

Q3 2023

Interim report

Aixia Group AB (publ)

aixia

Group financial overview

All amounts in TSEK	2023	2022	2023	2022	2022
Group financial overview	Third quarter	Third quarter	First three quarters	First three quarters	Full year
Net sales	35 207	73 881	80 417	125 104	156 113
EBITDA	1 740	2 173	900	5 088	5 760
Earnings (EBIT)	777	1 202	-2 008	2 246	1 972
Earnings after tax	676	928	-2 288	1 625	1 281
Earnings per share after tax (SEK)	0,43	0,59	-1,45	1,03	0,81
Number of shares	1 576 000	1 576 000	1 576 000	1 576 000	1 576 000

- Aixia is delivering a positive result again and has thus broken a negative trend.
- At the beginning of Q3, we initiated a savings package. In parallel with that, we have been working incredibly focused on our revenue areas. The purpose of the savings packages was to bring down our overhead expenses – partly to meet a weaker economy, partly to adapt the business to the new working methods that now prevail and have become almost permanent after the pandemic.

The biggest changes, where we can make the biggest savings, is where and how we work. That all our employees come to an office to do their job, to later leave when the work is done is no longer a matter of course or even likely. Therefore, we have decreased our office spaces by 40%.

We also see that our traveling has decreased significantly, as more and more meetings and tasks are performed digitally. This is the next savings area that we carry out. Our vehicle fleet within the company has decreased by approx. 50%. Some of the actions we can already see the effects of, but we will see the full effects of the saving packages during Q4. We continue to analyze our business and do not rule out more savings measures.

- As we have described earlier, we have also put a lot of focus on increasing our service and contract revenues. Our contract revenues increased by 11% and our service revenue increased by 89%, compared to the previous year. What still is a challenge is our product deal, partly because of the component shortage. It has improved but is not yet back to normal levels, making our product business lose during Q3 compared to the same period last year. I see it as a statement of strength that we, despite declining product business, are delivering a positive result!



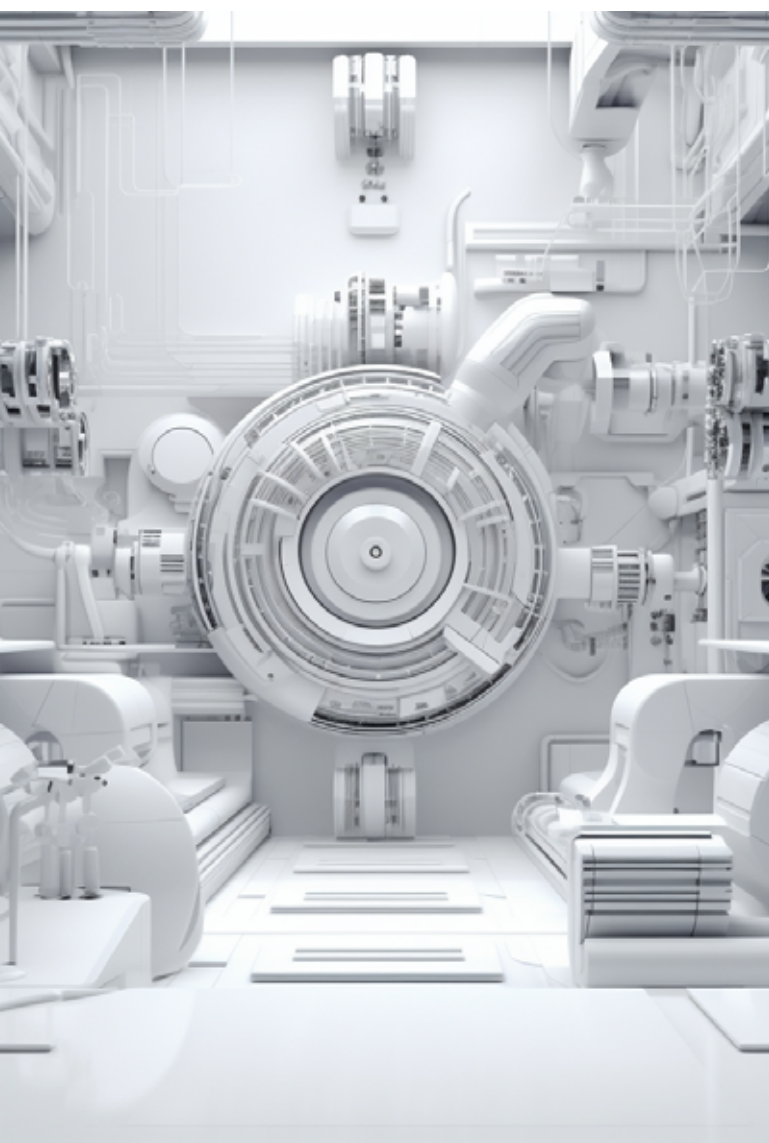
- The revenue amounts to 35.2 MSEK (73.8 MSEK for the same period last year). Q3 is also affected by longer than normal delivery times for products and solutions. We also notice that investment decisions are taking longer than normal, connecting to the current economic situation.
- The annual recurring revenue (ARR) from our ongoing operations is experiencing an 11% growth, reaching 7.25 MSEK (6.52 MSEK for the same period last year).
- The gross margin for the ongoing operations stands at 35.5% (16% for the same period last year).
- EBITDA stands at 1.74 MSEK (2.2 MSEK for the same period last year). Under Q3, we still have an increased cost for our name change and legal dispute with CGI.
- The group's earnings per share for Q3 amounts to 0.43 SEK (0.59 SEK for the same period last year).
- During the third quarter, we concluded our litigation with CGI. Negotiations have been ongoing throughout 2023, which has negatively affected our results. It feels incredibly good to put that process behind us. We have always tried to keep the process on a constructive and pragmatic level, and now we just want to go back and wholeheartedly focus on our core business. We hope that CGI does the same.

CALENDAR

YEAR-END REPORT (Q4):
february 22, 2024

Mission statement

By challenging with innovative, smart and simple solutions, we increase the competitiveness of our Clients.



Description of activities

Aixia is an IT company based in Mölndal, Sweden, which is part of Aixia Group AB (publ). Aixia has since 2007 been operating in the construction and development of IT, including AI/ Deep Learning platforms, data centers, security, management, hosting, networks & communication and backup/DR.

The company supplies products, solutions and expertise in the following business areas; AI solutions and services, Enterprise IT infrastructure, IT operations and hosting, IT products/ solutions and currently has around 120 clients across the country in a wide range of industries.

We help companies get the most out of their existing IT solutions and find maximum business value in planned investments. We achieve this by working closely with a small number of carefully selected partners who together create synergies.

Our vision is that tomorrow's challenges cannot be met with yesterday's technology and working with Aixia should always be valuable, profitable and prompt.

Group financial overview



A MESSAGE FROM THE CEO /

We are in an exciting position! AI has never been as hot as it is right now. Everyone is entering a process of change that is unprecedented! All reputable analysts and analysis companies are comparing the development of AI with the development of penicillin or the invention of electricity. And it is fast, incredibly fast!



Aixia is a prominent player in advanced IT solutions, digitalization, and AI. We have extensive competence and a solid background in these areas, and I would say that Aixia has a leading position, not only within the borders of Sweden or Europe but on the global stage. This is confirmed by most of the leading manufacturers on the global market I have had the privilege of sitting down with to describe our offer and direction. During Q3, we worked on our cost structure but also accelerated our market presence in the Swedish industry, mostly in the fields of AI, ML Ops, and applied AI. As we have put our legal process with CGI behind us, we are resuming our collaboration with the OTC Market to create opportunities for us to reach the global market even more effectively.

Our goal is to be leading in advanced IT and AI and thereby deliver the entire lifecycle. Our holistic approach to AI in the coming years strengthens our focus. I am convinced that we will continue to lead the development in this area. Our offer, our experience, and our position are evidence of this, now that we see the market properly open to the implementation of AI in all industries. Even if some industries are further ahead than others. It also requires patience and faith in us as a company,

especially when the development takes time, and the state of the economy affects the will to invest. The changes in the next few years will be historic!

I mention a holistic approach. In the long term, we are convinced of how the market will develop and we have an incredibly disciplined way of working based on that. And the changes are fast. Swedish, European, and Global industries are facing major and necessary changes that can be summarized within concepts such as Industry 4.0 and Industry 5.0. AI will be crucial for countless companies, and we already have the solutions. We will improve and clarify our way of communicating our progress, so the market understands and believes in our long-term potential.

Historic data and past performances may indicate Aixia's ability to deliver. Although times are changing, a history of success and adaption can demonstrate that the company has the necessary skills to navigate through challenging times. Open and direct communication with the market is crucial. Aixia will increase and improve the communication around Aixia's strategies, progress, and challenges.

"From data to visdom"

One of Aixia's most prominent strengths is our ability to offer an integrated solution throughout the entire AI Process. The process begins with tailor-made infrastructural solutions, where Aixia directly implements solutions for customers.

Aixia has successfully developed our own advanced Machine Learning Operation software, AiQu, entirely within Sweden's borders. Developed through advanced research and development, this software is a result of Aixia's effort to eliminate the complexity that weighs down many of the popular schedulers. With AiQu, Aixia has also integrated features that greatly improve efficiency and control. This advanced software positions Aixia as an innovator in the field, with features that surpass competing solutions and make us unique in the market.

In the industrial sector, Aixia has also demonstrated the ability to apply AI on a practical level, resulting in several outstanding projects. By making AI available to a broader market, Aixia effectively contributes to strengthening Sweden's technological infrastructure and competitiveness.

In a world where technological innovation is constantly changing and evolving, Aixia stands firm as a pillar of expertise and reliability. With a unique combination of technical knowledge, research, and practical application, Aixia positions itself as an indispensable partner for anyone seeking leadership in AI.

In conclusion, this quarter has been both challenging and incredibly rewarding. The technological landscape is constantly changing, but our mix of technical expertise, market insights, and unwavering commitment to innovation makes Aixia poised for continued growth and success.



Mattias Bergkvist
CEO, Aixia Group AB (publ)



Significant events Q3 2023

2023/07/03

Aixia takes new order from Benify, value 4.3 MSEK.

Aixia has been entrusted to deliver next generation Hyperconverged Infrastructure (HCI) solution to customer. Benify is a fast-growing, independent HR tech company that helps companies and organizations around the world build a strong employer brand by aggregating and highlighting benefits and compensation offerings. The solution guarantees to secure the compute, and storage, needs of the customer for a long time and Aixia is incredibly proud and grateful for the trust. We look forward to working closely with the customer in the coming years.

2023/07/17

Aixia takes new strategic order with international energy company.

Aixia takes a strategically important order in communications! Aixia has been trusted to deliver the next generation communication solution to an existing customer. The customer, which is active in the international energy sector, has chosen to invest in a new communication platform to meet growth plans but also ensure availability and security. The choice of the solution and supplier is strategic for the customer as completely new requirements are set around security and accessibility linked to the environment we all find ourselves in. This is a first rollout of a new architecture which will then be delivered to many sites. The first rollout has a value of SEK 500,000.

2023/07/27

Aixia takes new order with new customer, value SEK 4.5 million.

Aixia has been trusted to deliver new AI infrastructure and the next generation data center solution to a new customer. The customer, which is the Bröderna Hansson and which is part of the international group Huitai Investment Group. Bröderna Hansson is a full range wholesaler in fish & seafood with a focus on the grocery trade, commercial kitchens, delicatessens, food wholesalers and food chains. Aixia is trusted to deliver the latest in AI infrastructure and next-generation data center solutions with associated services.

"We wanted the best in AI and IT support so we can invest in securing the best delivery of our services and products to our customers because we work with fresh produce and have Just-in-time deliveries, as well as investing in AI solutions for product control systems to future-proof our business" Says IT manager Amer Dzindic

2023/09/25

Aixia takes new hosting and operating orders with new customers, contract value SEK 3.5 million.

Aixia has been trusted as a new hosting and operation supplier to two new customers. The one customer is active in automation of production lines, robotics, PLC programming and machine construction. The other customer is active in communications and supplies simple and smart phones, watches and tablets. Aixia has been trusted to be responsible for the customers' existing server/storage infrastructure including VMs, backup, server operation, VPN management and application operation of SQL and Exchange.

2023/09/29

Aixia takes on a new hosting and operating deal with a new customer, contract value SEK 1.1 million.

Aixia has been trusted as a new hosting and operation supplier to another new customer. The customer is active in digital security alarms for municipalities and other organisations. Aixia has been trusted to be responsible for the customer's existing server/storage infrastructure including VMs, backup, server operation, VPN management and application operation of SQL and Exchange. The agreement is worth SEK 30,000/month and extends over 36 months. Aixia is incredibly proud and grateful for the trust. We look forward to continued close cooperation with this new customer as well and we are convinced that we will expand our commitment as this is the first of several steps in the customer's plan to outsource their operations.



AI Made in Sweden

aixia



Total revenue 2023 Q3

Services ■ 12,3 %

Operations/Hosting ■ 20,5 %

Product/Solutions ■ 66,6 %

Total Gross Profit 2023 Q3

Services ■ 30,5 %

Operations/Hosting ■ 44,5 %

Product/Solutions ■ 24,1 %

Basic Group Facts

The share

The Company's share is available for trading on Spotlight Stock Market under the ticker AIXIA B, ISIN-kod är SE0010636837. Spotlight Stock Market is a subsidiary of ATS Finans AB, an investment firm under the supervision of the Swedish Financial Supervisory Authority. Spotlight operates a trading platform that is not a regulated market.

The share capital of Aixia Group AB (publ) amounts to SEK 788 000 divided into 1 576 000 shares with a quota value of SEK 0.50 per share. All are issued and fully paid. The Company has two class shares: 100 000 are class A shares, and 1 476 000 are class B shares. Each A share carries ten (10) votes per share, while each B share carries one (1) vote per share. They all have equal rights to a portion of the assets and profits of the Company.

Accounting and valuation policies

We have prepared the report in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 (K3), which are unchanged from the previous year. Please refer to the Company's most recent annual report for further information.

The consolidated accounts combine the activities of the Parent Company and all its subsidiaries. Subsidiaries are all entities in which the Group has the power to govern the financial and operating policies to obtain economic benefits. The Group achieves and exercises control by holding more than half of the votes. Intra-group transactions and balance sheet items are eliminated in full on consolidation, including unrealized profits and losses on transactions between Group companies.

Auditor's statement on the interim report

The report has not been subject to review by the Company's auditor.

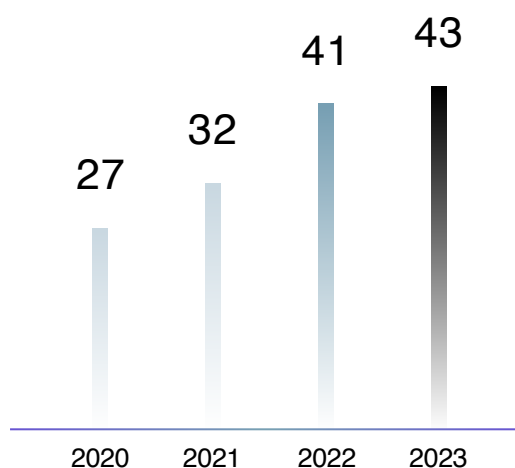
Staff

As of September 30, 2023, the Group has 43 employees.

Important dates

Year-end report (Q4): February 22, 2024

Number of employees



FOR FURTHER INFORMATION,
PLEASE CONTACT /

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Consolidated Income Statement

All amounts in TSEK

	Third quarter		First three quarters		Full year
Consolidated Income Statement	2023	2022	2023	2022	2022
Operating income					
Net sales	35 207	73 881	80 417	125 104	156 113
Capitalized own development work	819	88	2 880	422	422
Other operating income	950	532	2 370	3 230	5 736
Total operational revenue	36 976	74 501	85 667	128 756	162 271
Operating costs					
Merchandise & purchased services	-23 830	-62 374	-47 901	-94 175	-114 016
Other external costs	-3 234	-2 886	-10 227	-8 565	-12 804
Personnel costs	-8 123	-6 779	-26 046	-20 562	-29 325
Other operating costs	-49	-289	-593	-366	-366
Total operating costs before depreciation	-35 236	-72 328	-84 767	-123 668	-156 511
Operating profit before depreciation and amortization (EBITDA)	1 740	2 173	900	5 088	5 760
Depreciation of intangible and tangible fixed assets	-963	-971	-2 908	-2 842	-3 788
Operating profit (EBIT)	777	1202	-2008	2246	1972
Income from financial items					
Other interest income and similar revenue and expense items	0	0	0	0	17
Interest costs and similar items	-101	-70	-280	-196	-261
Profit before tax for the period	676	1 132	-2 288	2 050	1 728
Tax expense for the period	0	-204	0	-425	-447
Profit for the period	676	928	-2 288	1 625	1 281
Profit per share after tax	0,43	0,59	-1,45	1,03	0,81
<i>Profit attributable to shareholders of the Parent Company</i>	676	830	-2 288	1 603	1 401
<i>Profit attributable to non-controlling interests</i>	0	98	0	22	-120

Consolidated Balance Sheet

All amounts in TSEK

Assets	2023 Q3	2022
Fixed assets		
Intangible assets		
Capitalized expenditure for development works	9 081	6 175
Tangible fixed assets		
Machinery and other technical equipment	141	207
Equipment, tools, fixtures, and fittings	11 829	10 835
Total fixed assets	21 051	17 217
Current assets		
Inventories, etc.		
Finished goods and merchandise	18	111
Short-term receivables		
Accounts receivable	23 068	21 757
Current tax asset	717	593
Other receivables	322	291
Prepayments and accrued income	2 192	2 469
Cash and bank balance	572	7 068
Total current assets	26 889	32 289
Total assets	47 940	49 506

Consolidated Balance Sheet

All amounts in TSEK

Consolidated Balance Sheet	2023 Q3	2022
Equity capital		
Share capital	788	788
Other contributed capital	5 460	5 460
Other equity including net result for the period	6 159	8 439
Equity relating to shareholders of the Parent Company	12 407	14 687
None–controlling influence	0	20
Total equity	12 407	14 707
Non–current liabilities		
Liabilities to credit institutions	7 842	6 107
Total non–current liabilities	7 842	6 107
Current liabilities		
Amounts owed to credit institutions	38	0
Liabilities to credit institutions	3 170	3 956
Customer advances	69	48
Accounts payable	13 344	18 325
Current tax liability	0	0
Other liabilities	4 579	3 173
Accruals and deferred income	6 491	3 190
Total current liabilities	27 691	28 692
Total equity and liabilities	47 940	49 506

Parent Company Income Statement

All amounts in TSEK

	Third quarter		First three quarters		Full year
Parent Company Income Statement	2023	2022	2023	2022	2022
Operating income					
Net sales	841	840	2 520	2 520	3 360
Total operating income	841	840	2 520	2 520	3 360
Operating costs					
Other external costs	-278	-135	-799	-469	-778
Personnel costs	-553	-705	-1 748	-1 865	-2 505
Total operating expenses	-831	-840	-2 547	-2 334	-3 283
Operating income	10	0	-27	186	77
Income from financial items					
Interest expense and similar items	-1	-1	-1	-1	-2
Total financial items	-1	-1	-1	-1	-2
Income after financial items	9	-1	-28	185	75
Tax expense for the period	0	0	0	-38	-18
Profit for the period	9	-1	-28	147	57

Parent Company Balance Sheet

All amounts in TSEK

Assets	2023 Q3	2022
Fixed assets		
Financial fixed assets		
Interests in Group companies	1 790	1 790
Total fixed assets	1 790	1 790
Current assets		
Current receivables		
Accounts receivable	0	0
Receivables from Group companies	5 336	5 666
Current tax receivables	253	142
Other receivables	11	0
Prepayments and accrued income	190	102
Total current receivables	5 790	5 910
Cash and bank balance		
Cash and bank balance	552	261
Total current assets	552	6 171
Total assets	8 132	7 961

Parent Company Balance Sheet

All amounts in TSEK

Equity and liabilities	2023 Q3	2022
Equity		
Restricted equity		
Share capital	788	788
Unrestricted equity		
Share premium fund	5 460	5 460
Retained earnings	962	904
Profit for the period	-28	57
Total equity	7 182	7 209
Non-current liabilities		
Liabilities to credit institutions	0	0
Total non-current liabilities	0	0
Current liabilities		
Accounts payable	287	34
Current tax liability	0	0
Other liabilities	472	453
Accruals and deferred income	191	265
Total current liabilities	950	752
Total equity and liabilities	8 132	7 961

AIXIA /

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FOR MORE INFORMATION /

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This information is information that Aixia Group AB (publ) is required to make public pursuant to the EU Market Abuse Regulation. The information was provided by the above contact, for publication 2023-10-26.