



Q3 2023 Update

1st December 2023

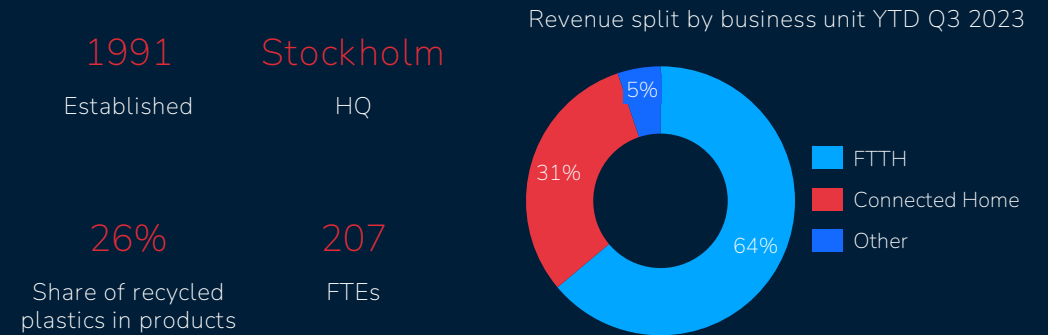
About Genexis Group



Background

- Developer and provider of high-speed fiber CPE products, powered by leading open-source software platform for CPE, RGW and IoT devices
- Operational through two business units:
 - Fiber-to-the-home (FTTH): fiber termination
 - Connected Home: Residential gateway, in-home Wi-Fi products and software solutions
- The market leading developer and provider of high-speed fiber CPE products

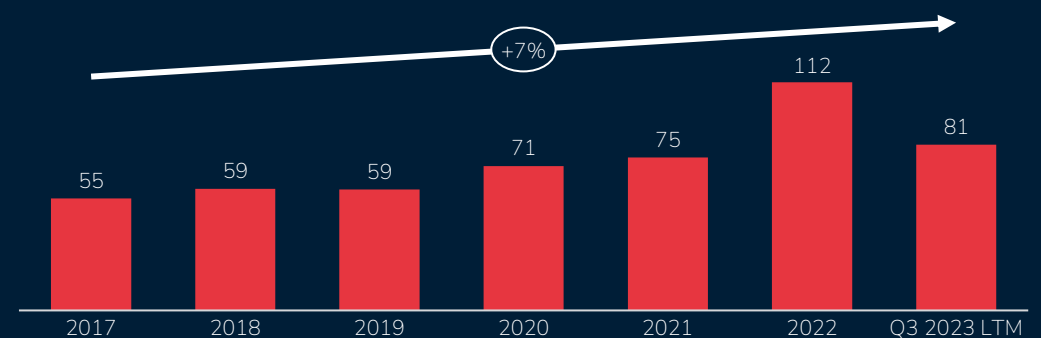
Corporate overview



Longstanding relationships with blue chip companies



Revenue development (EURm)





Retrospective on 2023 Q1-Q3

How what seemed like a ‘V’ dip turned into a ‘U’

- Compared to 2022 the market for fiber broadband has slowed down due to 3 factors
 1. High inventories built up by operators and communication service providers (CSPs) during the pandemic and subsequent component shortages
 2. Rapid increase in the cost-of-capital leading to lower level of investment in fiber deployment
 3. General slow-down of the economy and consumer spending

- During end of 2022 and early 2023 operators and CSPs expected to empty their warehouses in 1H 2023 and get back on track during the second half of 2023

- Towards the end of Q2 2023 it was clear that factors 2. and 3. weighed-in more than anticipated resulting in slower inventory decrease than initially expected

- The above scenarios vary between customers, for example:
 - Some larger Nordic operators still have high inventories, while other larger customers have ‘eaten’ through their pile already
 - Many German PE-owned operators have reduced their investments, while we see (talk of) acceleration in upcoming markets (UK, Central Europe, US)
 - Still, fiber penetration in Germany is among the lowest in EU, so the ‘dip’ is temporary

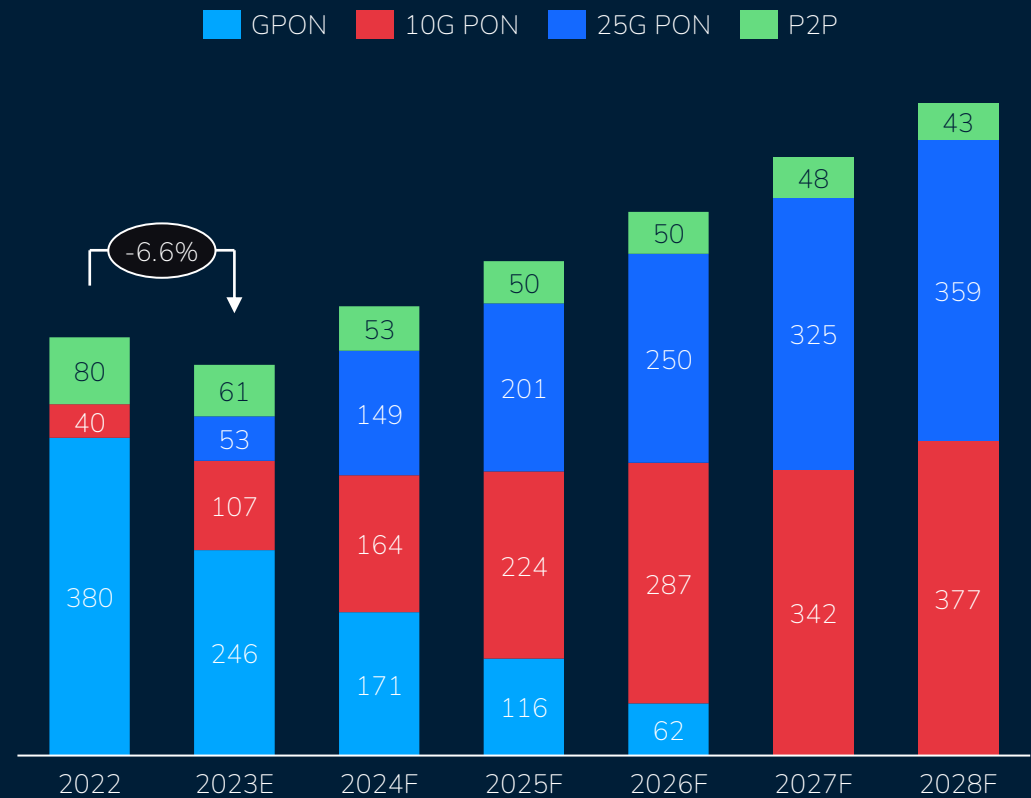
- We have clear indications we have reached the bottom of the ‘U-shaped’ dip
 - Unlike with a ‘V-shaped’ dip, the recovery will not be as rapid as expected
 - We have indications of recovery in the coming 6 – 12 months: customers are slowly increasing orders again
 - In addition, we have won new customers, and our opportunity pipeline is filled



Adjusted Western Europe ONT/ONU¹ market forecast

- The growing ONT/ONU market is driven by
 - Increasing demand for broadband services and growing adoption of cloud computing and other online services
 - 10G PON is expected to grow rapidly as operators deploy new networks to support 5G and high-bandwidth services
 - GPON will be phased out due to increasing availability and affordability of 10G PON and 25G PON ONTs and ONUs
- The downward market impact on Genexis Group has been amplified due to the high inventories built up by operators and communication service providers (CSPs) during the pandemic
- Analysts expect that the FTTH market will pick up again in 2024 which is reflected in the adjusted forecast

Western European ONT/ONU Market (EURm)





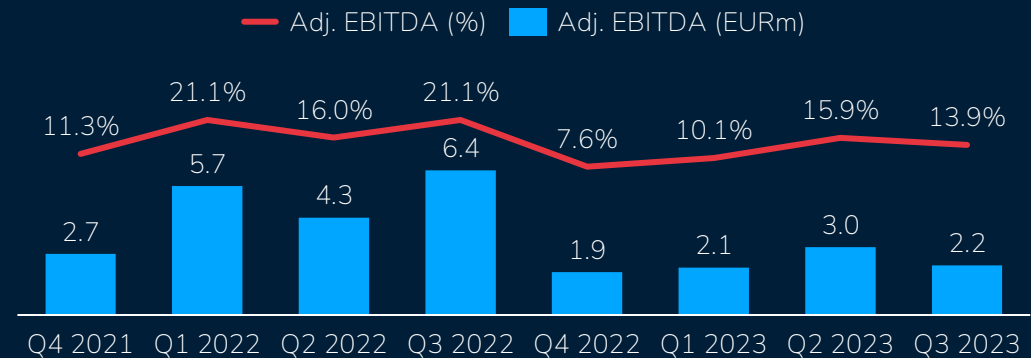
Q3 2023 update

- 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 decreases the rate of fiber deployment.
- **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. Whilst revenues were lower, we have been able to maintain and increase our gross profit margin.
- **Connected Home** - We have re-focused 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.

Revenue & Gross margin development



EBITDA development

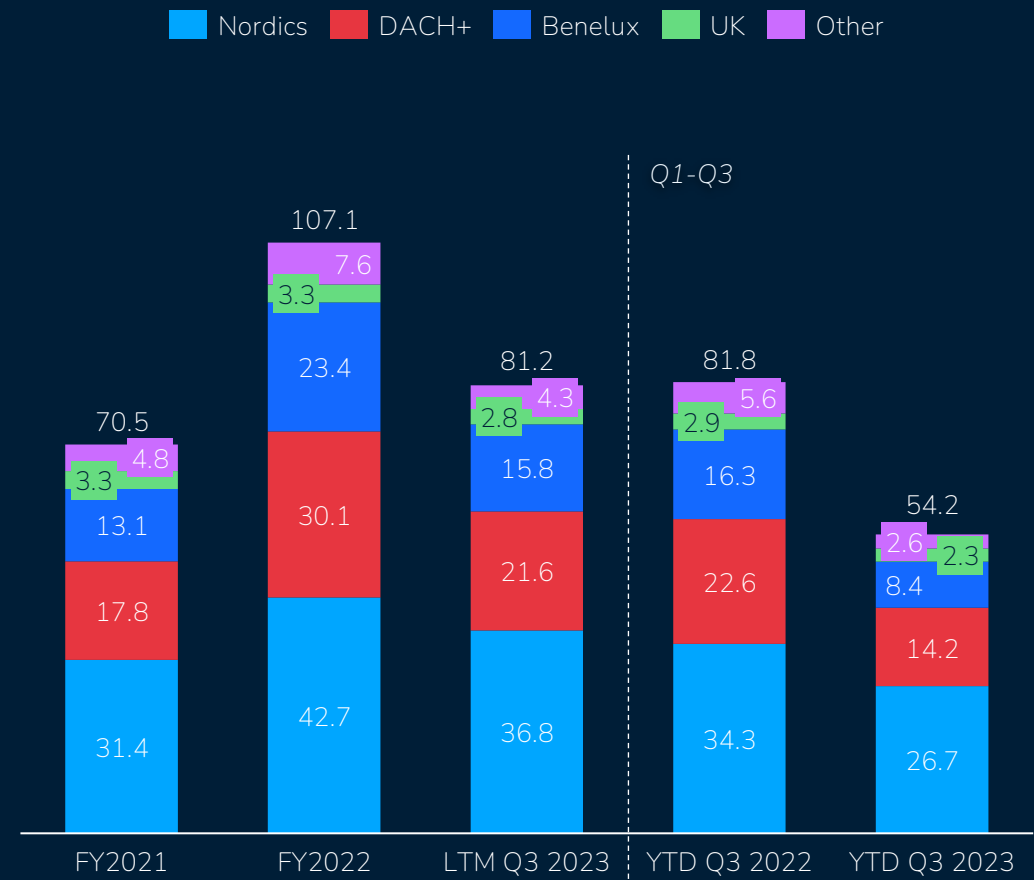




Sales* development by region from 2021 to YTD Q3 2023

- Nordics
 - Sales in Nordics is at higher level compared to 2021
 - Finnish market expanding
 - Sweden and Norway relatively constant, several customers still dealing with high inventory
 - Denmark shows further growth potential
- DACH+
 - Cost of capital has slowed down investor driven FTTH projects in the market
 - Sales per quarter roughly equal to 2021 rate
 - Ordering activity starting to go up, but overall customers are still careful and conservative in their short term forecasts
- Benelux
 - Market in 2023 is down with respect to 2021, primarily due to overstocking
 - Outlook for Benelux positive based on recent customer forecasts
- UK & Other
 - Expansion in UK and other regions underway
 - Lead pipeline filling up

Sales development by region (EURm)

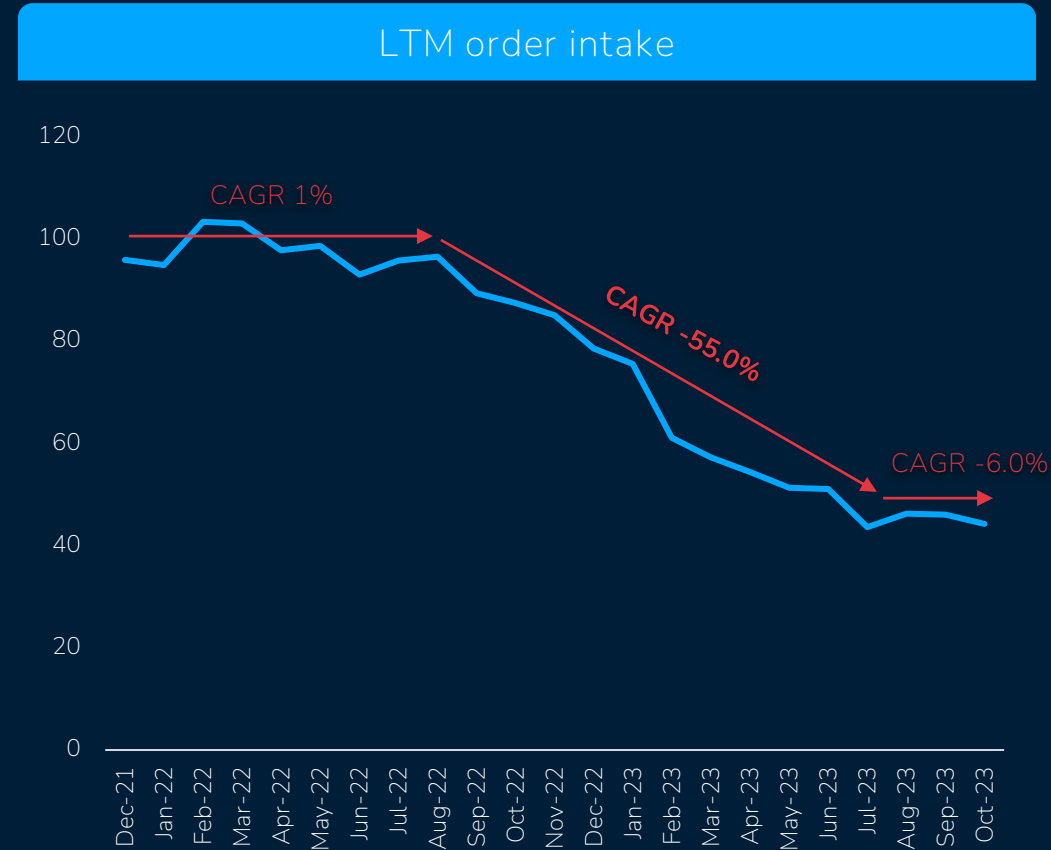


*Sales numbers based upon sales statistics, not fully matching Reported numbers



LTM order intake has leveled out

- LTM order intake was stable at a historically high level for the first half of 2022
- In September 2022, the order intake started to decline rapidly until July 2023
- Since July 2023, the order intake is again stable but at a significantly lower level





A more detailed look at 2023 shows that the monthly average has started to increase

- The trailing three months average of order intake during 2023, indicates that the bottom was reached during the spring and a modest pick up since July
- Forecast for November order intake shows a further increase of the average to close to 5m€

Trailing average three months order intake





Actions taken by management

Restructuring into two main business units

- With lower sales and increased uncertainty, we need to address three things
 1. Reduce our spending in order to be cash-flow positive
 2. Restructure to ensure we can deliver our product roadmap and remain competitive in our markets
 3. Expand our sales by broadening: new geographic markets, new product offers, enhancing our support offering

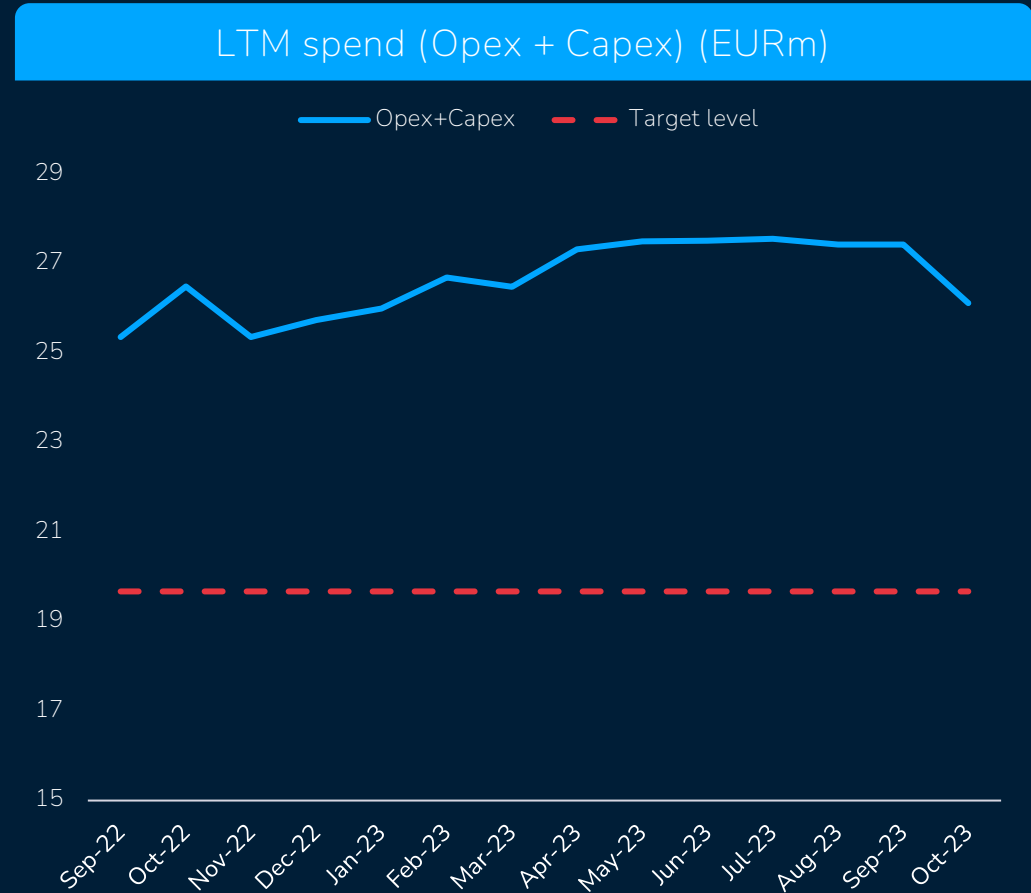
- We have restructured our company to align better with the market and position our value:
 - Business unit FTTH: focused on providing Fiber-to-the-home products to network operators leveraging our easy-to-install and TrueTalk™ technology
 - Main strategy going forward: Geographic expansion towards UK, Central Europe, US
 - Business unit Connected Home: combination of our IOPSYS software company with our residential gateway product activity. Focus on realizing residential gateway products besides continuation of software activity. In essence, we will leverage the advantages of our software to win in the residential gateway market
 - Main strategy going forward: Win product deals at known customers in known markets
 - Broadening in general: leverage our CloudSight management platform and our Tech Support activity to define commercial offers in terms of SLAs and subscriptions that enhance our product offering

- Combining the Genexis product company with IOPSYS activities provides for significant cost synergies while focusing our R&D on business opportunities
 - We initiated our cost reduction program mid-year 2023. We have identified and implemented cost savings of 25% wrt 2022 actuals and 33% wrt 2023 budget. These savings are to a large extent implemented towards the end of 2023 and will come into full effect towards end Q1 2024
 - At this cost level we expect to achieve a solid base result in 2024 from which we can grow further



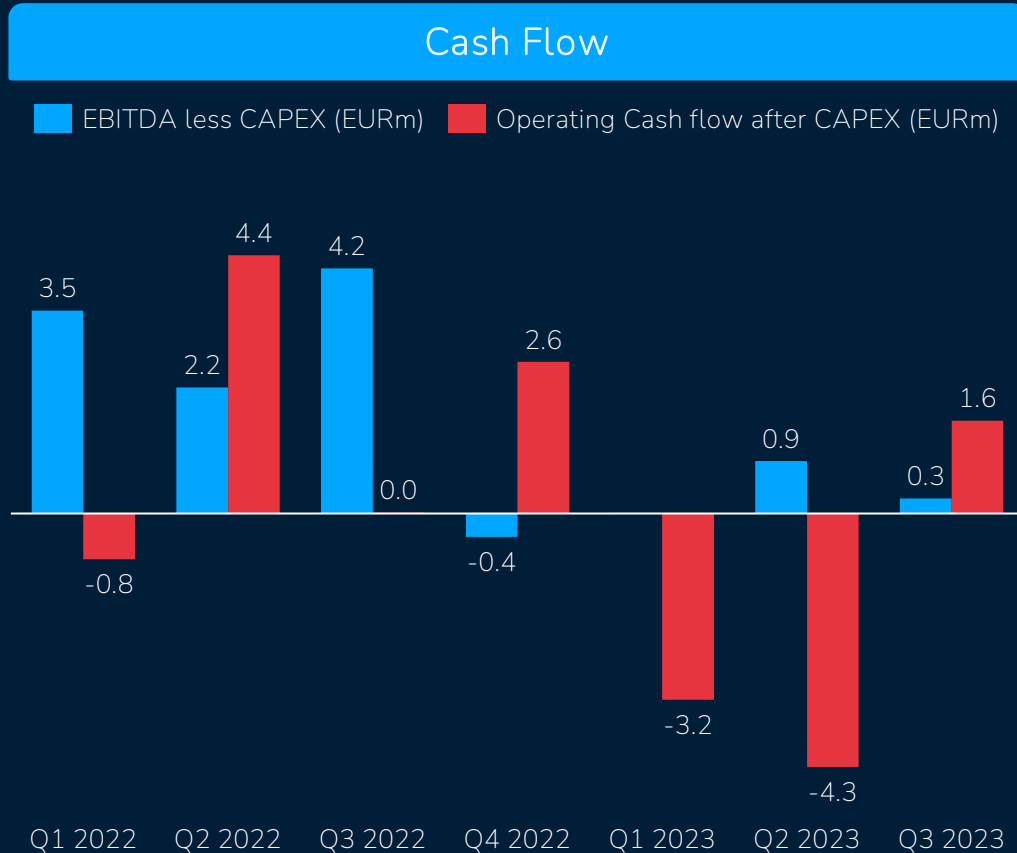
Cost savings initiatives start to show effect with target to decrease cost with 1/4

- Spend started to be addressed during Q2 2023 with a more forceful cost reduction program implemented during Q3 2023
- Aggressive target of 25% spend reduction with full effect towards end of Q1 2024





No immediate liquidity concerns despite negative cash flow



- The continuous push-out of customer orders during 2023 have put pressure on profitability and cash flow
- Genexis has taken multiple steps to secure liquidity going forward
 - Cost saving program initiated and implemented to full effect during Q1 2024 which will result in positive cash flow at current revenue levels
 - RCF of EUR 6m in place with Nordea since Q3
 - Net utilization of EUR 1.7m as of Sept 30, 2023
 - Positive dialogue with Sellers of Inteno Group around postponing remaining Earn-out payment until covenants and liquidity allows for payment



Outlook: slow, but steady normalization in 2024

Long-term outlook remains solid

- 2024 will show a slow, but steady growth from the bottom of the 'U'
 - Step-by-step, customer inventories are being depleted and the push-out of orders and deliveries is reducing
 - Speed of recovery will initially be slow as cost-of-capital and economy remain at current levels
 - At the same time, operators and CSPs need to continue to deploy fiber or else risk heavy competition

- Genexis is not sitting still
 - Our FTTH business unit is involved in many new customer initiatives, and expanding its market share
 - Our Connected Home business unit will launch new products and is with its new focus better positioned to win deals
 - Our sales team is shifting its attention towards opening new markets and winning new customers.

- Fiber broadband is a household necessity, our long-term outlook is solid
 - The demand for fiber broadband to the home is evident, and many countries and regions are far from full deployment
 - Operators and CSPs require lower total cost-of-ownership and consumers require ease-of-use and security
 - These are exactly the points that Genexis delivers upon, and we have special expectation on our software-centric approach to the residential gateway market
 - In addition, geopolitics favors regional suppliers that provide good service and support
 - Lastly, our sustainability program is valued by our customers, and is one of the important buying criteria

Appendix





Income Statement

EUR thousands	Q3 2023	Q3 2022 ¹⁾	YTD 2023	YTD 2022 ¹⁾
Net Sales	15,331	29,353	54,395	83,315
Other Operating Income	573	1,108	1,819	3,396
Total Income	15,904	30,462	56,214	86,711
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
Total Operating Expenses	-17,792	-26,741	-58,330	-77,250
Operating Profit/Loss	-1,888	3,721	-2,115	9,461
Financial Income	-63	965	171	1,886
Financial Expenses	-1,118	-1,117	-4,620	-3,253
Net Financial Items	-1,180	-151	-4,449	-1,367
Profit/Loss Before Tax	-3,069	3,569	-6,565	8,095
Income Tax Expense	69	-2,180	465	-2,137
Minority interests	0	92	0	81
Profit for the Year	-3,000	1,390	-6,100	5,957

Balance Sheet



EUR thousands	Q3 2023	Q3 2022	FY 2022
ASSETS			
Non-current Assets			
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
Total Fixed Assets	100,957	80,258	99,337
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
Total Current Assets	21,980	44,095	40,631
TOTAL ASSETS	122,936	124,354	139,967

EUR thousands	Q3 2023	Q3 2022	FY 2022
EQUITY			
Equity	-29,222	-40,667	-40,278
Total Equity	-29,222	-40,667	-40,278
Liabilities			
Non-current Liabilities			
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
Total Non-current Liabilities	-68,798	-61,493	-61,374
Current Liabilities			
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
Total Current Liabilities	-24,916	-22,193	-38,316
Total Liabilities	-93,714	-83,686	-99,690
TOTAL EQUITY AND LIABILITIES	-122,936	-124,354	-139,967

Cash-flow



EUR thousands	Q3 2023	Q3 2022 ²⁾	YTD 2023	YTD 2022 ²⁾
Cash Flows from Operating Activities				
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
Cashflow Before Change In Net Working Capital	318	5,435	1,633	14,713
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
Change in Net Working Capital	3,233	-3,147	-1,429	-4,384
Net Cash Flow from Operating Activities	3,550	2,288	204	10,329
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
Net Cash Flow from Investing Activities	-1,959	-2,271	-6,154	-6,670

EUR thousands	Q3 2023	Q3 2022 ²⁾	YTD 2023	YTD 2022 ²⁾
Cash Flows from Financing Activities				
Acquisitions ²⁾	-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
Net Cash Flow from Financing Activities	-13,035	21,288	-12,202	19,629
Non-recurring Items in EBITDA				
Non-recurring Items in EBITDA	0	-638	-142	-638
Sum Non-recurring Items	0	-638	-142	-638
Net Increase/Decrease in Cash	-11,443	20,667	-18,293	22,651
Cash & Cash equivalents by beginning of period				
Cash & Cash equivalents by beginning of period	10,018	3,719	17,437	1,703
Exchange rate differences on cash	-300	-253	-869	-182
Cash & Cash equivalents by Sep 30	-1,725	18,025	-1,725	18,025



Thank you