



Interim report January – March 2023



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About InCoax Networks AB

InCoax Networks AB (publ) re-uses existing property coaxial networks for broadband access in Fiber-To-The-Home (FTTH) deployments for Communication Service Providers (CSP) globally.

The technology is a high performance, future proof, reliable and cost-effective complement to fiber, that reduces installation time and improves take-up rate, to boost digital inclusion and Internet access for all.

To keep updated on corporate information, visit incoax.com. Vator Securities AB, tel. +46 8-5800 6599 ca@vatorsec.se, is acting as the company's Certified Adviser.

Quarterly development in brief

During Q1, deliveries to the US-based fiber/LAN operator Google Fiber continued, and together with other sales, this meant a strong quarter for InCoax in which the sales was more than doubled, compared to the same quarter of 2022.

Key ratios

SEK	Jan-Mar 2023	Jan-Mar 2022	Full-year 2022	Full-year 2021
Net sales	12,931,661	5,688,149	25,922,260	20,894,597
Gross profit/loss	8,093,785	3,347,631	12,246,228	9,084,216
Gross margin, %	63%	59%	47%	43%
Operating loss (EBIT)	-3,082,507	-6,293,170	-22,329,647	-24,331,925
Operating margin (EBIT %)	Neg	Neg	Neg	Neg
Loss after financial items	-3,190,126	-6,325,613	-22,815,010	-24,496,941
Loss after tax	-3,190,126	-6,325,613	-22,815,010	-24,496,941
Earnings per share	-0.04	-0.15	-0.32	-0.60
Earnings per share after dilution	-0.04	-0.15	-0.31	-0.58
Equity ratio, %	78.4%	70.4%	77.8%	73.4%
Cash flow, including financing activities	2,123,671	-9,283,184	2,012,770	17,449,945
Cash flow per share	0.03	-0.23	0.03	0.42
Cash flow per share after dilution	0.03	-0.22	0.03	0.42
Number of shares outstanding at the end of the period	72,104,729	41,113,418	72,104,729	41,113,418
Number of shares outstanding at the end of the period after dilution	72,994,729	42,045,418	72,994,729	42,045,418
Average number of shares outstanding during the period	72,104,729	38,851,640	56,609,074	34,277,907
Average number of shares outstanding during the period after dilution	72,994,729	39,783,640	57,541,074	35,313,407

Financial performance

January–March 2023

- Net sales amounted to SEK 12,931,661 (5,688,149), higher sales than the previous year, driven by sales to a US-based Fiber/LAN operator.
- Operating profit amounted to SEK -3,082,507 (-6,293,170), an improvement driven by increased sales and a positive gross profit.
- Earnings after tax amounted to SEK -3,190,126 (-6,325,613), and earnings per share amounted to SEK -0.04 (-0.15).
- The quarter's cash flow incl. financing activities was SEK 2,123,671 (-9,283,184).

Significant events during the quarter

- Alf Eriksson appointed Chief Product and Portfolio Officer.
- InCoax Networks AB announces change of Certified Adviser to Vator Securities AB.

Significant events after the end of the quarter

- InCoax Networks AB strengthens the management team with Jakob Tobieson as Chief Operations Officer, COO.





CEO's comments

InCoax posts strong Q1 results

During Q1, deliveries to the US-based fiber/LAN operator Google Fiber continued, and together with other sales, this meant a strong quarter for InCoax in which the sales was more than doubled, compared to the same quarter of 2022.

Collaboration with Google Fiber continues according to plan

The collaboration with Google Fiber continues according to plan after, in Q4 2022, the operator placed the biggest orders to date for InCoax's system solution for fiber extension. During Q1, deliveries continued and, together with other sales, laid the foundation for the quarter's strong sales figures. Google Fiber is one of the leading players in the US in terms of multigigabit services. Multigigabit is a rapidly growing trend among many major operators in the US, where InCoax's solution is highly compatible which will enable operators to increase their penetration of the subscriber broadband market in multi-dwelling units (MDU).

US Tier-1 operator

Following delivery of the initial order for home network equipment in Q4 2022, the operator initiated the rollout of our equipment in Q1 2023. The solution in question addresses a user case for single-family homes where the operator needs to gradually replace an older existing system in roughly four million single-family homes over a three to five-year period.

During Q1, together with operator, the Company evaluated the product's performance and installation solution with good results. After having made minor changes to the specification, we expect to continue to receive orders from Q2 2023 onwards.

Concurrent with this, we are continuing to discuss the business options for our access solution for multi-dwelling units, where we expect a decision on enhanced cooperation during Q3 2023.

Great interest from several prospective customers

During Q1, InCoax received inquiries from another Tier-1 operator and a major telecom supplier of equipment for broadband networks. After initial evaluations in Q1, we were selected for further investigation in both instances, whereby the next step will be to initiate a technical and commercial evaluation phase that is expected to take place in Q2 and Q3 of 2023.

Since late 2022 and early 2023, we have noted rising interest from several major providers seeking a complement to FTTH and 5G Fixed Wireless Access (FWA) solutions to effectively reach subscribers in multi-dwelling

units in major urban areas. Our participation at three trade fairs in the US and Europe in Q1 and Q2 has also generated several new business opportunities that we are following up on. We believe that the market window for our system solution is beginning to open up in earnest and that our solution correctly positions us in many major use cases.

We uphold the assessment from the latest quarterly report that we will be able to win at least one new major buying operator customer in 2023.

Prospects for 2023 and 2024

We see a continuing enormous market potential for our system solution where the backbone networks for fiber and 5G are being expanded at an undiminished pace. The challenge for operators is to connect high-speed broadband to each apartment in multi-dwelling units efficiently and cost-effectively.

The cord cutting trend described in the Q4 2022 report continues in the US. InCoax's fiber extension solution is very attractive to an operator because it enables the quick, efficient connection of a large number of subscribers. The target market is continuing to expand as the fiber 5G infrastructure is being developed and expanded. InCoax is looking at a billion-dollar market in sales potential for many years to come.

Testing of the D2501 continues at several internet providers. With some additions to our software for the current operators' use cases, we expect to be able to land our first volume customers for this system solution in 2023.

It is always difficult to predict how long this type of testing will take as multiple parties are involved, particularly at major operators. This market has long and complex decision-making processes, but gives the Company a long-term perspective with rollouts across many years once a decision on a supplier has been made.

Strategy

In 2023, InCoax will continue to execute its plans according to the strategy developed in 2020. The key factor here is the focus on the right customer segment based on a solid understanding of identified operators' requirements for both hardware and software. It is especially important to be able to provide systems that are compatible with the communications standards used by operators to operate their fiber and FWA networks for customer service, monitoring, and maintenance.

We have strengthened the organization with managerial functions in product management and operations to establish a scalable, efficient organization for managing increasingly demanding internet-provider customers.



Financial position and financial targets

Concurrent with increased sales, we are now generating a better operating cash flow. We will continue making strategic commitments to key areas of marketing, sales, development and operations to secure future growth; InCoax has a clear and balanced growth plan that supports flexibility in future financing solutions.

The Company's goal is to continue generating strong net revenue growth in the years ahead. Furthermore, the Company's focus on software and sales of services along with continued expansion will contribute over the long term to improving the gross margins and reducing the levels of tied-up capital. Our target for 2023 continues to be to double sales compared to 2022.

Continued focus on sales

In addition to securing growth with existing customers, we will spend the rest of 2023 continuing to focus on converting interested, testing internet providers into purchasing customers to widen our customer base and to increase and balance our sales. We also see that the availability of semiconductor components has clearly improved and continues to improve, which means a shorter planning timeframe for sales and deliveries to customers. Major internet providers are showing a growing interest in providing premium subscribers with multi-gigabit performance. InCoax is well positioned to meet this demand.

Lund May 2023

Jörgen Ekengren

Chief Executive Officer

Partner organizations

To be compatible with the operator's networks, it is important that InCoax solutions support the standards that are in use. InCoax is therefore active in a number of the forums that define these standards. These organizations also provide a great platform to reach out to potential customers.

Partner organizations

InCoax has for several years been involved in MoCA® where they have (amongst other things) been leading the working group responsible of the MoCA Access™ 2.5 standard, present in the current product generation of in:xtnd™.

During 1st quarter of 2018, InCoax went from the member status *Contributor* to *Promotor*, gaining a seat at the Board of Directors for MoCA®. InCoax is the only European board member. As MoCA®, InCoax has entered the Broadband Forum, a consortium responsible of defining standards for telecom operators. The purpose is to influence how MoCA Access™ can be integrated in the telecom operator's networks and systems, with the aim to simplify the application of the standard. In the beginning of 2019, InCoax was elected member of the BBF Board of Directors.

To strengthen knowledge and presence on the US market, InCoax also became a member of the Fiber Broadband Association in 2021. In the beginning of 2022, InCoax also became a member of BREKO, which organizes a significant part of that market's players for German broadband expansion, both on the supplier and customer side. InCoax technology for fiber access is a complement to cost-effectively extend the fiber (FTTB) all the way to consumers in apartment buildings.

Multimedia over Coax Alliance

Multimedia over Coax Alliance (MoCA®) is an international standardization consortium that develops technology and publishes specifications for coaxial-cable based networks. MoCA Access™ is a solution suited for a variety of market segments where broadband access is offered:

- Broadband operators installing fiber deep into networks or to buildings (FTTB), and who wish to use the existing coax cables of the property without diminishing performance.
- Cable TV operators that wish to offer symmetrical broadband services and higher guaranteed capacity

than today's DOCSIS on their existing coax networks.

- Internet service providers building fiberbased networks where the optical signal ends in the basement and who wish to use existing coaxial cables to reach every unit or apartment in the property.
- Operators using 4G/5G/Wi-Fi in residential areas and need a connection between the wireless network and the individual apartment, without installing new cables.
- Companies that design and install networks in hotels, restaurants, offices and other buildings.
- MoCA Access™ 2.5 creates the conditions for speeds of up to 2.5 Gbit/s to be achieved in an existing coaxial network.

Broadband Forum (BBF)

Broadband Forum is a consortium of approximately 200 leading actors in the telecom, equipment, computer, network and services sector. BBF's work ensures fast and effective market access for services and companies through standardized platforms and methods that allow good economy and scalability.

Fiber Broadband Association

Fiber Broadband Association is an American member-run organization for the promotion of broadband expansion in North and South America. The organization represents companies and interest organizations throughout the broadband ecosystem such as; manufacturers, consultants, consumers, decision makers, system and application providers.

BREKO

BREKO (Bundesverband Breitbandkommunikation e.V.) represents the majority of broadband operators in Germany. Its members currently account for about 80 percent of domestic FTTB/FTTH expansion. The more than 400 BREKO companies, including over 220 municipal companies (Stadtwerke), provide both urban and rural areas with fiber-optic infrastructure and broadband services.

The company's development

Net sales and earnings

January–March 2023

Net sales amounted to SEK 12,931,661 (5,688,149), continued higher sales than the previous year, driven by sales to a US-based FiberLAN operator.

Operating profit amounted to SEK -3,082,507 (-6,293,170), an improvement driven by increased sales and a positive gross profit.

Earnings after tax amounted to SEK -3,190,126 (-6,325,613), and earnings per share amounted to SEK -0,04 (-0.15).

The quarter's cash flow incl. financing activities was 2,123,671 (-9,283,184).

Net financial items and tax

Net financial items in the quarter were SEK -107,619 (-33,443), interest expenses to the Norrland Fund and "anståndsränta" to the Tax authorities

Cash flow

Cash flow from operating activities during the quarter amounted to SEK 9,233,744 (-2,003,032).

Cash flow from investments in the quarter amounted to SEK -7,110,073 (-5,240,830), capitalization of development costs.

Cash flow from financing activities for the quarter amounted to SEK 0 (-2,039,322).

The total cash flow for the quarter amounted to SEK 2,123,671 (-9,283,184).

Investments

The company's investments during the quarter amounted, SEK 7,110,073 (5,240,830)

Financial position

The company's total assets at the end of the quarter amounted to SEK 118,661,566 (79,002,052).

The equity / assets ratio was 78,4 percent (70,4) and cash and cash equivalents at the end of the period amounted to SEK 38,419,879 (25,000,254)..



Other company information

Accounting policies

The interim report has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's general recommendation, BFNAR 2012:1 Annual reports and consolidated financial statements (K3).

The accounting policies applied correspond to the accounting policies applied to the presentation of the Annual Report for 2021.

Amounts are stated in Swedish kronor unless otherwise indicated. Figures in parenthesis pertain to the corresponding period in the preceding year.

Risks and uncertainties

There are today several different risks and uncertainties that the company has identified such as: Customer demand for InCoax technology and products, competing technologies, product responsibility, supplier dependence, dependence on key people and employees, financing and capital requirements, currency movements and access to and prices of key components.

The company works continuously with preventive measures to minimize these risks and uncertainties as far as possible. For a complete account of the risks that affect the company, please refer to the prospectus that was produced in connection with the company's rights issue in the fall of 2022.

Related-party transactions

GetITsafe Security Partner Norden AB, in which company InCoax CTO Thomas Svensson is a partner and chairman of the board, has performed consulting services for InCoax. The total invoiced amount amounts to SEK 535,852 during the first quarter.

BayHood Management AB, in which company InCoax CSMO is the owner and chairman of the board, has performed consulting services for InCoax. The total invoiced amount amounts to SEK 526,451 during the first quarter.

Home-Ice Consulting AB, in which company InCoax Chief Product and Portfolio Officer is the owner and chairman of the board, has performed consulting services for InCoax. The total invoiced amount amounts to SEK 168,003 during the first quarter.

Seasonal variation

InCoax has noted some seasonal variation in its sales with a focus in the second half of the year.

Income statement

SEK	Jan-Mar 2023	Jan-Mar 2022	Helår 2022	Helår 2021
<i>Operating income</i>				
Net sales	12 931 661	5 688 149	25 922 260	20 894 597
Capitalized development costs	5 761 018	5 240 830	24 420 428	16 205 145
Other operating income	-46 667	634 290	1 730 506	1 297 095
Total income	18 646 013	11 563 269	52 073 194	38 396 837
<i>Operating expenses</i>				
Goods for resale	-4 837 877	-2 340 518	-13 676 033	-11 810 381
Other external costs	-9 708 207	-8 975 439	-35 201 341	-30 447 301
Personnel costs	-6 563 274	-6 038 113	-24 071 242	-19 412 971
Depreciation, amortization and impairment of tangible and intangible assets	-155 615	-207 228	-707 430	-860 714
Other operating expenses	-463 547	-295 141	-746 795	-197 395
Operating loss	-3 082 507	-6 293 170	-22 329 647	-24 331 925
<i>Profit from financial items</i>				
Interest expenses and similar profit/loss items	-107 619	-32 443	-485 364	-165 016
Loss after financial items	-3 190 126	-6 325 613	-22 815 010	-24 496 941
Loss before tax	-3 190 126	-6 325 613	-22 815 010	-24 496 941
Loss for the year	-3 190 126	-6 325 613	-22 815 010	-24 496 941

Balance sheet

SEK	Mar 31, 2023	Mar 31, 2022	Full-year 2022
Equity subscribed for, not paid-up	0	0	0
Non-current assets	55,887,069	30,253,216	48,932,611
Inventories	10,096,003	9,816,741	9,515,550
Current receivables	14,258,615	13,931,841	29,018,149
Cash and cash equivalents	38,419,879	25,000,254	36,296,207
Total current assets	62,774,497	48,748,836	74,829,905
Total assets	118,661,566	79,002,052	123,762,516
Equity	93,067,025	55,631,242	96,257,151
Non-current liabilities	4,146,239	3,245,786	4,146,239
Current liabilities	21,448,302	20,125,023	23,359,127
Total equity and liabilities	118,661,566	79,002,052	123,762,517

Cash flow

SEK	Jan-Mar 2023	Jan-Mar 2022	Full-year 2022	Full-year 2021
Opening cash flow	36,296,208	34,283,438	34,283,437	16,833,493
Cash flow from operating activities	9,233,744	-2,003,032	-30,682,107	-28,184,243
Cash flow from investments	-7,110,073	-5,240,830	-24,420,427	-16,204,595
Cash flow from financing activities	0	-2,039,322	57,115,305	61,838,783
Closing cash flow	38,419,879	25,000,254	36,296,208	34,283,438
Cash flow for the period	2,123,671	-9,283,184	2,012,770	17,449,945

Changes in equity

SEK	Jan-Mar 2023	Jan-Mar 2022	Full-year 2022	Full-year 2021
Equity at the start of the period	96,257,151	61,956,855	61,956,855	24,615,013
New share issues and subscription rights	0	0	57,115,306	61,838,782
Loss for the period	-3,190,127	-6,325,613	-22,815,010	-24,496,941
Equity at the end of the period	93,067,024	55,631,242	96,257,151	61,956,855
Changes in equity for the period	-3,190,126	-6,325,613	34,300,296	37,341,842



Share and shareholders

Ownership structure

The number of shareholders March 31, 2023 was 1,694. The largest shareholder was Saugatuck Invest AB, with 21.9% of the shares and votes in InCoax. The company's ten largest shareholders together hold shares equivalent to 71.4%.

Shares and share capital

The company's registered share capital at the end of the period amounted to SEK 18,026,182, divided into 72,104,729 shares of the same type, each with a quota value of SEK 0.25.

All issued shares are fully paid up and are freely transferable.

The shares in the company are denominated in SEK. The shares in the company have been issued in accordance with Swedish law. According to InCoax's Articles of Association, adopted at the Extra General Meeting on October 19, 2022, the share capital may not be less than SEK 10,275,000 and not exceed SEK 41,100,000, divided into no less than 41,100,000 shares and no more than 164,400,000 shares.

Ownership structure on March 31, 2022

Name	Number of shares	Holding, %
Saugatuck Invest AB	15,815,892	21.9
BLL Invest AB	8,450,292	11.7
Norrlandspojkarna AB	8,112,417	11.3
Nordea Livförsäkring Sverige AB	7,242,207	10.0
Nordnet Pensionsförsäkring AB	3,493,042	4.8
The Onelife Company SA	2,819,747	3.9
Försäkringsaktiebolaget Avanza Pension	2,011,752	2.8
Bäckvall Juhlin, Mats	1,600,000	2.2
Tooby, Charles	1,226,410	1.7
Handelsbanken Liv Försäkringsaktiebolag	737,576	1.0
Other shareholders (approximately 1,684)	20,595,394	28.6
Total	72,104,729	100.0

Source: On the basis of lists from Euroclear on March 31, 2023, and information known by the company from major shareholders.

Definitions

Financial

Total assets The company's combined assets.

Gross profit/loss Net sales less cost of goods sold.

Net sales Main revenue from operations, invoiced costs, subsidiary income, and income adjustments.

Profit/loss after financial items Profit/loss after financial income and expenses, but before extraordinary income and expenses.

Profit/loss after tax Profit/loss after financial items, including tax costs.

Operating margin (EBIT) Operating profit/loss as a ratio of net sales.

Operating profit/loss Profit/loss before net financial items and tax.

Equity ratio (%) Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of total assets.

Other

Tier-1 Operator An Operator who owns and operate a network with subscribers counted by the million.

Internet Service Provider ISP A supplier of broadband connections and services operating in own or hired access network capacity.

XGSPON A standard for data links, capable of delivering shared Internet access rates up to 10 Gbps over fiber.

5G FWA A type of 5G mmWave wireless technology that enables fixed broadband access using radio frequencies instead of cables.

G.fast A protocol standard for DSL (Digital Subscriber Line) for copper phone networks capable of Internet access rates of 100Mbps to (under perfect conditions) 1Gbps.

FTTH Fiber To The Home, includes deploying optical fiber all the way to the customer premises.

FTTep Fiber To The Extension Point, includes deploying optical fiber to a point in or outside the building where the fiber is extended with alternative broadband technologies such as MoCA Access™.



Financial calendar

Annual Report 2022	May 15, 2023
Annual General Meeting 2023	June 15, 2023
Interim report Apr–Jun 2023	August 18, 2023
Interim report Jul–Sep 2023	November 3, 2023
Interim report Oct–Dec 2023	March 8, 2024

This interim report has not been reviewed by the company's auditors. The Board of Directors certifies that the interim report gives a true and fair view of the company's operations, financial position and results.

Financial reports

Further operational information is available from InCoax Networks AB's website: www.incoax.com

For questions concerning the report, please contact:

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Financial statements in digital form are available on the company's homepage (www.incoax.com) and can be ordered by e-mailing info@incoax.com or phoning +46 26 420 90 42.

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About InCoax Networks AB

InCoax Networks AB (publ) re-uses existing property coaxial networks for broadband access in Fiber-To-The-Home (FTTH) deployments for Communication Service Providers (CSP) globally. The technology is a high performance, future proof, reliable and cost-effective complement to fiber, that reduces installation time and improves take-up rate, to boost digital inclusion and Internet access for all.

Since January 3, 2019, the company's share (INCOAX) has been admitted to trading on Nasdaq First North Stockholm, with Vator Securities AB, tel. +46 8-5800 6599, ca@vatorsec.se, as its Certified Adviser. Pareto Securities AB is the company's liquidity provider.





INCOAX