



# Annual Report 2021



# Contents

InCoax in brief.....	4	<b>Financial reports</b>	
2021 in figures.....	6	Income statement .....	28
CEO's comments .....	8	Balance sheet .....	29
Market and trends.....	12	Equity and liabilities.....	30
Our solutions .....	18	Cash flow statement.....	31
Our customers .....	20	Supplementary disclosures .....	32
Partner organizations.....	22	Notes.....	34
Share and shareholders .....	23	Signatures.....	36
Directors' report.....	24		
		Auditor's report .....	37
		Board of Directors .....	40
		Management group .....	41
		Definitions.....	42
		Shareholder information.....	43

## About InCoax Networks AB

InCoax Networks AB (publ) is innovating the future of broadband access. InCoax MoCA Access 2.5 platform provides the next generation cost-efficient multi-gigabit Fiber Access Extension solutions to the world's leading telecom, cable- and broadband service providers.

To keep updated on corporate information, visit [incoax.com](http://incoax.com). Augment Partners AB, tel. +46 8-604 22 55 [info@augment.se](mailto:info@augment.se), is acting as the company's Certified Adviser.

A woman with dark hair in a ponytail, wearing a light blue t-shirt, is seen from the back, looking at a large television. The TV displays a fitness video with two instructors. The room is dimly lit, with a lamp and large windows in the background.

# Multigigabit Fiber Access Extension



# InCoax in brief

**InCoax develops innovative solutions for broadband connections called “Fiber Access Extension” solutions with Gigabit speed. InCoax provides next generation sustainable network products and system solutions to the world’s leading telecom and broadband service providers.**

InCoax was founded in 2009 and has been a development company that until today has developed four generations of products for broadband access over coaxial networks. The fourth generation is based on the MoCA Access™ standard. InCoax’s value creation is based on using spare capacity in properties’ existing coaxial networks (antenna cable networks) for connecting fiber. This enables a short time to revenue for the operator from the subscribers.

## Offerings

InCoax offer solutions for broadband connectivity via coaxial cables. The Company uses free capacity in the existing coaxial network to create connectivity to high-speed broadband, IPTV, VoIP, IoT and web TV, to avoid investments in new cables for operators and building owners.

The Company’s technology works for all coaxial cable networks used for the distribution of TV signals.

InCoax’s value creation model is based on meeting customers’ high demands for quality and service with equipment and solutions that are cost-effective, easy to install and ensure a fast and stable broadband connection.

The Company’s current InCoax MoCA Access™ 2.5 platform, creates the conditions for customers to achieve internet speeds of up to 2.5 Gbps. This means that custo-

mers using InCoax products will be able to offer their end consumers the same quality of service as in a pure fiber solution, but at a significantly lower cost.

The ongoing further development of the InCoax MoCA Access™ 2.5 platform is aimed at larger operators and “Tier 1” operators. The development is conducted in close cooperation with a large Tier 1 under a joint project agreement. This project enables InCoax to reach large customer segments with substantial sales volumes at reach.

## Solution

To be able to offer Gigabit speed via coaxial cable, the apartment buildings must have fiber networks and radio link or 5G equipment, from which the incoming signal is passed on to the Company’s control unit, in:xtnd™ Control eller InCoax DPU. The signal is then transmitted via a diplexer, in:xtnd™ Combine, up to the antenna socket in the apartments over the existing coaxial network. A modem, in:xtnd™ Access, is then connected to the regular TV antenna socket, providing the user with a high-speed internet connection. The control software, InCoax Manage, then controls and monitors the system and allows the necessary settings and measurements to be made. This broadband connection can currently reach internet speeds of up to 1 Gbps downstream and 1 Gbps upstream.



To make things easier for the customer, the modem is designed so that the customer can install it themselves.

The Company's products are designed to be used in conjunction with other technologies with the aim of creating a competitive offer to customers. The MoCA Access™ 2.5 standard is designed to coexist in parallel with other technologies, such as CATV, Satellite TV and TV/DOCSIS, which is a great advantage for InCoax and its customers.

### Products

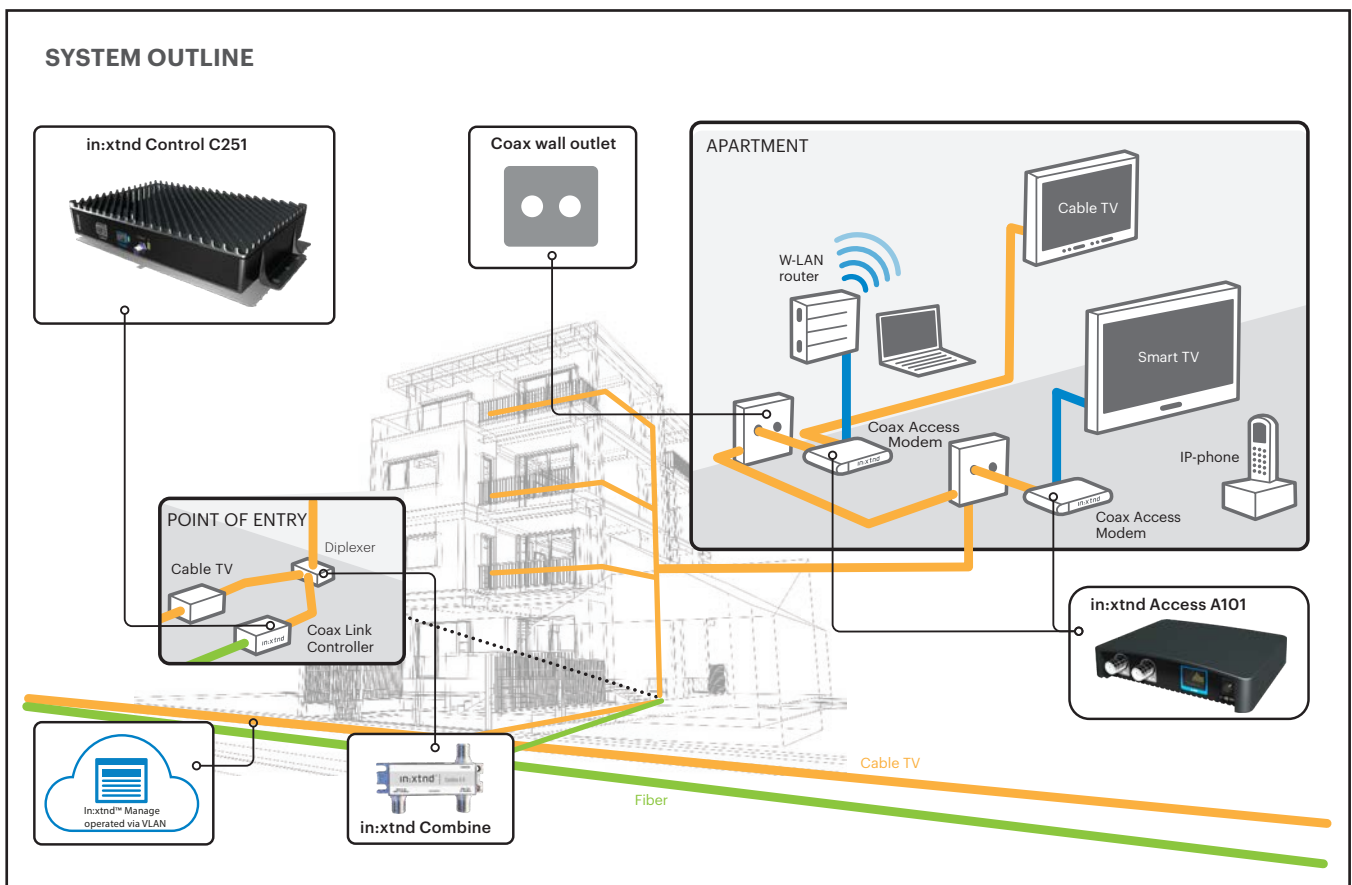
InCoax currently has a broadband solution consisting of control units with various capabilities and modems. The broadband solution, consisting of both hardware and software, includes five main system components:

- InCoax DPU D2501
- in:xtnd™ Control
- in:xtnd™ Access
- in:xtnd™ Combine
- InCoax Manage

InCoax Manage is an advanced network management system and includes the implementation of InCoax DPU, in:xtnd™ Control and the service-based implementation of in:xtnd™ Access, as well as the control and monitoring of coaxial link conditions. InCoax Manage is used for the operator's network management, which entails configuration, monitoring, and control. The advantages of InCoax Manage include:

- Automatic control and monitoring of InCoax DPU, in:xtnd™ Control and in:xtnd™ Access.
- Advanced service and policy management.
- Fast and easy third-party system integration.
- A wide range of network statistics.

As part of the Company's ongoing development project with a North American Tier 1 operator, all features necessary for full compatibility with the control and monitoring solutions used by large operators for their networks are implemented.





## 2021 in figures

- Net sales amounted to SEK 20,894,597 (3,788,461), which corresponds to an increase of 452 percent compared to the same period last year.
- Operating profit for the year amounted to SEK -24,331,924 (-57,405,382), an improvement driven by invoicing to e.g. a major Tier1 customer.
- Profit for the year after tax amounted to SEK -24,496,940 (-57,822,219). Which gives an earnings per share of SEK -0.60 (-2.11).
- Cash flow incl. Financing activities for the full year amounted to SEK -5,167,840 (-12,643,002).

### Key ratios

SEK	2021	2020
Net sales	20,894,597	3,788,461
Gross profit/loss	9,084,216	-5,260,697
Gross margin, %	43%	Neg.
Operating loss (EBIT)	-24,331,924	-57,405,382
Operating margin (EBIT %)	Neg	Neg.
Loss after financial items	-24,496,940	-57,822,219
Loss after tax	-24,496,940	-57,822,219
Earnings per share	-0.60	-2.11
Earnings per share after dilution	-0.58	-2.03
Equity ratio, %	74.5%	58.3
Cash flow, including financing activities	-5,167,840	-12,643,002
Cash flow per share	-0.13	0.46
Cash flow per share after dilution	-0.12	0.44
Number of shares outstanding at the end of the period	41,113,418	27,442,396
Number of shares outstanding at the end of the period after dilution	42,045,418	28,531,396
Average number of shares outstanding during the period	34,277,907	20,581,797
Average number of shares outstanding during the period after dilution	35,313,407	21,252,782



Coax <3 Fiber





## CEO's comments

InCoax has experienced its strongest year ever

### Master Purchase Agreement with Google Fiber and significant interest in InCoax's newly introduced product line.

#### **InCoax has experienced its strongest year ever**

Sales improved significantly in 2021. Following bench and field tests conducted by US-based fiber/LAN operator Google Fiber in 2020, sales gradually increased in 2021. The cooperation has developed very well during the year and the operator chose to sign a Master Purchase Agreement (MPA) with InCoax in the fourth quarter. This is an acknowledgment that InCoax is now an officially established partner and part of the operator's Preferred Supplier List (PSL). Follow-on orders are being received on schedule as planned and we anticipate further expansion in 2022. Desktop and field tests with the U.S. Tier-1 operator were successfully concluded in the fourth quarter with excellent results and very good discussions, which are still ongoing, were initiated regarding the final step for product certification to enable a volume order in the next step.

In 2021, we launched our new product, the Distribution Point Unit (DPU) D2501, which is the first product in a completely new platform with greatly enhanced grid compatibility that will eventually complete the portfolio. The product was very well received and we are currently conducting bench and field tests with three operators. We are also in discussion with several other operators, both in the U.S. and the EU, for testing and evaluation of our system solution. We can report, with a high degree of confidence, that in 2021 we made a commercial breakthrough with our solution and are now gradually establishing it as a fully-fledged multi-gigabit comple-

mentary solution for full fiber to the home for a very large number of subscribers primarily in condominium/apartment buildings. InCoax's solution does not compete with the aspiration of operators to pull fiber all the way to all subscribers, but rather complements the ability of the operators to reach more subscribers with multi-gigabit services in a cost-effective manner. Compared to other fiber extension technologies, InCoax provides a disruptive solution since we are able to achieve multi-gigabit speeds over coaxial cable. In addition to faster deployments, reusing property networks also means a benefit from the perspective of sustainability.

#### **Order intake and sales have progressed well**

Sales to the U.S. based fiber/LAN operator Google Fiber have developed well in 2021 and we see clear continued growth potential. During the year, the coronavirus pandemic has continued to limit our ability to operate in the market in the manner that we would normally do.

Many operators have contacted us wanting to know how our system can solve their challenge with the extension of fiber in condominium/apartment buildings. Even though InCoax's main focus is on fiber operators, we are also seeing increased interest from cable operators. The dominant globally-recognized telecommunications standard for cable operators is called Data Over Cable Service Interface Specifications (abbreviated as DOCSIS) and is used in the transmission of cable television and Internet data transmission.



We are seeing a trend of cable operators opting out of expensive investments in the latest generation of DOCSIS 4.0 in favor of new fiber networks with FTTH (Fiber To The Home) or FTTep (Fiber To The Extension Point). During the year the trend and the information we are receiving via operators has strengthened us in our assessment that there is also a significant need for our solution for fiber extension among cable TV operators.

#### **Successful tests with the American Tier-1 operator**

Following successful field tests in the fourth quarter, we discuss the final step in their process involving final productification and commercialization of the InCoax system. We anticipate that these discussions will continue and be concluded by the end of the first half of 2022.

InCoax values the individual client's potential investment needs for the solution that InCoax provides at approximately SEK 1.5 billion over a period of two to three years.

#### **D2501**

Following the launch of our new DPU (Distribution Point Unit) D2501, during the fall of 2021 it has been met with a very positive response from several operators. Bench and field tests were initiated with the existing U.S. based Fiber/LAN operator and an EU-based operator. D2501 primarily addresses smaller multi-family properties with up to 31 apartments/condo units.

The standard that a significantly large percentage (80-90%) of the world's fiber operators have invested in is based on the Passive Optical Network (PON) telecommunications technology. This is a standard that offers a good foundation for cost-effective investment and centralized network management.

PON technologies exist in several generations, the latest of which, XGS-PON, allows 10 Gbps symmetrical upstream and downstream traffic. In addition to the use cases where in:xtnd is already a good fit, with D2501 we will be able to offer systems for fiber extensions adapted for XGS-PON-based fiber networks. As a result, we are dramatically increasing the addressable market for InCoax. The D2501 software is compatible with the most common standards used by operators and our system can thus be integrated in the operators' networks without the need for major adaptations.

#### **Market opportunities**

We see continued very significant market potential for our solution. The large U.S. infrastructure package with approximately USD 65 billion allocated for investments in improved broadband will further strengthen InCoax's prospects in the U.S. market.

The need for increased bandwidth among consumers is being continuously accentuated, not least after the



pandemic where changed behavior regarding working from home and leisure are placing high demands on broadband capacity.

Consumers in developed markets are increasingly demanding gigabit speeds in their internet connections. The trunk networks for fiber are being expanded at an unabated rate; the challenge for operators lies in connecting gigabit performance to each unit in an apartment building in a time- and cost-effective manner, thereby increasing the subscriber base. Competition in the market is increasing, and essential for successful sales for an operator is being able to offer gigabit and multi-gigabit performance to end-users. At the same time, traditional cable and telecom operators are being challenged by new Internet Service Providers who have invested in new fiber networks and are open to applying new technologies in their networks. The key figure "Homes Passed," i.e. the number of properties that the fiber network passes by that are still not connected to the fiber network, is growing continuously as the trunk networks are expanded. InCoax's solution for fiber extension is very attractive for an operator to quickly and cost-effectively connect a large number of subscribers in multi-family properties.

InCoax is addressing a billion-dollar market in sales potential for many years to come.

### **Strategy**

In 2021, InCoax continued to execute according to the strategy it developed in 2020. The key factor in this 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 that the operators use in the operation of their fiber networks for customer service, monitoring, and maintenance.

During the year, the further development of our software has enabled us to broaden the number of use cases for operators with a large subscriber base and significant growth potential.

### **Partners and organization**

In parallel with focusing on large operators, we have developed collaborations with selected partners during the year to pursue sales in indirect channels for use cases that are standardized and do not require extensive

customer customization. Here too, we are focusing on partners with the appropriate capabilities and the requisite engineering skills to generate significant sales. This means that the selected partners must gradually be able to drive sales on their own moving forward, with reduced direct involvement from InCoax. In particular, our partnership with Technetix, a global reseller of networking products, has developed in a positive direction during the year.

With the focus on better managing potential large orders with Tier-1 operators, coordinated efforts with existing partners to operators can be updated. This refers to software integration as well as manufacturing and logistics for hardware. There are several advantages to establishing coordinated efforts with pre-existing partners of the operators. These include, for instance, that they can find our products and they are able to easily purchase them in an established purchasing environment, lead times can be shortened, and we potentially increase our reach to other customers.

Our active participation in relevant standardization forums has continued throughout the year, despite the challenges posed the coronavirus pandemic. This gives us the possibility and opportunity to influence, to be aware of the latest operator standards and the opportunity to understand operators' priorities in terms of requirements. Compatibility with the communications standards used by operators is, as previously mentioned, a key factor for being relevant in these higher market segments.

We intend to further bolster our sales resources in 2022 with a focus on Tier-1 operators. To reach this segment, we must with considerable credibility and expertise, be well acquainted with the operators' use cases and provide proposals for system solutions in line with this knowledge.

The cooperative efforts with external partners in hardware and software development, as well as industrialization and manufacturing, has continued to progress well in 2021. During the year, a new development coordinator was hired to lead the development of working methods and processes with our external development partners.

### **Sales and financial position**

Sales have developed according to the forecast and for the full year 2021 we achieved the best performance in the history of the Company. To secure future growth we will continue to make selective investments in key areas.

For 2021, InCoax has now achieved improvements in all financial metrics and has a balanced growth plan based on realistic estimates of revenues and costs.

As part of the issuance of new shares that InCoax implemented in 2021, the Company raised SEK 22.6 million before issuance costs in January 2022 based on the exercise of stock warrants. In parallel with this, as sales have increased, the Company has also been able to gradually increase operating cash flow in 2021.

### Financial targets

At this juncture, we can safely say that we have achieved a commercial breakthrough in 2021 with our system solution.

Component availability for semiconductors is an ongoing global problem that affects many industries, including the one in which we operate. During 2021 we have fortunately been able to secure our components supply and logistics to a sufficient scope and extent. However for 2022 this area poses continued and perhaps increased challenges, with the situation further affected by Russia's military aggression against Ukraine.

In January 2022, the Company adopted new financial targets. The Company is in an expansionary phase with an intensified focus on the sale of services via licensing of software and other services. Gradual successive functionality growth in the software will broaden the number of use cases and thus increase the Company's addressable market. The ongoing initiatives are expected to yield significant potential for the Company.

- For the year 2022, the Company's target is to double net sales compared to the previous year.

- For the year 2023, the Company's target is to deliver continued strong net revenue growth.

Not including a potential repeat order from the U.S. Tier-1 operator, we expect growth to exceed 50% by 2023.

Furthermore, the Company's focus on software/sale of services as well as continued expansion will over the long term contribute to significantly improved gross margins and lower levels of tied-up capital.

### Continued focus on sales

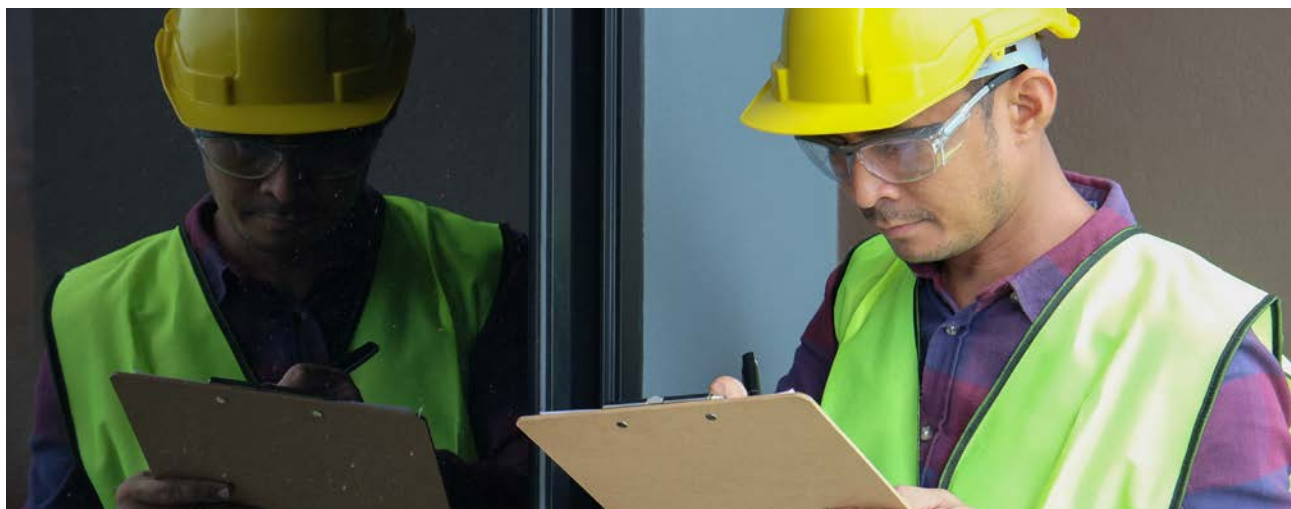
During 2022, we will focus on converting interested operators into buying customers. This will also be facilitated by the gradual easing of pandemic restrictions. We have a firm ambition to broaden our customer base and achieve balanced sales over time.

We intend to actively pursue increased sales in two phases: direct sales to larger operators often requires customer customization, and strategic partnerships with Value Added Resellers (VARs) to address mid-sized operators in more standardized use cases.

The new D2501 DPU product provides us the potential to address more use cases with both U.S. and EU based operators. We are continuing our ongoing discussions with the North American Tier-1 operator with the goal of securing a volume order in 2022.

Gävle June 2022

Jörgen Ekengren  
Chief Executive Officer



# Market and trends

**Investments in fiber network expansion continue unabated. The time and cost challenges of providing a high-performance fiber connection to every flat in a multi-family building persist.**

## Need for speed

A large part of the world's households today lack high-speed broadband. This is despite the intensive expansion of fiber backbone networks, which has led to a sharp increase in the availability of "fiber in the street" in most developed countries. But connection from the main network to the house/property lags significantly behind due to the lack of a sufficiently cost-effective way to extend and connect the connection to each individual apartment, especially in multi-family buildings. This is called the "Last Mile Challenge" and describes the difficulties of taking the connection from the street into the property and to each consumer.

Today, by far the most common form of connectivity in Europe is therefore still ADSL/VDSL (broadband over telephone wire). New technologies are being developed to offer cost-effective options for connecting households in multi-family buildings, often using existing networks with spare capacity, but also through new attempts to reduce the installation cost of brand new fiber and data networks.

Building new networks in existing properties is often not accepted by the property or apartment owner, which makes it difficult to install new fiber and data networks. In cases where fiber or data cable can be drawn to individual apartments, it is often after a time-long process and at a higher cost.

This means that the InCoax solution is also interesting for cable operators who build new fiber networks instead of investing further in DOCSIS 4.0.

## Available technologies

On the market there are currently a number of different technologies that can offer so-called fiber access extension (Fiber Access Extension) which can be summarized in four variants:

- MoCA Access™ 2.5 using free frequency space in the property's existing coaxial network (TV network) for symmetrical Gigabit or MultiGigabit services
- G.hn using either the property's existing telephone

wires or the property's coaxial network for asymmetric Gigabit services.

- G.fast that utilizes either the property's existing telephone wires and whether the coaxial network supports point to point connection up to 300Mbit. Gigabit asymmetric service over the coaxial network.
- Fiber networks that require new fiber routing or alternatively data cable routing in existing properties from the fiber access point for symmetrical Gigabit or Multi-gigabit services. The different technologies differ in terms of connection speed, symmetry, installation cost, operator bonding, etc. Traditionally, telecom operators have used the telephone cable/copper wire (ADSL/VDSL/G.Fast) found in all existing buildings. However, in recent years, the telephone cable/copper wire has limited the speed of the connection and resulted in alternative solutions being sought.

Like telephone cable/copper wire, coaxial cables for cable TV are included in all apartment buildings and are today an accepted way to lead connectivity up to apartments for TV distribution.

In newly built houses there is mainly a mix of Fiber and Data cable networks, but in several markets such as Germany, still applies to a large extent building standards which provide for coaxial networks even in newly built buildings.<sup>1</sup>

The new fiber networks being built today are therefore largely of the passive optical network type ("PON"). It is therefore important that a fiber extension solution has PON compatibility in order for the operator to be able to control the network all the way out to the consumer.





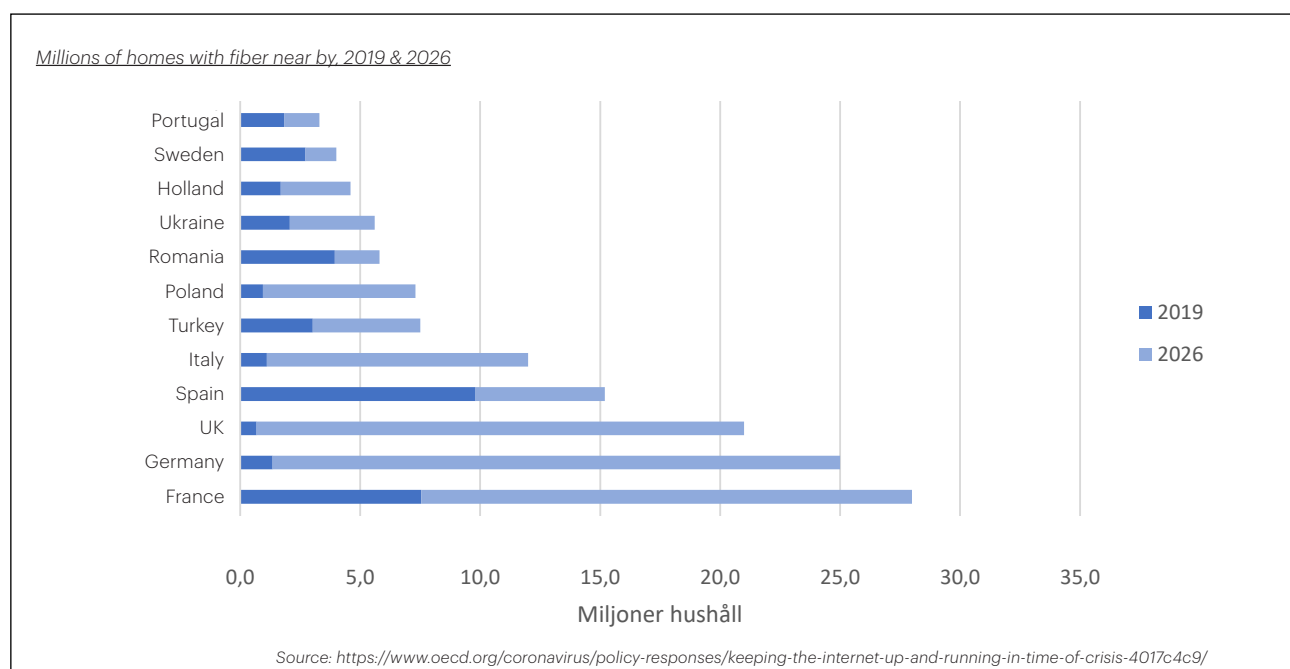
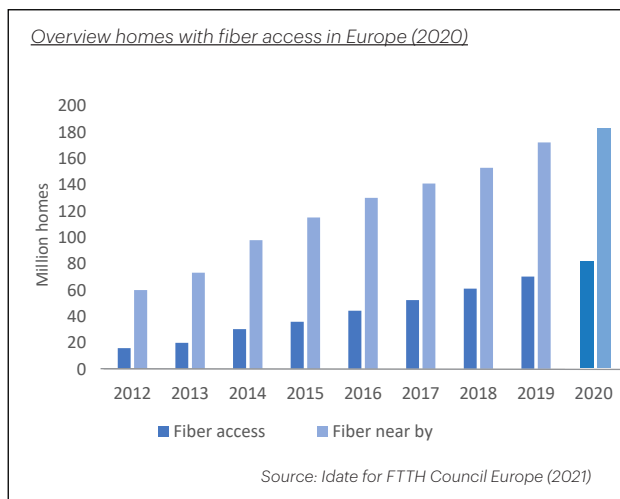
## Market size

### European Market

The EU's strategic goal is for all households to have a broadband connection of at least 100 Megabits per second by 2025 ("Mbps"). In Sweden, the target is set even higher, by 2025 98 percent of households will have a broadband connection of more than 1 Gbps.

On the right, an overview of the proportion of fiber-connected homes in Europe is given compared to homes where fiber is drawn to an outdoor cabinet or to a property cabinet. According to FTTH Council Europe and Idate, the number of households with fiber was close to 183 million in the EU39 area, of which 19 countries have more than 2 million passed through homes. Tier 1 operators have a share of 41% of homes passed through and their share is projected to increase as the market shifts from telephone networks to fiber networks.<sup>3</sup>

In absolute terms, the largest increase in passing homes is estimated in 2020 in France, where 3.5 million were added. The corresponding figure for Italy was 1.9 million and Spain 1.5 million homes. The chart below shows that the growth of nearby fiber households is expected to increase significantly between 2019 and 2026. A driving factor is COVID-19, which has meant more home work, school education and changed media consumption with, among other things, more streamed TV.



### Market size

The North American Market

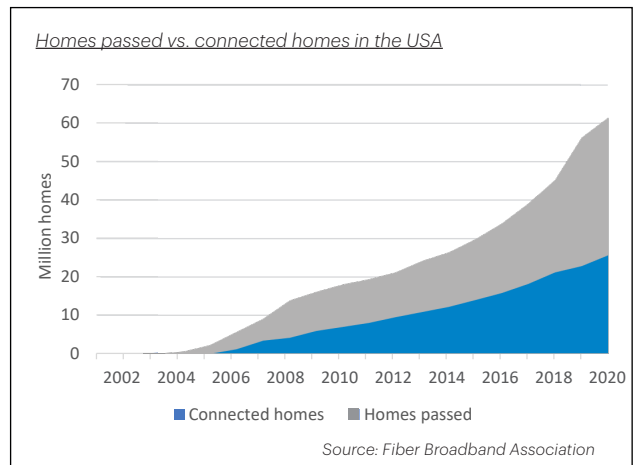
There are a total of 2,863 Internet service providers in the United States. Most suppliers use several technologies in parallel and are distributed accordingly: DSL (902), Copper/LAN (266), Cable TV (460), Fiber (1,566), Wireless Broadband (1,765), Mobile Broadband (50) and Satellite (2).<sup>1</sup>

According to the Fiber Broadband Association (FBA), there are 60.5 million homes passed through and just over 25 million connected homes. During 2021, passed homes increased by 15 percent compared to 2020.

### Broadband development in the US

ADSL/DSL has been on a declining trend for many years and in 2018 the number of fiber-connected homes exceeded the number of ADSL/DSL connected homes. About 20.5 million U.S. homes were connected to fiber broadband in 2019, a significant increase from 18.4 million the year before.<sup>2</sup>

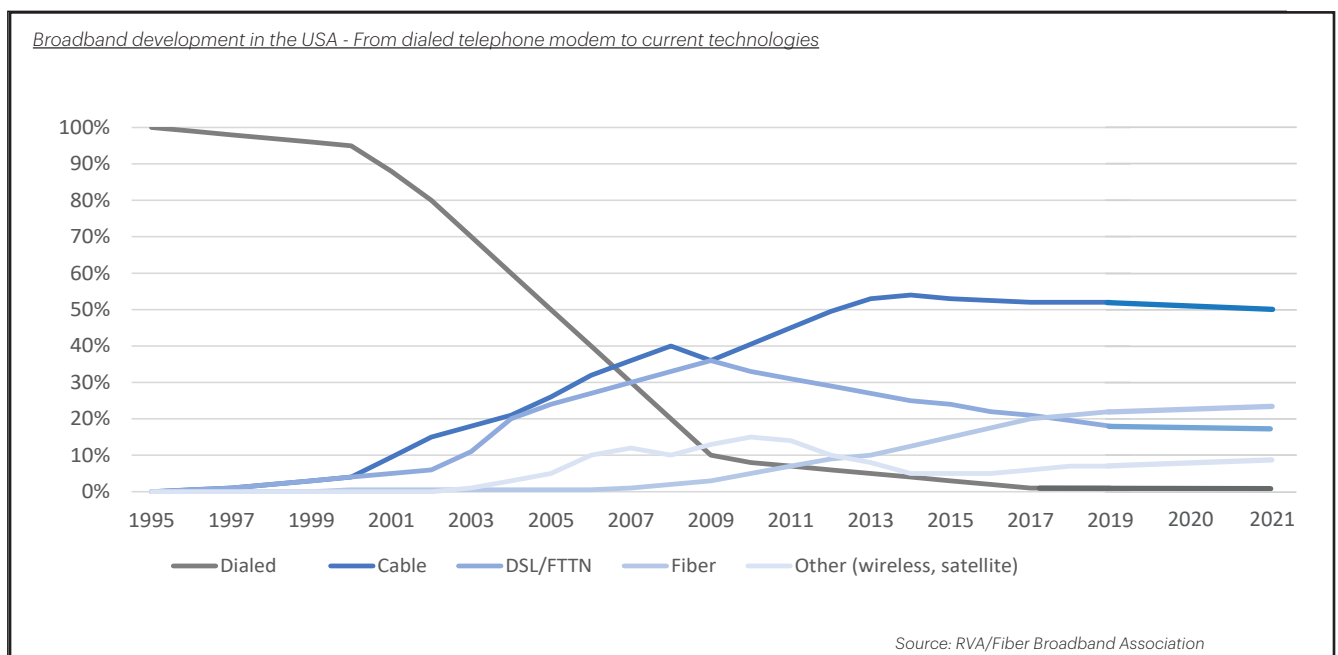
The US market differs from the European market in that cable TV operators are traditionally more dominant in the market compared to traditional telecom operators. Early on, cable TV operators built pay-TV coaxial networks with point-to-point connections in multifamily buildings so-called "Home Run". This enables dedicated connection from e.g. the basement to the respective apartment. Inside the apartment there is often even a home network to achieve good broadband coverage of the entire apartment.



The MoCA standard has been used for home networks for the past 10 years. MoCA as a technology is thus strongly established and accepted in North America, while in Europe the coaxial networks have traditionally been built as so-called cascade or star networks, which means that several subscribers share the same coaxial cable and traffic is "routed" to their users. Since the MoCA standard allows traffic on different frequency bands, InCoax's solution can enable interconnection with e.g. existing cable TV in a property that uses its own frequency band<sup>2</sup>

<sup>1</sup> Broadbandnow.com

<sup>2</sup> RVA/Fiber Broadband Association



### Market demand

The need for faster broadband connectivity has increased in recent years and is expected to continue to increase significantly in the future, mainly because TV, Video-on-demand, tablets, mobile phones, online games and more home work due to e.g. COVID-19, which requires ever faster and better quality connectivity. In addition, the development of innovative applications to communicate and the increasing number of smart devices are putting increasing pressure on operators to be at the forefront. According to Cisco, global IP traffic is expected to triple in the period 2016-2021 and increase 127 times between 2005 to 2021. Overall, IP traffic is expected to grow at an annual growth rate (CAGR) of 24 percent from 2016 to 2021. Of the total IP traffic in 2021, around 79 percent are expected to cross the fixed network.<sup>1</sup>

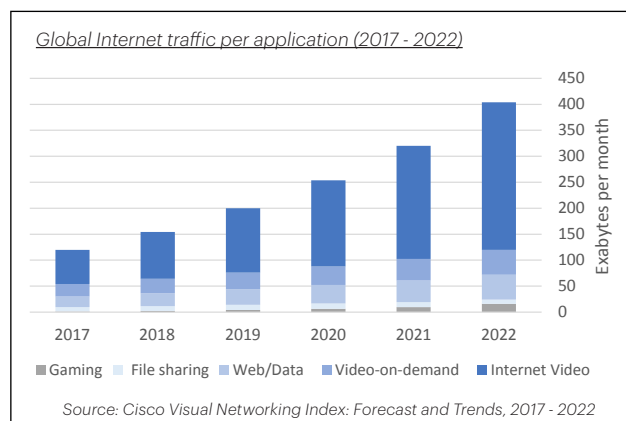
The expansion of the 5G network will not replace the fixed network, but rather accelerate the expansion of the fixed network. The frequency bands of the 5G network do not reach, without an unreasonable number of masts, to households in metropolitan areas. The telecom industry is therefore running "Fixed-Mobile Convergence", which strives to be able to use fixed networks to provide 5G services via the apartment owners' router.<sup>2</sup>

The number of devices connected to IP networks is expected to be three times higher than the global population in 2021, which is expected to greatly increase overall internet use. There are expected to be 3.5 network devices per capita by 2021, compared to 2.3 network devices per capita in 2016.<sup>3</sup>

<sup>1</sup> Cisco Visual Networking Index: Forecast and Methodology, 2016-2021, Juni 2017

<sup>2</sup> Broadband Forum

<sup>3</sup> Cisco Visual Networking Index: Forecast and Methodology, 2016-2021, Juni 2017

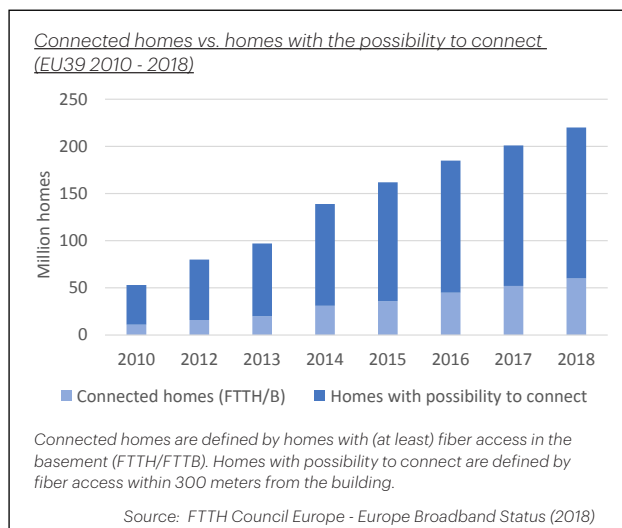
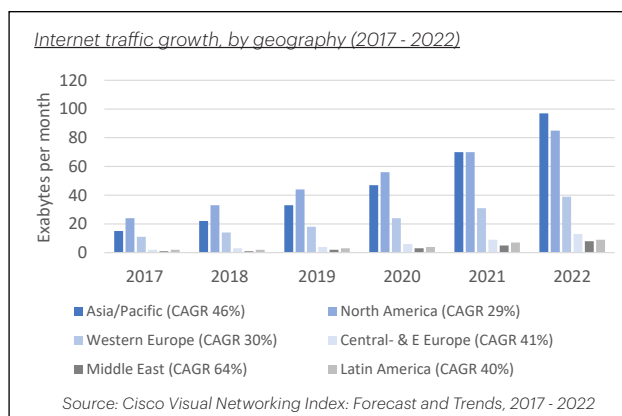


### Homes with fiber available

In order for a household to use high-speed broadband, fiber needs to be connected from the central hub of the telecommunications or fiber operator, via fiber in the streets, up to the properties. Then, as mentioned earlier, there are various techniques for leading the connection to the apartments.

In 2018, the number of fiber-connected households (households with fiber indented to the basement or all the way to the apartment/house) in Europe amounted to approximately 60 million. Since 2010, the roll-out of fiber to real estate has grown by about 600 percent. Despite this, the number of households with the possibility to connect, i.e. households with fiber drawn within 300 meters of the house, is still large and in 2018 amounted to 160 million households in Europe.<sup>4</sup>

<sup>4</sup> FTTH Council Europe - Europe Broadband Status (2018)



## Competition

The market is characterized by high competition and the rapid development of technologies, patents and services. Below is the Company's view of the competitive situation. Currently, the broadband market is primarily divided between telecom and cable TV operators and start-up fiber operators.

Telecom operators mainly build Passive optical networks (PON) while cable TV operators mainly install DOCSIS that uses the coaxial networks. Fiber operators build either passive or active fiber networks. Of these, it is mainly telecom and fiber operators that need a Fiber Access Extension technology to facilitate installations in apartment buildings in particular. In all these cases, InCoax's solution is applicable as an extension to the property. The traditional broadband solutions offered by telecom operators today are mainly ADSL/ VDSL, which use equipment from a variety of providers such as TPLink Technology, ZyXEL Communications Corp. However, with ADSL/VDSL technology, operators cannot offer services above 80 Mbps.

Some operators are considering G.fast over copper that cannot offer gigabit speed but still allows for an improvement compared to ADSL/VDSL. Since the speed at best reaches 500 Mbps, operators do not see G.fast as a future-proof solution. The equipment for G.fast is offered by Huawei, Nokia, Adtran, ZTE etc.

InCoax was the first company to launch products based on MoCA Access™ 2.5.<sup>5</sup> The company's short-term main competitors use other technologies that deliver FTTH services, such as G.hn and G.fast over coax cables. Several companies are developing products based on MoCA Access™ 2.5, which means competition, but at the same time gives more credibility to the overall solution and drives volumes which will reduce chipset costs, etc.

So far, Chinese Luster<sup>6</sup> has developed MoCA Access 2.5 products intended primarily for the Chinese market. Chinese ZTE cable<sup>7</sup> had planned products based on MoCA Access™ 2.5. However, they were banned from buying the necessary chips from US suppliers for the next nine years due to the US decision to breach US export control rules. The ban has now ended and the status is unclear. German GiAX and French Teamly Digital have presented products based on MoCA Access 2.5. No other known competitors have so far been identified to use the MoCA Access 2.5 standard.

<sup>5</sup> [www.incoax.com](http://www.incoax.com)

<sup>6</sup> <http://en.lusterinc.com>

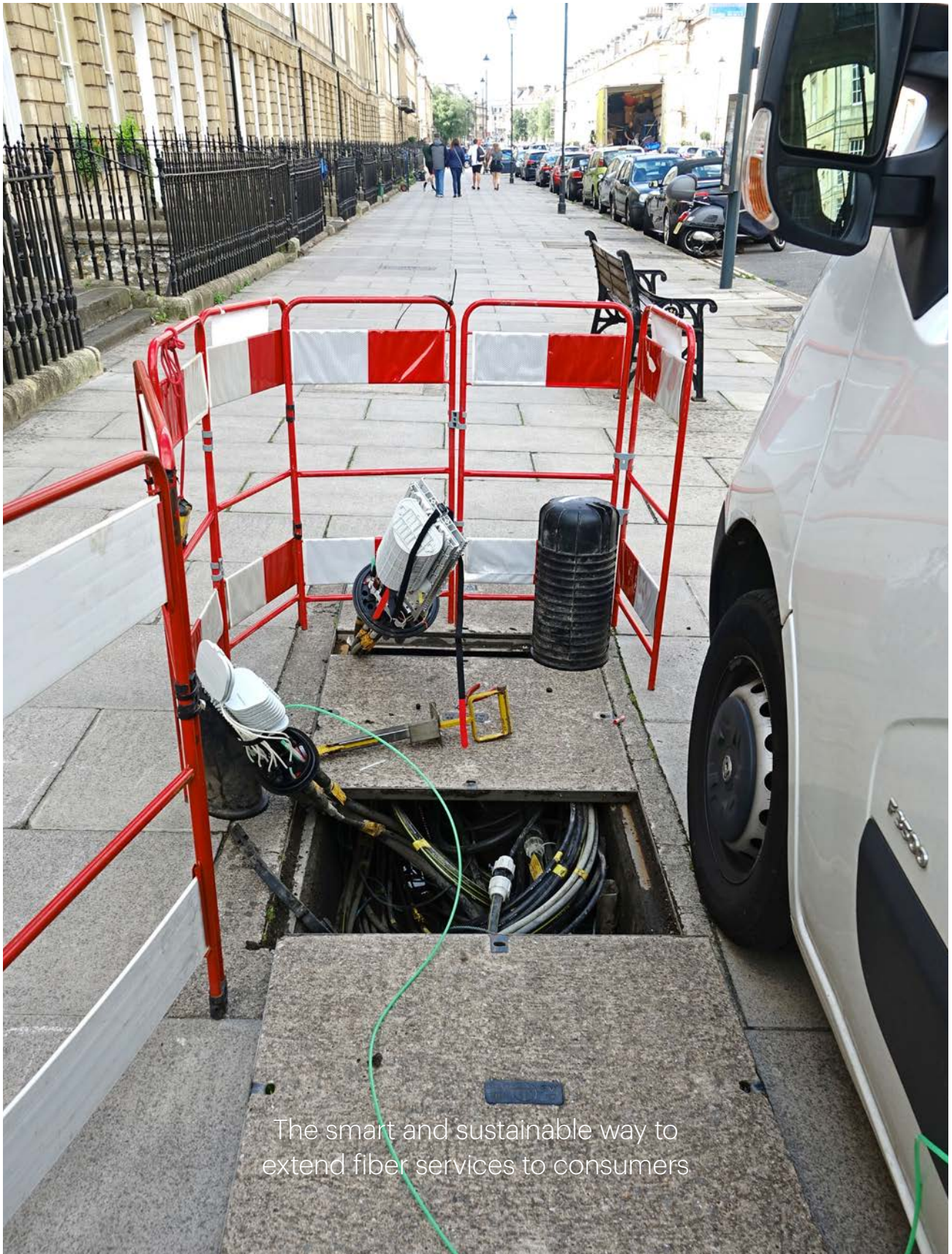
<sup>7</sup> [www.zte.com.cn/global/](http://www.zte.com.cn/global/)

## Available technologies

	MoCA Access 2.5 P2MP	MoCA Access 2.5 P2P	G.hn P2MP	G.hn P2P	G.fast P2P	G.fast P2P	Fiber P2P	CAT6 P2P
Practical speed	1/1 Gbps	2.5/2.0Gbps	1/0.5Gbps	0.5/0.1Gbps	1/0.3Gbps	0.5/0.3	10/10Gbps	1/1Gbps
Number of users	Max 31 pcs	Max 1 pc	Max 15 pcs	Max 1 pc	Max 1 pc	Max 1 pc	Max 1 pc	Max 1 pc
Symmetric Up-/download	Yes	Yes, 2/2Gbps	No	No	No	No	Yes	Yes
Cable infrastructure	Coax	Coax	Coax	Copper	Coax	Copper	Fiber	Copper
Cost per apartment €	90 - 120	130 - 150	90 - 120	120 - 140	180 - 200	180 - 200	300 - 450	200 - 300
Additional cost for apartment network	No	No	Yes	Yes	Yes	Yes	Yes	Ja

Source: Multimedia over Coax Alliance (MoCA) - Broadband Access Technology Comparison.





The smart and sustainable way to  
extend fiber services to consumers

# Our solutions

**InCoax's value creation is based on using spare capacity in properties' existing coaxial networks (antenna cable networks) for connecting fiber and enables a short time to revenue from subscribers to the operator. With our solution, the customer receives a cost-effective network solution with Gigabit speed for easy, fast and stable rollout of broadband.**

## Products

InCoax has a broadband solution consisting of both hardware and software, includes four main system components:

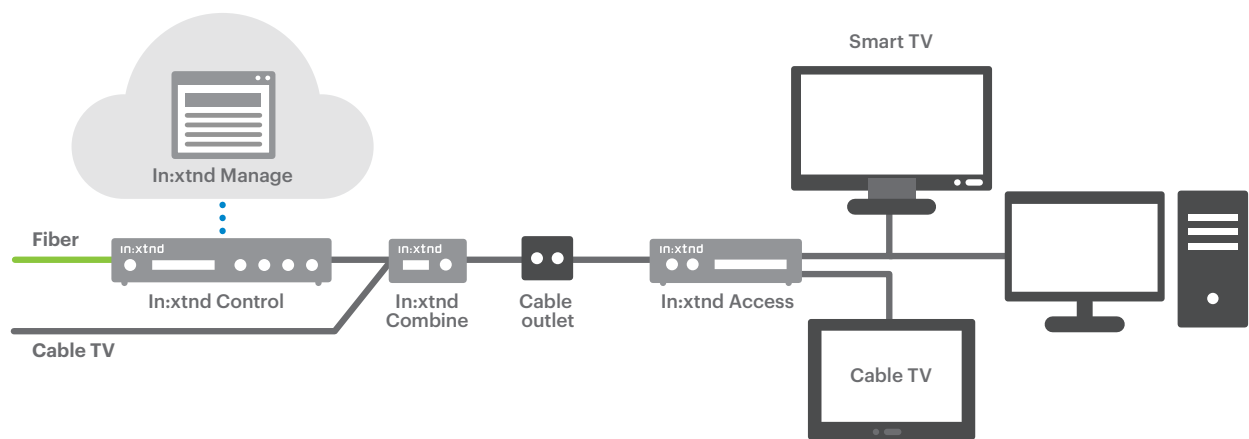
- InCoax DPU
- in:xtnd™ Control
- in:xtnd™ Access
- in:xtnd™ Combine
- InCoax Manage

InCoax Manage is an advanced network management system and includes InCoax DPU and in:xtnd™ Control implementation, service-based in:xtnd™ Access implementation, control and monitoring of coaxial link condi-

tions. InCoax Manage is used for operator network management, which includes configuration, monitoring, and control. Advantages of InCoax Manage are:

- Automatic control and monitoring of InCoax DPU, in:xtnd™ Control and in:xtnd™ Access.
- Advanced service and policy management.
- Fast and easy third-party system integration.
- Wide range of network statistics.

As part of the ongoing collaboration project with a North American Tier 1 operator, all features are implemented necessary to have full compatibility with the control and monitoring solutions that large operators use for their network.



in:xtnd Control C251



in:xtnd Combine



in:xtnd Access A101



### **Revenue model**

The majority of InCoax's revenue is initially expected to come from the sale of the Company's solutions consisting of software and hardware. The company also sells services in the form of training and support and receives annual revenue from licenses. InCoax's solution means that customers receive hardware and services at a low initial investment cost, enabling a customer lock-in effect for InCoax in terms of recurring revenues from the annual software and service license fee. The Company receives payment per hardware unit sold plus a license fee that is invoiced annually. In order to be able to take larger customer orders (i.e. from customers with millions of subscribers), the Company establishes collaborations with distributors and system integrators. This means that the Company will increasingly receive royalties on the sale and be less exposed to stocks of products and will have less need for working capital to finance the value chain from manufacturing to distribution.

### **Cost per unit**

By using free capacity in the existing coaxial cables, no new cables need to be routed in apartments, making InCoax technology to an attractive option instead of new installations of fiber all the way to the apartment.

### **Production**

The company's production for control unit and modem is carried out by contract manufacturers (ODM/EMS) in Sweden and China. The company works in close cooperation with the contract manufacturers in terms of quality work and production tests. All of the Company's products and solutions such as control unit, modem and control system are developed by the Company.

Smart solutions  
for smart buildings



# Our customers

**InCoax works actively to offer cost-effective, easy and fast broadband connections in close relationships our customers. We also collaborate closely with selected distributors and retailers to effectively market our offerings to third-party customers.**

## CUSTOMERS

In a close relationship with customers, InCoax works actively with the offer of cost-effective, easy and fast broadband connection in the property. InCoax has also started to establish close cooperation with selected distributors and retailers to effectively market the offer to third-party customers. With its current MoCA Access™2.5 solution, InCoax mainly caters to three different customer groups:

- Fiber/LAN operators
- Internet Service Providers (ISPs; ISP)
- Hospitality customers (hotel industry)

With the further development of InCoax MoCA Access™2.5 platform underway under a project agreement with an operator, InCoax can offer solutions to Tier 1 operators as well.

### Fiber/LAN operators

Fiber/LAN operators install a data network in the property at a cost of approximately 200-300 EUR per apartment. Often it is not agreed to add ducting to stairwells and inside the apartment mounted on the wall. Because Fiber/LAN operators are typically contenders, they usually offer higher speeds up to 1 Gbps to attract customers from telecom and cable operators.

InCoax's current solution fits well into this segment as these operators' fibers are of the active Ethernet type. This means using management systems suitable for Ethernet networks and offering symmetrical 1 Gbps services. For this use case, the InCoax solution fits well without requiring a comprehensive adaptation.

### Internet service providers

It is absolutely crucial for internet service providers to have access to a high-speed network in order to effectively deliver their services. With InCoax's solutions, the property can be easily updated to cover their need for speed, flexibility and manageability. Customers can be individually offered services tailored to their wishes such as connection speed.

### Hospitality customers

InCoax works actively with partner companies that make installations of the Company's products for hotel chains. As media consumption has changed and become increasingly on-demand-based and more and more users use their mobile devices for entertainment or video calls, there is a lot of pressure on the existing access points. These are often installed in the corridors of hotels, which is why access with sufficient connectivity in the rooms for the many handheld devices is difficult to achieve.

Hotels today build advanced service and infotainment systems, which also require a good connection. In other words, access to high-speed networks in hotel rooms is becoming a hygiene factor. The use of free capacity in existing coaxial cables, on which InCoax's product solution is based, is a cost-effective and attractive solution to solve this. For hotels, it is very attractive to avoid interruptions in operations for major renovations and wiring. The quick and easy installation of in:xtnd™ can be done in parallel with regular operations.

### Tier 1 operators

This segment includes telecommunications and cable operators with millions of subscribers. The segment places extensive demands on specification and reliability. Compatibility with a Tier 1 operator's existing network is a prerequisite for becoming a supplier. This is achieved by implementing software that complies with established standards and communication protocols.



### Installation and service companies

Another customer segment that can see great business benefit with our solutions is installation and service companies. With expertise in coaxial cable networks and MoCA Access™ they can update their offering, grow and become more competitive.

### Distributors and retailers

In order to effectively scale up and reach an increased customer base, InCoax is working to build a European and North American distributor and dealer network. Market forces and dynamics differ between the markets and segments, which is why great insight into market players is important. Distributors and local retailers are important partners in order to get a better exchange in sales activity towards smaller operators and the hospitality industry as well as to reach the desired sales volumes. In order to become a supplier of high-volume orders to larger operators (Tier 1), strong distribution partners are also required. This type of distributor is often already established as partners of the larger operators.

### Charity organizations

InCoax has established relationships with charity organizations in both the UK and the US.

- **HACT** (Housing Associations' Charitable Trust) is a british charity organization, specialized in so called social housings. InCoax is marketed as a cost effective alternative for social inclusion through internet access.
- **PC's for People** is an american non-profit organization promoting digital inclusion for low-income groups through donations of computers and cost-effective broadband connectivity in so called affordable housings. InCoax system has been installed in a 256 apartment MDU complex in Austin, Texas.



# 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.



# Share and shareholders

## Ownership structure

The number of shareholders December 30, 2021, was 1,656. The largest shareholder was Saugatuck Invest AB, with 23,7% of the shares and votes in InCoax.

The company's ten largest shareholders together hold shares equivalent to 68,3%.

## Shares and share capital

The company's registered share capital at the end of the period amounted to SEK 10,278,354, divided into 41,113,418 shares of the same type, each with a quota value of SEK 0.25. The shares in the company are denominated in SEK. The shares in the company has been issued in accordance with Swedish law.

All issued shares, except 4,523,557, are fully paid up and

are freely transferable. The remaining 4,523,557 shares were included in an unregistered new share issue during the financial statements. The said shares were paid in and are thus freely transferable from February 2022.

According to InCoax's Articles of Association, adopted at the Annual General Meeting on June 30, 2020, the share capital may not be less than SEK 4,550,000 and not exceed SEK 18,200,000, divided into no less than 18,200,000 shares and no more than 72,800,000 shares.

## Dividend

The InCoax Board of Directors is of the opinion that focus going forward should primarily be on promoting growth and there is no prospect of a dividend in the near future.

## Ownership structure on December 30, 2021

Name	Number of shares	Holding, %
Saugatuck Invest AB	8,654,762	23.7
Norrlandspojkarna AB	4,696,933	12.8
BLL Invest AB	4,622,384	12.6
Nordnet Pensionsförsäkring AB	2,361,823	6.5
Försäkringsaktiebolaget Avanza Pension	1,971,562	5.4
Nodea Livförsäkring Sverige AB	990,624	2.7
Handelsbanken Liv Försäkringsaktiebolag	575,271	1.6
Juhlin, Mats	410,000	1.1
SEB Life International Assurance	400,000	1.1
Axelsson, Lars	319,998	0.9
Other shareholders (approximately 1,646)	11,586,504	31.7
<b>Total</b>	<b>36,589,861</b>	<b>100.0</b>

Source: On the basis of lists from Euroclear on December 30, 2021, and information known by the company from major shareholders.

Note that the table does not include the additional shares in the issue that was completed on 31 December 2021.

# Directors' Report

The Board of Directors and CEO of InCoax Networks AB, 556794-1363 with registered office GÄVLE, hereby submit the annual report for 2021. The annual report is prepared in Swedish kronor, SEK.

## Information about the business

The Company, which was registered on 2009-11-23, develops and sells products for broadband access via coaxial cable.

## Market/Sales

The Company has limited its sales activities to the operator markets in Europe and North America. The market activities have been executed to the maximum extent, but have been limited by Covid 19 restrictions.

The company has noted some seasonal variation in its sales, with an emphasis on the second half of the year.

## Comments on the Company's financial development in 2021

### Revenue

The company's net sales amounted to SEK 20,894,597 (3,788,461), which corresponds to an increase of 452%. Compared to the same period last year.

## Financial results

Operating profit for the year amounted to SEK -24,331,924 (-57,405,382), an improvement driven by invoicing to e.g. a major Tier1 customer.

The result for the year has been burdened with a positive earnings effect from the introduction of the capitalization model starting during the previous year regarding development costs within the company.

Profit for the year after tax amounted to SEK -24,496,940 (-57,822,219).

## Costs

The company's cost base has decreased, mainly due to reduced personnel costs. This is due to fewer employees and the fact that during the previous year they were partly burdened with double CEO costs.

The company's cost of goods amounted to SEK 11,810,095 (9,049,158), the increase can be explained by increased sales.

## Cash flow

Cash flow was positively affected by the new issues carried out during the year. For the full year, cash flow amounted to operating activities to SEK -28,184,243 (-46,834,980).

## Equity

SEK	Share capital	Share capital under reg.	Share premium reserve under reg.	Retained earnings	Profit/loss for the year
At the beginning of the year	6,860,599	7,246,948	260,721,572	-192,391,887	-57,822,219
New issue	2,286,867		37,197,624		
Warrants				27,500	
Ongoing new issue	1,130,889		21,195,903		
Transfer of earnings for the preceding year				-57,822,219	57,822,219
Transfer fund development costs		16,204,686		-16,204,686	
Loss for the year					-24,496,940
<b>At the end of the year</b>	<b>10,278,355</b>	<b>23,451,634</b>	<b>319,115,099</b>	<b>-266,391,292</b>	<b>-24,496,940</b>

## Multi-year summary

SEK	2021	2020	2019	2018	2017
Net sales	20,894,597	3,788,461	2,822,067	1,486,816	2,715,816
Gross profit/loss	9,084,216	-5,260,697	259,277	-2,657,321	669,953
Gross margin, %	43%	Neg.	9%	Neg.	25%
Operating loss	-24,331,924	-57,405,382	-65,108,321	-49,115,341	-27 793 723
Operating margin (EBIT), %	Neg	Neg.	Neg.	Neg.	Neg.
Loss after financial items	-24,496,940	-57,822,219	-65,760,609	-49,315,174	-27,968,223
Loss after tax	-24,496,940	-57,822,219	-65,760,609	-49,315,174	-27,968,223
Total assets	83,169,526	42,249,053	53,180,868	40,734,440	12,085,048
Equity ratio, %	74.5	58.3	74.9	64.3	11.6
Loss per share	-0.60	-2.11	-3.59		
Loss per share after dilution	-0.58	-2.03	-3.48		



Cash flow from investing activities for the year amounted to SEK -16,204,686 (-8,437,849). This year's investment activities refer exclusively to the company's activatable development costs.(add)

Cash flow from financing activities for the year amounted to SEK 61,838,783 (42,629,827).

Cash flow incl. financing activities for the full year amounted to SEK 17,449,945 (-12,643,002).

### **Investments**

The company's investments amounted to 16,204,686 (8,437,849) and consists for 2021 of capitalized development costs for the next generation of products and mainly includes costs for own staff and hired consultants who contribute actively to the development work.

### **Research and development**

In 2021, research and development work continued. This included intensified efforts to file patent applications for the updated version of the InCoax MoCa Access 2.5 platform.

### **Shares**

The company carried out a new share issue in 2021, increasing the share capital by SEK 3,417,756 (2,286,866) and increasing the share premium fund by SEK 58,393,527.

The share capital on December 31 amounted to SEK 10,278,355 (6,860,599) divided into 41,113,418 (27,442,396) outstanding shares of a single class of shares.

### **Convertible debentures**

On 31 December 2021, outstanding convertible debentures totaled SEK 3,245,786.

### **Warrants**

During the year, 207,000 warrants expired without the subscription of shares. In total, there were 932,000 (1,139,000) warrants as of 31 December 2021.

### **Significant events during the financial year**

InCoax continued to receive orders from the American Fiber/LAN operator throughout the financial year Google Fiber and signed a Master Purchase Agreement in Q4. At the same time, the North American Tier1 operator expanded its collaboration with Incoax.

During the year, the TR-419 became the standard for Fiber Access Extension over coaxial networks, this press release from Incoax, BBF and MoCA had a major impact in international trade press.

During the fall, the American Fiber/LAN operator Google Fiber began testing the InCoax control unit D2501. At the same time, the North American Tier1 operator successfully performed tests on the InCoax MoCA Access™ system solution.

The management team was strengthened during the autumn through the appointment of Morten Werther as development manager.

During the financial year, the company completed two new issues of a total of 63,781,378, which increases the share capital to 10,278,355 and the number of shares to 41,113,418.

Of the 41,113,418 shares as of December 31, 2021, 4,523,557 relate to subscribed and paid-in but unallocated shares.

### **Expected future development as well as significant risks and uncertainties**

#### **Expected future development**

Due to the Covid-19 pandemic, the Company has in 2021 continued to see major effects on the market both in terms of customer availability and their progress in evaluations and investment programs. This has been particularly noticeable in the Hospitality segment. In particular, the European market has been negatively affected.

With regard to North American customers, the business has been ongoing more continuously, which has also been shown by the Company being able to make progress with two North American customers.

In 2021, the component market has entailed challenges in component supply and the logistics surrounding this. The company estimates that this situation will mean continued challenges and especially for smaller buyers also in 2022.

A positive long-term effect of Covid-19 is judged to be that the need for increased bandwidth has been clearly identified as an important prerequisite for e.g. enable work from home. The large stimulus package launched in the US in the autumn of 2021 also contributes to a faster broadband expansion. The company estimates that this together will have a positive effect on demand in the medium term.

To achieve higher volumes with high scalability, the Company focuses on medium-sized and larger fiber operators. This refers to operators that apply both Fiber/LAN and GPON/XGS-PON based technologies. Pure cable operators are only addressed if they have a clear investment plan for fiber network expansion, ie replace existing cable networks with fiber. The fact that the Company primarily focuses on these segments of operators poses a challenge as the requirements are high both technically and commercially. The company therefore continuously analyzes the challenges this entails through a close dialogue with the customers who use the InCoax system in evaluation and project collaborations. It is a prerequisite for growth to address these demanding segments and this can, on the other hand, mean that development and business processes take longer than initially estimated.

Commercially, the Company realizes that a large working capital may be required to be able to take a larger order from a large operator and therefore the Company works actively to create collaborations and to develop business models with partners to be able to carry out larger transactions.

### Significant risks and uncertainties

There are today a number of different risks and uncertainties that the company has identified such as: the risk of not being able to meet a sudden high demand for our technology, competing technologies, supplier dependence, dependence on key people and employees, financing and capital requirements and currencies, prices and access to key components. The company works continuously with preventive measures to minimize these risks and uncertainties as far as possible.

The Board and management have thoroughly analyzed the potential effects of the conflict in Ukraine for the company. We (the Board and management) can state that there is uncertainty in the outside world, which may have the consequence that the opportunity to receive deliveries and selling the company's products may be affected. There is also uncertainty regarding future development of the price of raw materials. We closely monitor developments and take continuous measures to limit the negative effects on the company.

### Proposal for profit distribution

SEK	2021
The amount at the disposal of the Board of Directors	
Retained earnings	-266,391,292
Share premium reserve	319,115,099
Loss for the year	-24,496,940
<b>Total</b>	<b>28,226,867</b>
To be carried forward	
<b>Total</b>	<b>28,226,867</b>

For information about the company's profit/loss and position in general, refer to the following income statement and balance sheet with accompanying notes.

# Income statement

SEK	Note	Jan 1, 2021– Dec 31, 2021	Jan 1, 2020– Dec 31, 2020
<i>Operating income</i>			
Net sales	1	20,894,597	3,788,461
Capitalized development costs	2	16,204,686	7,246,948
Other operating income	3	1,297,555	1,825,852
		<b>38,396,838</b>	<b>12,861,261</b>
<i>Operating expenses</i>			
Goods for resale		-11,810,095	-9,049,158
Other external costs	4	-30,447,301	-31,573,266
Personnel costs	5	-19,412,971	-28,256,425
Depreciation, amortization and impairment of tangible and intangible assets		-860,714	-1,053,965
Other operating expenses		-197,395	-333,829
<b>Operating loss</b>		<b>-24,331,638</b>	<b>-57,405,382</b>
<i>Profit from financial items</i>			
Interest income and similar profit/loss items			
Interest expenses and similar profit/loss items		-165,302	-416,837
<b>Loss after financial items</b>		<b>-24,496,940</b>	<b>-57,822,219</b>
<b>Loss before tax</b>		<b>-24,496,940</b>	<b>-57,822,219</b>
<b>Loss for the year</b>		<b>-24,496,940</b>	<b>-57,822,219</b>

# Balance sheet

SEK	Note	Dec 31, 2021	Dec 31, 2020
<b>ASSETS</b>			
Subscribed but unpaid capital		22,617,785	
<i>Fixed assets</i>			
Intangible assets			
Capitalized expenses for development work and similar work	6	23,451,634	7,246,948
		<b>23,451,543</b>	<b>7,246,948</b>
<i>Tangible assets</i>			
Machinery and other technical equipment	7	1,768,070	2,628,784
<b>Total non-current assets</b>		<b>25,219,614</b>	<b>9,875,732</b>
<i>Current assets</i>			
Inventories, etc.			
Finished products and goods for resale		9,249,593	11,405,617
Advances to suppliers		4,812,407	1,851,264
		<b>14,062,000</b>	<b>13,256,881</b>
<i>Current receivables</i>			
Trade receivables		6,478,749	668,524
Current tax claim		273,619	
Other receivables		908,987	803,247
Prepaid expenses and accrued income		1,943,120	811,177
		<b>9,604,475</b>	<b>2,282,948</b>
Cash and bank balances		34,283,437	16,833,492
<b>Total current assets</b>		<b>57,949,912</b>	<b>32,373,321</b>
<b>TOTAL ASSETS</b>		<b>83,169,617</b>	<b>42,249,053</b>



# Equity and liabilities

SEK	Note	Jan 1, 2021– Dec 31, 2021	Jan 1, 2020– Dec 31, 2020
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital (18,294,931 shares)		10,278,355	6,860,599
Unregistered share capital		23,451,634	7,246,948
		<b>33,729,989</b>	<b>14,107,547</b>
<i>Unrestricted equity</i>			
Share premium reserve under registration		319,115,099	260,721,572
Retained profit or loss		-266,391,292	-192,391,887
Loss for the year		-24,496,940	-57,822,219
		<b>28,226,867</b>	<b>10,507,466</b>
<b>Total equity</b>		<b>61,956,855</b>	<b>24,615,013</b>
<i>Non-current liabilities</i>			
Convertible debt instruments	8	3,245,786	3,245,786
Other non-current liabilities			
		<b>3,245,786</b>	<b>3,245,786</b>
<i>Current liabilities</i>			
Trade payables		4,232,831	5,963,482
Current tax liabilities			623,949
Other current liabilities		5,396,346	3,449,168
Accrued expenses and deferred income		8,337,798	4,351,655
<b>Total current liabilities</b>		<b>17,966,975</b>	<b>14,388,254</b>
<b>Total liabilities</b>		<b>21,212,762</b>	<b>17,634,040</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>83,169,617</b>	<b>42,249,053</b>

# Cash flow statement

SEK	Jan 1, 2021– Dec 31, 2021	Jan 1, 2020– Dec 31, 2020
<i>Operating activities</i>		
Loss after financial items	-24,496,940	-57,822,219
Adjustment for non-cash items	1,058,108	4,944,965
Income tax paid	-23,438,832	-52,877,254
<b>Cash flow from operating activities before changes in working capital</b>	<b>-23,438,832</b>	<b>-52,877,254</b>
<i>Cash flow from changes in working capital</i>		
Increase/decrease in inventories	2,156,023	690,934
Increase/decrease in receivables	-10,480,065	1,090,761
Increase/decrease in operating liabilities	3,578,630	4,260,579
<b>Cash flow from operating activities</b>	<b>-28,184,243</b>	<b>-46,834,980</b>
Acquisition of tangible assets		-1,190,901
Acquisition of intangible assets	-16,204,686	-7,246,948
<b>Cash flow from investing activities</b>	<b>-16,204,686</b>	<b>-8,437,849</b>
<i>Financing activities</i>		
Share options redeemed	27,500	462,000
New issue	63,781,378	48,024,188
Issuance costs	-1,970,095	- 5,856,361
<b>Cash flow from financing activities</b>	<b>61,838,783</b>	<b>42,629,827</b>
<b>Cash flow for the year</b>	<b>17,449,945</b>	<b>-12,643,002</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>16,833,493</b>	<b>29,476,495</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>34,283,437</b>	<b>16,833,493</b>

\* Adjustments for items that are not included in cash flow, etc.

Depreciation	860,714	1,053,965
Unrealized exchange rate differences	197,395	
Write-downs / reversal of write-downs		3,891,000
<b>Adjustments for items that are not included in cash flow, etc., total</b>	<b>1,058,108</b>	<b>4,944,965</b>

# Supplementary disclosures

## Accounting and valuation principles

### General accounting principles

The annual report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general recommendation, BFNAR 2012:1 Annual reports and consolidated financial statements (K3). The accounting principles are unchanged from last year.

### Foreign currency

Monetary items in foreign currency are translated at the closing day rate. Non-monetary items are not translated but instead recognized at the rate on the acquisition date.

### Valuation principles, etc.

Receivables are recognized at the amount at which they are expected to accrue. Other assets and liabilities are recognized at cost, unless otherwise indicated below.

### Revenue recognition

Revenue is recognized at the fair value of the amount that has been received or will be received and recognized to the extent that it is probable that the financial benefits will accrue to the company and if the revenue can be reliably calculated. Invoiced revenues linked to service agreements are accrued and dissolved during the length of the service agreement.

### Sale of goods

When selling goods, revenue is reported on delivery.

### Government assistance

Government assistance received is reported as other income.

## Financial assets and liabilities

Financial assets and liabilities are accounted for in accordance with chapter 11 (Financial instruments valued at acquisition cost) in BFNAR 2012:1.

### Accounting in and derecognition from the balance sheet

Financial assets are valued at acquisition value at initial recognition, including any transaction expenses that are directly attributable to the acquisition of the asset.

Financial current assets are valued after the first reporting date at the lower of acquisition value and net sales value on the balance sheet date.

Accounts receivable and other receivables that constitute current assets are valued individually at the amount that is expected to be received.

Financial fixed assets are valued after the first reporting occasion at acquisition value less any write-downs and with supplements for any revaluations.

Interest-bearing financial assets are valued at accrued acquisition value.

## Valuation of financial liabilities

Financial liabilities are valued at amortised cost.

## Research and development expenditures

Expenditures on research, i.e., planned and systematic inquiry for the purposes of obtaining new scientific or technical knowledge and insights, are accounted for as costs when they arise. When accounting for development expenses, the activation model is applied. This means that an expenditure incurred during the development phase is recognized as an asset, provided that all of the following conditions are met:

- It is technically possible to complete the fixed asset so that it can be used or sold.
- The intention is to complete the intangible fixed asset and to use or sell it. - Conditions exist for using or selling the intangible fixed asset.
- It is likely that the fixed asset will generate future economic benefits
- The expenses attributable to the fixed asset can be reliably calculated.
- Necessary and adequate technical, financial and other resources exist to complete the development and to use or sell the intangible fixed asset.

Internally generated intangible fixed assets are reported as the cost of acquisition less accumulated depreciations and write-downs. The cost of acquisition of an internally generated intangible fixed asset consists of all directly attributable expenses (e.g., materials and salaries). Indirect manufacturing costs that represent a more than insignificant part of the total cost of production and amount to more than an insignificant sum are included in the cost. The reported balanced expenditures for development work are subject to management's write-down review. The most critical assumption, evaluated by management, concerns whether the intangible asset can be expected to generate future economic benefits that correspond, at minimum, to the book value of the intangible asset. Management's assessment is that the expected future cash flows are sufficient to justify the book value of the intangible asset, which is why no write-down has been made. However, this evaluation is based and dependent on the existence of conditions for continued operation.

## Intangible assets

The company reported internally generated intangible fixed assets according to the expense recognition model up to and including 30 June 2020.

This meant that all expenses relating to the development of an internally generated intangible fixed asset were not capitalized but were expensed directly. From 2020-07-01, the Company

applies the so-called The "capitalization model" for internally generated intangible fixed assets. The method means that all expenses that meet the criteria in K3 are capitalized as an intangible fixed asset and depreciated during the asset's estimated useful life.

### **Fixed assets**

Intangible and tangible fixed assets are reported at acquisition value less accumulated depreciation and any write-downs.

Depreciation takes place on a straight-line basis over the expected useful life, taking into account significant residual value.

The following depreciation percentage:

- Machinery and other technical facilities - 5 years
- Capitalized expenses for development work - 5 years

### **Leases**

The company recognizes all leases, both finance and operating, as operating leases. Operating leases are recognized as an expense on a straight-line basis over the lease term.

### **Inventories**

The inventory has been valued at the lower of its acquisition value and its net sales value on the balance sheet date.

Net sales value refers to the goods' estimated sales price less sales costs. The chosen valuation method means that obsolescence in the inventory has been taken into account.

The acquisition value is calculated according to weighted average prices. In addition to expenses for purchases, the acquisition value also includes expenses for bringing the goods to their current location and condition.

### **Income tax**

Total taxes comprise current tax and deferred tax. Taxes are recognized in the income statement except when an underlying transaction is recognized directly against equity, in which case the related tax effect is also recognized in equity.

Current tax is income tax relating to the current financial year and the portion of income tax not yet recognized from previous financial years. Current tax is calculated using the tax rate prevailing at the end of the reporting period.

Deferred tax is income tax pertaining to future financial years arising from previous events. Deferred tax is recognized according to the balance sheet method. According to this method, deferred tax liabilities and deferred tax assets for temporary differences between the recognized and taxable values of assets and liabilities are recognized as are other taxable deductions or deficits.

Deferred tax assets are recognized net against deferred tax liabilities only if they can be paid in a net amount. Deferred tax is calculated using the tax rate applicable at the end of the reporting period. The effects of changes to applicable tax rates are recognized in the period when the change was legislated. Deferred tax assets are recognized as financial assets and deferred tax as a provision.

Deferred tax assets pertaining to loss carryforwards or other forward-looking taxable deductions are recognized to the extent that it is probable that the deduction can be set off against a future taxable surplus.

Due to the correlation between accounting and taxation, the deferred tax liability attributable to untaxed provisions is not recognized separately.

Taxable deficits amounted to SEK -267,607,662. The company has elected not to recognize deferred tax on loss carryforwards.

### **Remuneration of employees**

Remuneration of employees pertains to all forms of remuneration that the company offers to its employees. Short-term remuneration includes salaries, paid holidays, paid leave, healthcare and bonuses. Short-term remuneration is recognized as a cost and liability when there is a legal or informal obligation to disburse remuneration as a result of an earlier event and a reliable estimation of the amount can be made.

Compensation in the event of termination, to the extent that the remuneration does not give the company any future financial benefits, is only recognized as a liability and an expense when the company has a legal or informal obligation to either:

- (a) terminate the employment of an employee or group of employees prior to the normal date of termination of employment; or
- (b) provide compensation upon termination by offering to encourage voluntary resignation.

Severance payments are only reported when the company has a detailed plan for the termination and has no realistic opportunity to cancel the plan.

### **Pensions**

The company's pension plans for remuneration after termination of employment consist solely of defined contribution pension plans. For defined contribution plans, the company pays fixed contributions to a separate legal entity. When the contribution is paid, the company has no further obligations. Defined contribution plans are recognized as a cost as the pension is earned.



# Notes

## Not 1 Turnover

### Net sales per line of business

SEK	Jan 1, 2021 -Dec 31, 2021	Jan 1, 2020 -Dec 31, 2020
Sales of services	2,151,979	104,390
Sales of goods	18,742,618	3,684,071
Other		
<b>Total</b>	<b>20,894,597</b>	<b>3,788,461</b>

### Net sales per geographic market

SEK	2021-01-01 - 2021-12-31	2020-01-01 - 2020-12-31
EU	1,301,431	600,560
North America	16,597,809	2,630,605
Other	2,995,357	557,296
<b>Total</b>	<b>20,894,597</b>	<b>3,788,461</b>

## Not 2 Capitalized development costs

The company began to apply the activation model starting 1 July 2020. Refers to the capitalization of expenses for employees and consultants with the development of the updated version of the Incoax MoCA Access 2.5 Platform.

### Annual development costs

SEK	Jan 1, 2021 -Dec 31, 2021	Jan 1, 2020 -Dec 31, 2020
Personnel costs	3,192,255	1,212,500
Consultant costs	13,012,340	6,034,448
<b>Total</b>	<b>16,204,686</b>	<b>7,246,948</b>

## Not 3 Other operating income

### Annual other operating income

SEK	Jan 1, 2021 -Dec 31, 2021	Jan 1, 2020 -Dec 31, 2020
Government assistance		1,605,345
Other income	1,297,555	220,507
<b>Total</b>	<b>1,297,555</b>	<b>1,825,852</b>

## Not 4 Operating leases – lessee

Lease costs for leases during the year amounted to SEK 1,133,655 (1,729,066) and pertained to SEK 945,527 in lease of premises, SEK 23,058 in machinery leases and SEK 0 for company car.

### Lease costs for the year

SEK	Jan 1, 2021 -Dec 31, 2021	Jan 1, 2020 -Dec 31, 2020
Lease costs for the year	1,133,655	1,729,066
Of which lease of premises	945,527	902,842
Machinery leases	23,058	70,732
Company cars		96,158

### Future lease payments relating to lease of premises

SEK	Jan 1, 2021 -Dec 31, 2021	Jan 1, 2020 -Dec 31, 2020
Within 1 year	929,305	930,400
Between 1–5 years	548,312	2,173,167
>5 years		
<b>Total</b>	<b>1,477,817</b>	<b>3,103,567</b>

## Not 5 Employees, staff costs and board fees

### The average number of employees

	Dec 31, 2021	Share of women	Dec 31, 2020	Share of women
Employees	17	12%	20	10%
<b>Total</b>	<b>17</b>	<b>12%</b>	<b>20</b>	<b>10%</b>

### Reporting of gender distribution in company management

	Dec 31, 2021 Share of women	Dec 31, 2020 Share of women
Board	0%	0%
Other senior executives	0%	0%

### Salaries and other benefits, social costs, including pension costs

SEK	Jan 1, 2021 -Dec 31, 2021	Jan 1, 2020 -Dec 31, 2020
Salaries and other remuneration	13,616,709	18,829,902
Social security costs	5,477,800	9,146,786
(of which pension costs) 1)	1,944,751	3,084,166

1) Of the company's pension costs, SEK 455,536 (626,204) pertains to the company's CEO and Board.

**Salaries and other remuneration as well as social security costs, including pension costs**

SEK	Jan 1, 2021 - Dec 31, 2021		Jan 1, 2020 - Dec 31, 2020	
	Board and CEO	Other employees	Board and CEO	Other employees
Salaries and other remuneration (including royalties, etc.)	2 086 301	11 530 408	3 391 507	14 702 735
	( - )	( - )	( - )	( - )

**Remuneration in the event of termination of employment**

In the event of the CEO's employment being terminated, a mutual six-month (6) notice period will apply. If employment is terminated by the company, the CEO – in addition to the termination payment – has the right to receive severance pay corresponding to six (6) times the fixed monthly salary upon termination of employment. For other senior executives, a mutual period of notice is applied of between one (1) and four (4) months. However, CTO Thomas Svensson has a notice period of six (6) months if notice is given by the employee and a notice period of twelve (12) months if notice is issued by the company.

**Not 6 Capitalized expenditure for development work and similar activities**

The company began to apply the activation model starting 1 July 2020. Refers to the capitalization of expenses for employees and consultants with the development of the updated version of the Incoax MoCA Access 2.5 Platform.

SEK	Jan 1, 2021 -Dec 31, 2021	Jan 1, 2020 -Dec 31, 2020
<b>Accumulated cost</b>		
At the beginning of the year	7,246,948	6,126,540
Acquisitions for the year	16,204,686	7,246,948
Scrapping		-6,126,540
At the end of the year	23,451,634	7,246,948
<b>Accumulated amortization</b>		-6,126,540
Amortization for the year		
Scrapping		6,126,540
At the end of the year		
<b>Carrying amount at the end of the year</b>	<b>23,451,634</b>	<b>7,246,948</b>

**Not 7 Machinery and other technical equipment**

SEK	Jan 1, 2021 -Dec 31, 2021	Jan 1, 2020 -Dec 31, 2020
<b>Accumulated cost</b>		
At the beginning of the year	5,377,029	3,186,128
New purchases		1,190,901
Reclassification		1,000,000
At the end of the year	5,377,029	5,377,029
<b>Accumulated amortization</b>	-2,748,245	-1,510,947
Amortization for the year	-860,714	-1,053,965
Reclassification		-183,333
At the end of the year	-3,608,958	-2,748,245
<b>Carrying amount at the end of the year</b>	<b>1,768,071</b>	<b>2,628,784</b>

**Not 8 Non-current liabilities**

SEK	Jan 1, 2021 -Dec 31, 2021	Jan 1, 2020 -Dec 31, 2020
<i>Liabilities that fall due for payment more than one year from the end of the reporting period</i>		
Convertible debt instruments*	3,245,786	3,245,786
Other liabilities		
<b>Total</b>	<b>3,245,786</b>	<b>3,245,786</b>

On August 17, 2020, a resolution was approved to issue a convertible debt instrument of SEK 3,245,786.25 to Norrlandsfonden, which was paid by through a set-off of existing debt instruments of SEK 3,245,786.25. The repayment date was set at July 31, 2025 and the conversion rate at SEK 9.14 per share.

**Not 9 Transactions with related parties**

In 2021, InCoax Networks purchased services from Bayhood Management AB for SEK 1,521,000 and getITsafe Security Partner Norden AB for SEK 1,891 thousand. The companies hired are wholly or partly owned by senior executives who have shareholdings in InCoax Networks AB.

After the end of the financial year, the company's largest partner, Saugatuck Invest AB, issued a loan promise to the company of SEK 10 million.

All transactions have taken place on market terms.

**Not 10 Events after the balance sheet date**
**January**

- InCoax announces the outcome for exercising warrants of series 2021.
- InCoax wins additional order of SEK 2M from the US-based Fiber/LAN operator.
- New interim CFO Mats Svensson appointed.
- InCoax publicize new financial targets.

**March**

- InCoax offers cost-effective fiber extension broadband to UK Housing Associations' Charitable Trust (HACT).
- InCoax secures additional order of SEK 2M from the US-based Fiber/LAN operator.

**April**

- InCoax wins additional order of 3MSEK from US Fiber/LAN operator.

Based on the industry in which the company operates, the conflict in Ukraine has not affected order intake to any great extent. No serious delivery problems have arisen either or any major increases in raw material prices. It can not be ruled out that a far-reaching conflict in Ukraine could have major consequences for the company's order intake, the possibility of obtaining deliveries and higher raw material prices.

# Signatures of the Board of Directors and auditor

Gävle May 25, 2022

Peter Agardh  
Chairman of the Board

Jörgen Ekengren  
CEO

Anders Nilsson

Pär Thuresson

Alf Eriksson

Kevin Foster

Our auditor's report was submitted  
KPMG AB

Mikael Larsson  
Authorized Public Accountant

# Auditor's Report

To the general meeting of the shareholders of InCoax Networks AB, corp. id 556794-1363

## Report on the annual accounts

### Opinions

We have audited the annual accounts of InCoax Networks AB for the year 2021. The annual accounts of the company are included on pages 24-35 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of InCoax Networks AB as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of InCoax Networks AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Information other than the annual report

This document also contains information other than the annual report and can be found on pages 1-23 and 39-42. The Board of Directors and the CEO are responsible for this other information.

Our statement regarding the annual report does not include this information and we do not make a statement with confirmation regarding this other information.

In connection with our audit of the annual report, it is our responsibility to read the information identified above

and consider whether the information is materially incompatible with the annual report. In this review, we also take into account the knowledge we otherwise acquired during the audit and assess whether the information otherwise appears to contain significant inaccuracies.

If, based on the work that has been done regarding this information, we conclude that the other information contains a material error, we are obliged to report this. We have nothing to report in that regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company,

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the



economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

### **Report on other legal and regulatory requirements Opinions**

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of InCoax Networks AB for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### **Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of InCoax Networks AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### **Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Sundsvall 25 May 2022  
KPMG AB

Mikael Larsson  
Authorized Public Accountant

# Board of Directors



**Peter Agardh**

MBA. Born 1967.

Chairman of the Board since 2020  
Board member since 2019.

CEO of Agenta Investment Management AB.  
Chairman of the Board of Agenta Advisors AB.  
Board member of AB Apriori and Saugatuck Invest AB. Deputy Board member of Admera Education AB and Nordic Economics Consulting AB.

Shareholding: 8,624,762 through companies.



**Anders Nilsson**

Master of Engineering. Born 1951.

Board member since 2017.

Chairman of the Board of NP3 Properties AB and Board member of Lime Technologies AB, Eurocon Consulting AB and Softronic AB as well as Chairman of the Board/Board member of a number of unlisted companies.

Shareholding: 36,158 & 105,000 through companies.



**Pär Thuresson**

Master of Engineering. Born 1964.

Board member since 2018.

Senior Vice President R&D for GN Hearing A/S and deputy Board member of ManyNames AB.

Shareholding: 8,749.



**Alf Eriksson**

Engineer. Born 1961.

Board member since 2020.

CPO i Skugga Technology AB, Advisor in Home Ice Consulting.

Formerly CEO at ESKADENIA Software AB, Advisor at Skugga Technology AB, and VP Product Management at CLX Communications AB.

Shareholding: 54,000.



**Kevin Foster**

Master of Engineering. Born 1960.

Board member since 2020.

Formerly General Manager of Architecture, Innovation & Engineering at British Telecommunications plc. Former Chairman of the Board of Broadband Forum and the UK's NICC DSL Task Group. Founding Director Kevin Foster Consulting Ltd.

Shareholding: 0  
Warrants: 200,000 TO 2020/2023.

# Management group



## Jörgen Ekengren

*Chief Executive Officer (CEO)\**

Employed since 2018. Bachelor of Science in Engineering. Born 1963.

2013–2018: Sony Mobile Communications Taiwan – Director ODM/EMS Business Operations and Deputy Head of Global Manufacturing.

1995–2013: Ericsson Radio Systems/Ericsson Mobile Communications/Sony Ericsson/Sony Mobile – General Manager and Director positions in Operations and Sourcing.

Shareholding: 49 500

Warrants: 300 000 TO 2020/2023.



## Helge Tiainen

*Chief Sales & Marketing Officer (CSMO)\**

Co-founder, active in InCoax since 2009, most recently as Director Business Development. Faculty of Science and Engineering, Linköping, Nokia Landscape, Nokia intern MBA. Born 1956.

2001–2009: Active in about 60 companies, including as COO of Clavister.

1998–2000: CEO, MultiQ.

1989–1997: Vice President, Nokia Multimedia.

Shareholding: 138,062, privately, though companies and under management.

Warrants: 200 000 TO 2020/2023.



## Mats Svensson

*Chief Financial Officer, interim (CFO)\**

Employed since 2022.

MBA. Born 1967.

Mats' previous appointment was at ScanCoin AB/Suzohapp where he worked as Business Controller/Finance Manager.

2019–2020: Finance Manager, ScanCoin / Suzohapp

2014–2019: Finance Manager, Imperial Logistics AB

2008–2014: Senior Accounting Manager, Flint Group Sweden AB

2003–2007: Business Controller, Nestle Purina PetCare AB

Shareholding: 0.

Warrants: 0

\* Emil Bendroth was CFO until March 31, 2022.



## Thomas Svensson

*Chief Technology Officer (CTO)*

Employed since 2011.

Technical college graduate. Born 1955.

2011–2017: InCoax Networks AB – Chief Executive Officer (CEO). 1981–2017: TEDAKO – Operating sole proprietorship.

2000–2005: Service Factory AB – Founder and Head of Marketing/Sales and Product Management.

1995–2000: Telia AB – Vice President Network Services and Head of Router Net and Internet Division.

1976–1995: Telia AB – Various senior positions.

2009–current: getITsafe Security Partner Norden AB – Chairman of the Board.

Shareholding: 33,000.



# Definitions

## Financial

**Total assets** The company's combined assets.

**Gross margin** Gross profit/loss as a ratio of net sales.

**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

**VAR** Value Added Reseller.

**Tier-1 Operator** An Operator who own 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.

**Hospitality** Customer segment that includes hotels, holiday parks, hospitals, prisons, cruise ships and accommodation platforms.

## Technical

**CAT cable** CAT cable is a twisted-pair signal cable, comprising twisted conductors. The conductors are twisted to counteract disturbance, primarily cross-talk. Cat6 cable is primarily used in data communication. The two main disadvantages of twisted-pair cable are its high power loss, referred to as dampening per meter, which means that no more than a score or maximum of 100

meters of this cable can be laid without needing a repeater station.

**Fiber** Optical fiber contains a special type of mineral glass fiber for the transfer of light signals over long distances at very high capacity, such as for data and telecommunication.

**Coaxial cable** Coaxial cable is a two-pole electrical cable comprising a metallic conductor, the center conductor, surrounded by insulating material, the dielectric, which in turn is enclosed by a conductive casing, the screen. Coaxial cables can transfer signals at high frequencies with low dampening, meaning they can transfer data traffic at high capacity.

**Chip-set** A chip-set is a set of integrated chips designed to work together on the motherboard.

**Symmetrical products** Symmetrical products can handle communication at the same data speed in both directions.

**XGS-PON** An updated standard for Passive Optical Networks (PON) that can support higher speed 10 Gbps symmetrical data transfer and is part of the family of standards known as Gigabit-capable PON, or G-PON.

**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.

**G.hn** A specification for home networks with up to 2 Gbps data rates over four types of medium: telephone, coaxial or power wires, and optical fibers.

**DOCSIS** The dominating technology for cable operators, used for CATV and Internet. Present in multiple generations such as 3.0 and 3.1, and able to co-exist with MoCA Access 2.5. DOCSIS 4.0 is the latest version.

**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 General Meeting 2022	June 16, 2022
Interim report Apr–Jun 2022	August 25, 2022
Interim report Jul–Sep 2022	November 24, 2022

### Annual Report 2021

This publication constitutes the annual accounts of InCoax Networks AB, Corporate Registration Number SE 556794 1363.

The annual report can be obtained through the channels below.

*Denna Årsredovisning finns även tillgänglig på svenska.*

### Financial reports

Further operational information is available from InCoax Networks AB's website: [www.incoax.com](http://www.incoax.com)

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

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### About InCoax Networks AB

InCoax Networks AB (publ) is innovating the future of broadband access. InCoax MoCA Access 2.5 platform provides the next generation cost-efficient multi-gigabit Fiber Access Extension solutions to the world's leading telecom, cable and broadband service providers.

Since January 3, 2019, the company's share (INCOAX) has been admitted to trading on Nasdaq First North Stockholm, with Augment Partners AB, tel. +46 8 604 22 55, [info@augment.se](mailto:info@augment.se), as its Certified Adviser. Pareto Securities AB is the company's liquidity provider.



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