flow from investing activities was EUR -6.2 million (EUR -6.7 million), while Cash flow from financing activities was EUR -12.2 million. In total Genexis Group had a net decrease in cash and cash equivalents of EUR -18.3 million in Q1-Q3 2023.

## Other Information

### **Publication**

This is information that Genexis 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 persons set out below, on November 22, 2023, at 09:00 CET.

### **Contact**

Please direct any questions to:

- Gerlas van den Hoven, CEO, [g.vdhoven\(a\)genexis.eu](mailto:g.vdhoven@genexis.eu)
- Magnus Björnum, CFO, [magnus.bjornum\(a\)genexis.eu](mailto:magnus.bjornum@genexis.eu)

# Condensed Consolidated Income Statement

Consolidated figures for Genexis Group AB

EUR thousands	Q3 2023 01.07-30.09	Q3 2022 <sup>1)</sup> 01.07-30.09	YTD 2023 01.01-30.09	YTD 2022 <sup>1)</sup> 01.01-30.09
<b>Net Sales</b>	<b>15 331</b>	<b>29 353</b>	<b>54 395</b>	<b>83 315</b>
Other Operating Income	573	1 108	1 819	3 396
<b>Total Income</b>	<b>15 904</b>	<b>30 462</b>	<b>56 214</b>	<b>86 711</b>
Cost of Goods Sold	-9 743	-20 330	-36 023	-58 701
Other External Costs	-1 358	-1 639	-4 414	-3 981
Personnel Costs	-2 589	-2 693	-8 687	-8 236
Depreciation, Amortization and Impairment	-4 102	-2 079	-9 207	-6 332
<b>Total Operating Expenses</b>	<b>-17 792</b>	<b>-26 741</b>	<b>-58 330</b>	<b>-77 250</b>
<b>Operating Profit/Loss</b>	<b>-1 888</b>	<b>3 721</b>	<b>-2 115</b>	<b>9 461</b>
Financial Income	-63	965	171	1 886
Financial Expenses	-1 118	-1 117	-4 620	-3 253
<b>Net Financial Items</b>	<b>-1 180</b>	<b>-151</b>	<b>-4 449</b>	<b>-1 367</b>
<b>Profit/Loss Before Tax</b>	<b>-3 069</b>	<b>3 569</b>	<b>-6 565</b>	<b>8 095</b>
Income Tax Expense	69	-2 180	465	-2 137
Minority interests	0	92	0	81
<b>Profit for the Year</b>	<b>-3 000</b>	<b>1 390</b>	<b>-6 100</b>	<b>5 957</b>
<b>Profit for the Year is Attributable to:</b>				
Owners of the Parent Company	-3 000	1 390	-6 100	5 877
Non-Controlling Interests means	0	92	0	81

1) 2022 figures are pro forma as Genexis Group AB was founded on January 18, 2022, but the activity in the company started by the acquisition of Inteno Group AB on September 22, 2022

## Statement of Comprehensive Income

EUR thousands	Q3 2023 01.07-30.09	Q3 2022 <sup>1)</sup> 01.07-30.09	YTD 2023 01.01-30.09	YTD 2022 <sup>1)</sup> 01.01-30.09
<b>Profit for the year</b>	<b>-3 000</b>	<b>1 390</b>	<b>-6 100</b>	<b>5 957</b>
Other comprehensive income (net of tax):				
Items that will or may be reclassified to P&L:				
Exchange differences on translation of foreign operations	0	0	0	0
<b>Total comprehensive income for the year</b>	<b>-3 000</b>	<b>1 390</b>	<b>-6 100</b>	<b>5 957</b>
Total comprehensive income for the year is attributable to:				
<b>Owners of the parent company</b>	<b>-3 000</b>	<b>1 390</b>	<b>-6 100</b>	<b>5 957</b>

1) 2022 figures are pro forma as Genexis Group AB was founded on January 18, 2022, but the activity in the company started by the acquisition of Inteno Group AB on September 22, 2022

# Consolidated statement of changes in Equity

8 February – 31 December 2022

EUR thousands	Share Capital	Other paid in capital	Other reserves	Retained earnings	Total Equity
<b>Equity brought forward as at February 8, 2022</b>	<b>60</b>				<b>60</b>
Non-cash issue	49	1 528			1 577
Shareholder contributions		42 602			42 602
Transactions with shareholder base		-3 418			-3 418
Profit for the period				588	588
Currency Translation Effects	-1	-1 131			-1 132
<b>Total comprehensive income</b>	<b>48</b>	<b>39 581</b>	<b>0</b>	<b>588</b>	<b>40 217</b>
<b>Balance at 31 December, 2022</b>	<b>108</b>	<b>39 581</b>	<b>0</b>	<b>588</b>	<b>40 277</b>

1 January – 30 September 2023

EUR thousands	Share Capital	Other paid in capital	Other reserves	Retained earnings	Total Equity
<b>Opening Balance at January 1, 2023</b>	<b>108</b>	<b>39 581</b>	<b>0</b>	<b>588</b>	<b>40 277</b>
Profit for the period				-6 100	-6 100
Other comprehensive income		337	44	-437	-56
Currency Translation Effects	0	990	1 048	-6 936	-4 899
<b>Total comprehensive income</b>	<b>0</b>	<b>1 326</b>	<b>1 092</b>	<b>-13 473</b>	<b>-11 055</b>
<b>Balance at 30 September, 2023</b>	<b>108</b>	<b>40 907</b>	<b>1 092</b>	<b>-12 885</b>	<b>29 222</b>



# Consolidated statement of financial position

Balance sheet according to IFRS per 30.09.2023

EUR thousands	30.09.2023	30.09.2022	31.12.2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalized Expenditure for Software	19 691	15 454	16 110
Customer Contracts	17 854	13 551	13 022
Trademarks	6 689	1 638	1 732
Goodwill	53 798	44 617	64 111
User rights	488	1 593	1 422
Machines & Inventory	2 403	2 230	1 968
Financial Assets	33	1 175	972
<b>Total Fixed Assets</b>	<b>100 957</b>	<b>80 258</b>	<b>99 337</b>
Current assets			
Stock & Work In Progress	10 635	9 881	12 530
Accounts Receivable	8 599	16 809	8 831
Prepayments & Accrued Income	2 746	1 089	1 833
Cash & Bank Balances	0	16 316	17 437
<b>Total current assets</b>	<b>21 980</b>	<b>44 095</b>	<b>40 631</b>
<b>TOTAL ASSETS</b>	<b>122 936</b>	<b>124 354</b>	<b>139 967</b>

EUR thousands	30.09.2023	30.09.2022	31.12.2022
<b>EQUITY</b>			
Equity	-29 222	-40 667	-40 278
<b>Total Equity</b>	<b>-29 222</b>	<b>-40 667</b>	<b>-40 278</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Provisions For Guarantees	-254	-130	0
Provisions For Deferred Taxes	-9 156	-1 755	-1 713
Other Provisions	0	-219	-132
Other Long-Term Liabilities	-59 388	-59 389	-59 529
<b>Total non-current Liabilities</b>	<b>-68 798</b>	<b>-61 493</b>	<b>-61 374</b>
<b>Current Liabilities</b>			
Bank Overdrafts	-1 725	0	0
Other Short-Term Financial Liabilities	-6 964	-1 082	-18 774
Current Liabilities To Customers & Suppliers	-9 631	-12 137	-12 463
Tax Liabilities	-670	-1 771	-844
Vat & Special Excise Duties	-1 640	-3 001	-2 022
Personnel Taxes, Fees & Salary Deductions	-49	-303	-347
Accrued Expenses & Deferred Income	-4 237	-3 899	-3 866
<b>Total Current Liabilities</b>	<b>-24 916</b>	<b>-22 193</b>	<b>-38 316</b>
<b>Total Liabilities</b>	<b>-93 714</b>	<b>-83 686</b>	<b>-99 690</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-122 936</b>	<b>-124 354</b>	<b>-139 967</b>

## Consolidated statement of Cash Flows

EUR thousands	Q2 01.07- 30.09.2023	Q2 01.07- 30.09.2022 <sup>1)</sup>	YTD 01.01- 30.09.2023	YTD 01.01- 30.09.2022 <sup>1)</sup>
<b>Cash flows from operating activities</b>				
EBITDA adjusted	2 214	6 442	7 234	16 431
Interest payments and adjustments FX	-1 038	0	-4 145	0
Non-cash Result	0	75	0	140
Income Taxes Paid	-859	-1 082	-1 456	-1 858
<b>Cashflow Before Change In Net Working Capital</b>	<b>318</b>	<b>5 435</b>	<b>1 633</b>	<b>14 713</b>
Change in working capital				
Change in Inventory	-258	2 602	1 785	113
Change in Accounts receivables	2 330	-4 227	58	-5 524
Change in Other ST Operating receivables / Accruals	818	127	-1 046	-1
Change in Accounts payables	1 241	-3 243	-2 563	-1 233
Change in Other ST Operating payables / Accruals	-899	1 593	338	2 260
<b>Change in Net Working Capital</b>	<b>3 233</b>	<b>-3 147</b>	<b>-1 429</b>	<b>-4 384</b>
<b>Net cash flow from Operating Activities</b>	<b>3 550</b>	<b>2 288</b>	<b>204</b>	<b>10 329</b>
Cash flows from Investing Activities				
Capex Intangible Assets	-1 810	-2 011	-5 788	-5 842
Capex Plant & Equipment	-128	-264	-346	-791
Proceeds From Disinvestments	0	4	0	-36
<b>Net cash flow from Investing Activities</b>	<b>-1 959</b>	<b>-2 271</b>	<b>-6 154</b>	<b>-6 670</b>

1) 2022 figures are pro forma as Genexis Group AB was founded on January 18, 2022, but the activity in the company started by the acquisition of Inteno Group AB on September 22, 2022

EUR thousands	Q2 01.07- 30.09.2023	Q2 01.07- 30.09.2022 <sup>1)</sup>	YTD 01.01- 30.09.2023	YTD 01.01- 30.09.2022 <sup>1)</sup>
<b>Cash Flows from Financing Activities</b>				
Acquisitions <sup>2)</sup>	-12 093	243	-12 093	243
Equity issuance	-48	-1 577	-113	-1 577
Net Other Financial Items	-907	530	43	779
Issuance/amortisation of SHL	0	-22 903	0	-22 903
Change in bank debt	0	47 798	0	46 199
Change in overdraft	13	-2 618	-39	-2 520
Leasing Amortization	0	-185	0	-592
<b>Net Cash Flow from Financing Activities</b>	<b>-13 035</b>	<b>21 288</b>	<b>-12 202</b>	<b>19 629</b>
Non-recurring Items in EBITDA	0	-638	-142	-638
Sum Non-recurring Items	0	-638	-142	-638
<b>Net Increase/Decrease in Cash</b>	<b>-11 443</b>	<b>20 667</b>	<b>-18 293</b>	<b>22 651</b>
<b>Cash &amp; Cash equivalents by beginning of period</b>	<b>10 018</b>	<b>3 719</b>	<b>17 437</b>	<b>1 703</b>
Exchange rate differences on cash	-300	-253	-869	-182
<b>Cash &amp; Cash equivalents by September 30</b>	<b>-1 725</b>	<b>18 025</b>	<b>-1 725</b>	<b>18 025</b>

1) 2022 figures are pro forma as Genexis Group AB was founded on January 18, 2022, but the activity in the company started by the acquisition of Inteno Group AB on September 22, 2022

2) Cash flow 2023 on 'Acquisitions' are Earn-Out payments related to the acquisition in 2022.

## Material Risks and Uncertainties

We regard the business area in which Genexis Group acts as long term solid, as the underlying need for fast and qualitative fiber broadband equipment is increasing over time.

Several risks have been identified in the risk management process.

### **Main operational risks**

- Failure to attract customers, uncertain economic or political conditions, interruption of supply chain, cyber threats, ability to hire and retain skilled personnel.

### **Main financial risks**

- Interest rate risks, currency fluctuations, impairment of intangible assets.

As in all businesses Genexis Group's operations are associated with various risks. Identifying and proactively mitigating the risks part of the operation. The aim of the risk management is mainly to map and secure that the risks are monitored or if they happen, that the impact is diminished

# Notes to the financial statements

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## Notes to the financial statements

### Basis of preparation

The numbers are prepared in accordance with IAS 34 and the Swedish Annual Accounts Act

This Financial Update was authorised for issue by the Company's board of directors on 20 November 2023.

Key figure	Definition
<b>Pro forma revenue</b>	Total revenue according to income statement adjusted for acquired/divested sites and extraordinary items.
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortization. A measure for a company's profit before interest, taxes depreciations and amortization (including Goodwill amortizations).
<b>EBITA</b>	Earnings before interest, taxes and amortization. A measure for a company's profit before interest, taxes and amortization of Goodwill.
<b>Pro forma Adjusted EBITDA</b>	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 - Segment information

EUR millions 01.01-30.09.2023	Business Unit FTTH	Business Unit Connected Home	Other	Group
<b>Net Sales</b>	<b>35,8</b>	<b>17,4</b>	<b>1,2</b>	<b>54,4</b>
Other income	0,1	0,0	1,7	1,8
<b>Total</b>	<b>35,9</b>	<b>17,4</b>	<b>2,9</b>	<b>56,2</b>
Raw materials and goods for resale	-23,4	-10,2	-0,8	-34,4
Other direct costs	0,0	0,0	-1,6	-1,6
<b>Gross Profit</b>	<b>12,5</b>	<b>7,2</b>	<b>0,4</b>	<b>20,2</b>
Other operating expenses	-2,3	-1,2	-9,5	-13,1
Non-recurring items	0,0	0,0	0,1	0,1
<b>Adjusted EBITDA</b>	<b>10,2</b>	<b>6,0</b>	<b>-9,0</b>	<b>7,2</b>
Non-recurring items	0,0	0,0	-0,1	-0,1
<b>EBITDA</b>	<b>10,2</b>	<b>6,0</b>	<b>-9,1</b>	<b>7,1</b>
Depreciation & Amortization	-1,5	-2,5	-2,5	-6,4
<b>EBITA</b>	<b>8,8</b>	<b>3,5</b>	<b>-11,6</b>	<b>0,7</b>
Amortization of Acquisitions	-2,2	-2,5	1,9	-2,8
<b>EBIT</b>	<b>6,5</b>	<b>1,1</b>	<b>-9,7</b>	<b>-2,1</b>



## Note 4 - Acquisitions

### Acquisitions 2023

No acquisitions have occurred during 2023.

### Acquisitions 2022

On 22 September 2022, GC 100876 BidCo AB, subsequently Genexis Group AB, acquired 100% of the shares in Inteno Group AB, comprising Inteno Group AB (org. no.: 559058-0634 with its registered office in Stockholm), and its wholly owned subsidiaries with the parent companies Genexis Sweden AB (org. no.: 556435-0733 with its registered office in Stockholm) and IOPSYS Software Solutions AB (org. no.: 559104-0786 with its registered office in Stockholm).

The fair value of the purchase consideration paid amounts to EUR 42,520 thousand plus additional purchase consideration. The purchase consideration comprises a cash payment of EUR 32,013 thousand, the offsetting of liabilities of EUR 4,518 thousand, a non-cash issue of EUR 1,577 thousand and an offset share issue of EUR 13,447 thousand. There was also an additional purchase consideration of up to EUR 17,972 thousand (SEK 200 million), which was conditional on Inteno Group AB's EBITA level for 2022, the actual outcome for which means that the maximum additional purchase consideration is achieved. The payment of the additional purchase consideration was partly done (EUR 11.7 million / SEK 137,5 million) in July 2023 and the remaining amount is planned to be handled in 2024.

The acquisition costs total EUR 3,792 thousand and have been charged to the Group's earnings in 2022.

The acquisition balance sheet may therefore be adjusted over the coming years. The acquisition balance calculated have been re-allocated during Q3 2023.

Details of the purchase consideration, net assets acquired and goodwill are provided below.

EUR thousands	Provisional acquisition analysis	Re-allocation	Final acquisition analysis
<b>Purchase consideration 22 September 2022</b>			
Cash and Cash Equivalents	32 014		32 014
Offset Share Issue	8 929		8 929
Non-Cash Issue	1 577		1 577
Additional Purchase Consideration	17 972		17 972
<b>Total Purchase Consideration</b>	<b>60 492</b>	<b>0</b>	<b>60 492</b>
<i>The assets and liabilities recognised as a result of the acquisition are as follows:</i>			
Cash and Cash Equivalents	3 534		3 534
Accounts Receivables	15 550		15 550
Inventories	11 597		11 597
Financial Instruments	574		574
Other Current Receivables	1 557		1 557
Machinery	2 230		2 230
Right-of-use assets	1 713		1 713
Intangible Assets	16 935	-16 935	0
Intangible Assets: Customer Contracts	13 872	8 029	21 901
Intangible Assets Technology	0	19 500	19 500
Intangible Assets - Trademark	0	5 615	5 615
Deferred tax Liability	0	-9 685	-9 685
Accounts Payable	-13 185		-13 185
Long-term Loans	-31 017		-31 017
Other Bank Liabilities	-9 229		-9 229
Other Current Liabilities	-14 254		-14 254
Right-of-use Liabilities	-1 600		-1 600
Provisions	-2 114		-2 114
<b>Total Net Assets Acquired</b>	<b>-3 837</b>	<b>6 524</b>	<b>2 687</b>
<b>Allocated Goodwill</b>	<b>64 329</b>	<b>-6 524</b>	<b>57 805</b>

## 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 <sub>2</sub> 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 risks and uncertainties faced by the parent company and other group companies.

Stockholm, 20 November 2023

Genexis Group AB (Org. no.: 559364-6002)

Gerlas van den Hoven  
CEO

Daniel Winberg  
Chairman of the Board

Eric van Schagen  
Board member

Victoria Scheer  
Board member

Angelique Schouten  
Board member

Jonas Hasselberg  
Board member



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