



Genexis Group AB (publ)
2023 Financial Report



Genexis Group AB (publ)

Full year January – December 2023

October – December in summary

- Net Sales amounted to 15.3 M€ (23.7 M€)
- Result for the period before tax amounted to -9.4 M€ (-3.3 M€)
- Earnings per share amounted to -87.0 M€ (-32.5 M€)

Significant events during the quarter

- Clear increase in average monthly order intake

January – December in summary

- Net Sales amounted to 69.7 M€ (28.0 M€)
- Result for the period before tax amounted to -12.0 M€ (-6.6 M€)
- Earnings per share amounted to -106.2 M€ (-82.1 M€)

Significant events during the financial year

- In September, Genexis Group received approval from the Science Based Targets initiative
- During the second half of the year, the group undertook a reorganization initiative aimed at enhancing our customer-centric approach and ensuring closer alignment with customer needs
- Establishment of agreement with Nordea for a revolving credit facility totalling EUR 6 million

Highlights



Highlights Interim Report 2023

Forth Quarter and FY

EUR millions ¹⁾	Q4 2023	Q4 2022	FY 2023	FY 2022	Pro forma 2022
Net Sales	15,3	23,7	69,7	28,0	106,9
Other income	0,7	1,3	2,5	1,6	4,7
Capitalized R&D	1,1	1,9	6,9	2,8	7,9
Total	17,0	26,8	79,0	32,5	119,5
Raw materials and goods for resale	-10,5	-16,2	-44,9	-16,6	-71,2
Other direct costs	-0,5	-0,7	-2,1	-1,1	-4,5
Gross Profit	6,1	9,9	32,1	14,8	43,9
Adjusted EBITDA	0,7	1,9	8,0	5,5	18,4
EBITA	-1,8	1,1	-1,1	3,4	10,0
EBIT	-2,6	-0,9	-4,7	2,9	8,5
Net Debt ²⁾	64,9	55,6	61,2	42,1	42,1
Gross Margin (%)	31,5%	31,4%	35,6%	40,8%	33,4%
Adjusted EBITDA (%)	4,3%	7,1%	10,1%	16,9%	15,4%
Number of shares:	109 282	109 282	109 282	109 282	
Earnings per share (EUR)	-87	-32	-106	-82	

1) Genexis Group AB was founded on January 18, 2022, but the activity in the company started by the date of the acquisition of Inteno Group AB on September 22, 2022. Pro forma 2022 figures regard FY2022 for the group including the period before the acquisition.

2) The Net debt per December 31, 2023 includes provision for Earn-Out of 5.9 EUR million, but excludes Shareholder Loans amounting to 4.5 EUR million. Net debt 2022 is excluding Earn-Out provision.

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

Word from the CEO

While the revenue was constant compared to last quarter, we see a clear increase in order intake. Total order intake during Q4 2023 amounted to EUR 23.0 million, a substantial increase compared to Q3 2023 of EUR 10.4 million and EUR 16.3 million in Q4 2022.

While certain customers still have high inventories contributing to lower demand for products, an increasing number of customers are returning to normal inventory levels. Consequently, we're observing a trend towards higher average orders. We expect demand to continue to increase gradually in the first half of 2024. This is in-line with expectations from broadband market analysts.

Net sales Q4 2023 reflects the lower market activity throughout the year, being 36% below the same period last year. Genexis Group's consolidated Net Sales for Q4 amounted to EUR 15.3 million (Q4 2022; EUR 23.7 million) and the consolidated Adjusted EBITDA of Q4 was EUR 0.7 million (EUR 1.9 million).

While revenue in Q4 were at similar levels as in Q3, two factors show light at the end of the tunnel. Firstly, we saw a strong increase in order intake. The second positive factor is the recent development of our cash flow. In the past quarters, we have reduced spending in combination with actions towards optimizing the networking capital. This has a positive effect on cash flows and for Q4 we generated an operational cash flow of EUR 0.9 million after interest payments.

In the past two quarters we implemented a re-organization into two business units resulting in a more market-centric organization. We have in parallel done significant improvements and rationalizations in the organization and also conducted general cost reduction initiatives. These have resulted in a decrease in operational expenses on a run-rate basis of approximately 19% compared to a year ago. Given the time required for certain effects to materialize, we anticipate a continued reduction in our monthly operational costs throughout Q1 2024. We also see some negative effects by increase in cost levels from suppliers as the new year starts, but overall, we operate at a lower cost level compared to the start of 2023.

The longer-term outlook remains positive. We see more activity in the market compared to the previous quarters, with an increasing number of projects and customers asking for new proposals and quotations. Although the effects of this activity may not be immediate, we anticipate healthy growth driven by ongoing market dynamics and the sustained demand for high-speed broadband.

This is amplified by our new vision: Bringing the world to everyone's home.



Stockholm, February 22, 2024
Gerlas van den Hoven
CEO, Genexis Group AB (publ)

A handwritten signature in blue ink, which appears to be 'Gerlas van den Hoven'. The signature is stylized and written in a cursive-like font.

Events during the quarter



Business and market

With a rise in order intake, we see the demand for broadband products increase again following a period of lower demand during 2023. Customers who abstained from placing orders in 2023 have resumed their purchasing activity. Most customers remain limited in their financing, but as the warehouses get depleted, we expect the increase in demand to continue. In addition, we are expanding our activities both geographically as well as in terms of product offering. We have started activities in the north American market and have expanded our operations in the UK. On the product side, the connected home business unit have ambitions to expand share-of-wallet in existing European home markets.

Business unit FTTH

The increase in demand was evident in our FTTH business unit. We have multiple request-for-quotation/tender processes on-going, with some new ones added during the quarter. We won Fiberhost, a significant network operator in Poland. We also won several other projects, notably a mid-sized operator in Finland with our XGSPON FiberTwist product. At NetworkX in Paris we launched TrueTalk™, a unique capability in our ONT software where we can ensure compatibility with any OLT used by our customers. TrueTalk™ is currently in commercial use across more than 150 PON networks interacting seamlessly with over 10 OLT. Genexis success a leading ONT vendor in Europe can largely be attributed to our TrueTalk capabilities, which effectively eliminate vendor lock-in, a value highly appreciated in the industry.

Business unit Connected Home

With our renewed focus on gateway products, targeting our known customer base, we look forward to translating our efforts into business during 2024. After our launch of the Aura E650 WiFi 6 gateway at Connected Britain in September, we had a roadshow and following this started testing and field trials with several known customers.

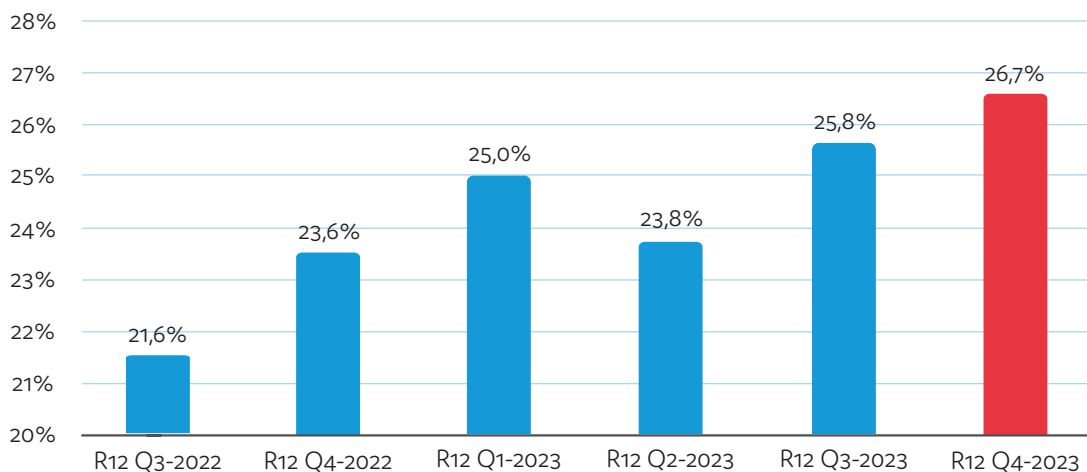
A great highlight was the launch by BT of its new consumer platform that is based on our IOWRT software. EE, which is becoming BT's primary consumer brand, uses IOWRT in its residential gateway and WiFi solutions. This reference will be a strong help in further marketing the advantages of our open software platform as well as our own residential gateways. Lastly, we launched a new version of our Easy WiFi application supporting the E650 in the app stores.

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. The trend continues to be positive as the Q4 rolling-12-month average indicates a current level of 26.7% recycled plastics of all products shipped. As all new product releases will use recycled plastic, we foresee this trend to continue to increase as new products are introduced.

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: The target of setting Science-Based Targets (SBTs) for scope 1-3 CO₂e emission reduction in line with the 1.5-degree scenario is done and the targets 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 by 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 during 2023 have been initiated.

Financial Review



Financial Review

Genexis Group AB started its operations in September 2022 and as such 2022 numbers are proforma.

Financials Q4 (October 1 – December 31, 2023)

Net sales and earnings

Genexis Group's Q4 2023 Net Sales was EUR 15.3 million (Q4 2022; EUR 23.7 million) and a gross margin at 31.5% (31.4%). The Adjusted EBITDA was EUR 0.7 million (EUR 1.9 million) which translates to an Adjusted EBITDA margin of 4.3% (7.1%).

Gross margins decreased in Q4 compared to prior quarters. The primary factor behind the decrease was lower gross margin during October driven by a lower share of software revenues and revenue from high margin regions.

Financial position

Genexis Group had a total equity of EUR 25.4 million at the end of 2023. Total borrowings were EUR 61.6 million. EUR 55.0 million relates to the Bond, EUR 2.1 million to the overdraft and EUR 4.5 million to a shareholder loan. Total assets per December 31, 2023, was EUR 118.6 million. Cash and cash equivalents per December 31, 2023, was minus EUR 2.1 million. To ensure compliance with the incurrence test of the bond, the communicated Earn-Out payment linked to the 2022 EBITA was disbursed in two installments. The first tranche of SEK 137.5 million (EUR 11.7 million ¹⁾) was paid in July 2023. The remaining part of the Earn-Out payment of SEK 62.5 million (EUR 5.3 million ²⁾) is planned to be paid during 2024 together with an additional consideration of 0.5 MEUR. The full provision for the remaining Earn-Out of EUR 5.8 million is included in Other short term financial liabilities.

Cash Flow and Investments

In Q4 2023 Genexis Group had a positive cash flow from operating activities of EUR 0.9 million (EUR 4.9 million) of which EUR 3.0 million relates to reduction in NWC. Cash flow from investing activities was EUR -2.1 million (EUR -2.3 million), while Cash flow from financing activities was EUR 1.0 million. In total Genexis Group had a net decrease in cash and cash equivalents of EUR 0.3 million in Q4 2023.

¹⁾ Based on a EUR/SEK rate 11.8

²⁾ Based on a EUR/SEK rate 11.8

Financials 2023 (January 1 – December 31)

For a fair comparison between periods, the 2023 actuals are compared with 2022 pro forma instead of 2022 actuals for Genexis Group.

Net sales and earnings

Net Sales amounted to EUR 69.7 million, a 34.8% decline compared to EUR 106.9 million previous year. The 2023 gross margin was 35.6%, an increase compared to last year's 33.4%.

The 2023 adjusted EBITDA amounted to EUR 8.0 million translating to a 10.1% margin and is a 57% decrease compared to last year's EUR 18.4 million. The EBITDA margin decreased in comparison to the exceptionally strong margin last year of 15.4%. The decrease was driven by lower volumes relative to operational expenses, despite the latter being 27% below the run-rate spending in December 2022.

Cash Flow and investments

The investments for the period amount to EUR 8.4 million (EUR 9.0 million) of which EUR 8.3 million (EUR 7.9 million) are capitalized R&D.

Genexis Group's cash flow for the period deriving from operating activities was EUR 1.1 million (EUR 15.3 million). The change in Net Working Capital was EUR 1.5 million (EUR -0.4 million). Cash flow from financing activities was EUR -11.2 million. In total Genexis Group had a net decrease in cash and cash equivalents of EUR -18.6 million during 2023, including the Earn-Out payment of EUR 11.7 million.

Contact

Please direct any questions related to this Financial Report 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	Q4 2023 01.10-31.12	Q4 2022 ¹⁾ 01.10-31.12	FY 2023 01.01-31.12	FY 2022 ¹⁾ 01.01-31.12
Net Sales	15 293	23 654	69 688	28 028
Other Operating Income	674	1 268	2 494	1 618
Capitalized R&D	1 063	1 894	6 851	2 807
Total Income	17 030	26 816	79 033	32 453
Cost of Goods Sold	-10 943	-16 953	-46 966	-17 641
Other External Costs	-1 642	-3 463	-9 386	-5 458
Personnel Costs	-3 719	-5 152	-14 962	-5 769
Depreciation, Amortization and Impairment	-7 320	-3 690	-12 425	-7 944
Total Operating Expenses	-23 624	-29 258	-83 739	-36 812
Operating Profit/Loss	-6 594	-2 442	-4 706	-4 359
Financial Income	54	502	225	2 387
Financial Expenses	-2 862	-1 371	-7 482	-4 624
Net Financial Items	-2 808	-870	-7 257	-2 237
Profit/Loss Before Tax	-9 402	-3 312	-11 964	-6 596
Income Tax Expense	-109	-239	355	-2 377
Profit for the Year	-9 511	-3 552	-11 608	-8 973
Number of shares	109 282	109 282	109 282	109 282
Profit per share (EUR)	-87,0	-32,5	-106,2	-82,1
Average number of employees	153	168	162	164

1) The activity in the company started by the acquisition of Inteno Group AB on September 22, 2022

Statement of Comprehensive Income

EUR thousands	Q4 2023 01.10-31.12	Q4 2022 ¹⁾ 01.10-31.12	FY 2023 01.01-31.12	FY 2022 ¹⁾ 01.01-31.12
Profit for the year	-9 511	-3 552	-11 608	-8 973
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
Total comprehensive income for the year	-9 511	-3 552	-11 608	-8 973
Total comprehensive income for the year is attributable to:				
Owners of the parent company	-9 511	-3 552	-11 608	-8 973

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
Equity brought forward as at February 8, 2022	60				60
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
Total comprehensive income	48	39 581	0	588	40 217
Balance at 31 December, 2022	108	39 581	0	588	40 277

1 January - 31 December 2023

EUR thousands	Share Capital	Other paid in capital	Other reserves	Retained earnings	Total Equity
Opening Balance at January 1, 2023	108	39 581	0	588	40 277
Profit for the period				-11 608	-11 608
Other comprehensive income		337	44	-437	-56
Currency Translation Effects	0	1 145	1 282	-5 650	-3 223
Total comprehensive income	0	1 482	1 326	-17 695	-14 887
Balance at 31 December, 2023	108	41 063	1 326	-17 107	25 390

Consolidated statement of financial position

Balance sheet according to IFRS per 31.12.2023 - Assets

EUR thousands	31.12.2023	31.12.2022
ASSETS		
Non-current assets		
Capitalized Expenditure for Software	20 626	16 110
Customer Contracts	18 146	13 022
Trademarks	6 673	1 732
Goodwill	53 324	64 111
User rights	453	1 422
Machines & Inventory	2 187	1 968
Financial Assets	34	972
Total Fixed Assets	101 442	99 337
Current assets		
Stock & Work In Progress	8 551	12 530
Accounts Receivable	6 975	8 831
Prepayments & Accrued Income	1 587	1 833
Cash & Bank Balances	0	17 437
Total current assets	17 114	40 631
TOTAL ASSETS	118 556	139 967

Consolidated statement of financial position

Balance sheet according to IFRS per 31.12.2023 - Equity and liabilities

EUR thousands	31.12.2023	31.12.2022
EQUITY		
Equity	25 390	40 278
Total Equity	25 390	40 278
Liabilities		
Non-current Liabilities		
Provisions For Guarantees	182	0
Provisions For Deferred Taxes	8 481	1 713
Other Provisions	0	132
Other Long-Term Liabilities	59 551	59 529
Total non-current Liabilities	68 214	61 374
Current Liabilities		
Bank Overdrafts	2 132	0
Other Short-Term Financial Liabilities	7 651	18 774
Current Liabilities To Customers & Suppliers	9 013	12 463
Tax Liabilities	817	844
Vat & Special Excise Duties	1 556	2 022
Personnel Taxes, Fees & Salary Deductions	17	347
Accrued Expenses & Deferred Income	3 767	3 866
Total Current Liabilities	24 952	38 316
Total Liabilities	93 166	99 690
TOTAL EQUITY AND LIABILITIES	118 556	139 967

Consolidated statement of Cash Flows

EUR thousands	Q4 01.10- 31.12.2023	Q4 01.10- 31.12.2022	FY 01.01- 31.12.2023	FY 01.01- 31.12.2022	Pro forma FY 01.01- 31.12.2022 ¹⁾
Cash flows from operating activities					
EBITDA adjusted	726	1 932	7 959	5 480	18 363
Interest payments and adjustments FX	-2 480	0	-6 625	2 522	0
Non-cash Result	0	-213	0	-104	-73
Income Taxes Paid	-301	-732	-1 757	-1 505	-2 590
Cashflow Before Change In Net Working Capital	-2 055	987	-422	6 392	15 700
Change in working capital					
Change in Inventory	2 155	-504	3 940	-940	-390
Change in Accounts receivables	1 719	7 890	1 777	6 719	2 366
Change in Other ST Operating receivables / Accruals	1 493	-1 000	446	-136	-1 000
Change in Accounts payables	-663	-1 916	-3 226	-722	-3 149
Change in Other ST Operating payables / Accruals	-1 749	-528	-1 411	-9 758	1 732
Change in Net Working Capital	2 956	3 943	1 527	-4 837	-441
Net cash flow from Operating Activities	901	4 929	1 105	1 555	15 258
Cash flows from Investing Activities					
Capex Intangible Assets	-2 484	-2 041	-8 272	-3 126	-7 884
Capex Plant & Equipment	226	-253	-120	-576	-1 044
Proceeds From Disinvestments	0	0	0	0	-36
Net cash flow from Investing Activities	-2 091	-2 304	-8 245	-3 702	-8 974

1) 2022 figures are also in 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	Q4 01.10- 31.12.2023	Q4 01.10- 31.12.2022	FY 01.01- 31.12.2023	FY 01.01- 31.12.2022	Pro forma FY 01.01- 31.12.2022 ¹⁾
Cash Flows from Financing Activities					
Acquisitions ²⁾	0	-36 538	-12 093	-28 479	-36 295
Equity issuance	0	30 673	-112	33 872	29 096
Net Other Financial Items	979	-805	1 022	58 950	-27
Issuance/amortisation of SHL	0	-300	0	-37 248	-23 203
Change in bank debt	0	405	0	-5 615	46 604
Change in overdraft	0	-1 715	-39	0	-4 235
Leasing Amortization	0	327	0	0	-266
Net Cash Flow from Financing Activities	979	-7 954	-11 222	21 479	11 675
Non-recurring Items in EBITDA	-99	-1 258	-241	-1 895	-1 895
Net Increase/Decrease in Cash	-310	-6 586	-18 604	17 437	16 065
Cash & Cash equivalents by beginning of period	-1 725	18 025	17 437	0	1 703
Exchange rate differences on cash	-96	-215	-965	0	-397
Cash & Cash equivalents by December 31	-2 132	17 437	-2 132	17 437	17 437

1) 2022 figures are also in 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.

Parent company

Genexis Group AB is the parent company of Genexis Group. The parent company conducts business development, strategy and management support for the group business.

Parent Company Income Statement

EUR thousands	Q4 2023 01.10-31.12	Q4 2022 01.10-31.12	FY 2023 01.01-31.12	FY 2022 01.01-31.12
Total Income	290	217	1 159	217
External costs	-347	-882	-1 230	-1 437
Personnel Costs	-82	-152	-325	-152
Operating Profit/Loss	-139	-817	-396	-1 372
Net Financial Items	-2 302	-1 317	6 716	-542
Profit/Loss Before Tax	-2 441	-2 134	6 320	-1 914
Income Tax Expense	0	121	0	121
Profit for the Year	-2 441	-2 013	6 320	-1 793

Parent Company Balance Sheet

Balance sheet according to IFRS per 31.12.2023

EUR thousands	31.12.2023	31.12.2022
ASSETS		
Non-current assets		
Financial Assets	117 639	117 639
Total Fixed Assets	117 639	117 639
Other Current Assets		
Cash & Bank Balances	0	927
Total current assets	601	1 749
TOTAL ASSETS	118 241	119 388
EQUITY		
Equity	48 648	42 328
Total Equity	48 648	42 328
Liabilities		
Non-current Liabilities	65 836	58 810
Current Liabilities	3 757	18 250
Total Liabilities	69 593	77 060
TOTAL EQUITY AND LIABILITIES	118 241	119 388

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.

Future Outlook

Despite the drop in sales in 2023 we find the underlying market to still be there, why we long term expect to be in line with our target 15% average annual growth. During the last quarter of 2023 we have seen the order book gradually increasing. We expect the coming quarters to remain at, or slowly increase from, this higher order level.

The share

Number of outstanding shares per December 31, 2023:

Proposed dividend per share 2023 (2022): 0,00 EUR (0,00 EUR)

Date for Annual General Meeting: April 29, 2024.

The Annual Financial Statement will be obtainable at genexis-group.com/financial-objectives/financial-reports/ by April 30, 2024.

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 February 22, 2024, at 09:00 CET.

Audit

The report has been reviewed by the company's auditors.

Notes to the financial statements



Notes to the financial statements

Basis of preparation

The numbers are prepared in accordance with IAS 34 and the Swedish Annual Accounts Act, chapter 9.

This Financial Update was authorised for issue by the Company's board of directors on 22 February 2024.

Note 2 - Segment information

EUR millions 01.01-31.12.2023	Business Unit FTTH	Business Unit Connected Home	Other	Group
Net Sales				
Benelux	10,7	0,9	1,0	12,6
DACH	17,5	0,5	0,2	18,2
Nordics	6,0	15,8	11,1	32,9
UK	0,5	2,4	0,0	2,8
Other	0,4	2,0	0,7	3,1
Total Net Sales	35,1	21,6	13,0	69,7
Other income	0,0	0,0	2,5	2,5
Capitalized R&D	2,4	4,5	0,0	6,9
Total Revenue	37,5	26,1	15,5	79,0
Raw materials and goods for resale	-22,3	-12,6	-12,0	-47,0
Gross Profit	15,2	13,5	3,4	32,1
Other operating expenses	-3,1	-6,2	-15,1	-24,3
EBITDA	12,1	7,3	-11,6	7,7
Depreciation & Amortization	-4,8	-6,5	-1,1	-12,4
EBIT	7,3	0,7	-12,7	-4,7

Genexis conducts its business mainly through the business units FTTH and Connected Home. In the previous report revenue from third party products were included in the business unit FTTH but is now moved into Other.

Note 3 - Acquisitions

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 was 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
Purchase consideration 22 September 2022			
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
Total Purchase Consideration	60 492	0	60 492
<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
Total Net Assets Acquired	-3 837	6 524	2 687
Allocated Goodwill	64 329	-6 524	57 805

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

Definition alternative key metrics

Key metric	Definition
EBITDA	Earnings before interest, taxes, depreciation and amortization. A measure for a company's profit before interest, taxes depreciations and amortization (including Goodwill amortizations).
EBITA	Earnings before interest, taxes and amortization. A measure for a company's profit before interest, taxes and amortization of Goodwill.
Gross Profit	
Net debt	
Pro forma Adjusted EBITDA	EBITDA according to income statement adjusted for acquired/divested sites, extraordinary items and all leasing being handled as financial leasing.
Pro forma revenue	Total revenue according to income statement adjusted for acquired/divested sites and extraordinary items.

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, 22 February 2024

Genexis Group AB (publ)

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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