

WEBCAST

Q2 2023

Investor presentation

18 July 2023

Agenda



Crister Fritzson
CEO

- Q2 Summary
- Business highlights
- Financial report
- Q&A



Joakim Schedvins
CFO

Q2 Summary

Strong growth continues in the quarter

- ❑ A stable start to the year was followed by another strong quarter despite a challenging macroeconomic environment
- ❑ The development of Zyntai, continues according to plan, order book exceeded SEK 160 million at end of second quarter
- ❑ Continuous steady growth in the media business with currency-adjusted growth of 11% year-on-year
- ❑ Net sales improved by 14.7% (currency adjusted 7.4%)
- ❑ Operating earnings totaled SEK 9.9 million compared to SEK 9.4 million in Q2 2022



Business highlights

Key media product launches and rapid progress in synchronization

- ❑ Active marketing efforts, coupled with the introduction of new products and functions in recent quarters, have ensured favorable conditions for continued growth
- ❑ The market has been somewhat more cautious as a result of macroeconomic conditions, which has meant longer sales cycles, mainly in Americas
- ❑ The growth trend remains strong in APAC, stable sales in EMEA and future growth potential in Americas

Business highlights

- ❑ Critical product launches in Media meets customers' growing demand for higher capacity
 - Doubled capacity for Nimbra 1060, delivery start in the fall
- ❑ New agreements and partnerships
 - MTI and SHM Broadcast - live sports event in Germany
 - MoMe and Cingularity - eSports event in Singapore
 - Globecast Asia – Cambodia 2023
- ❑ Revenue from time synchronization was lower than in the comparative period as customers are awaiting delivery of our new product in Q4



Business highlights

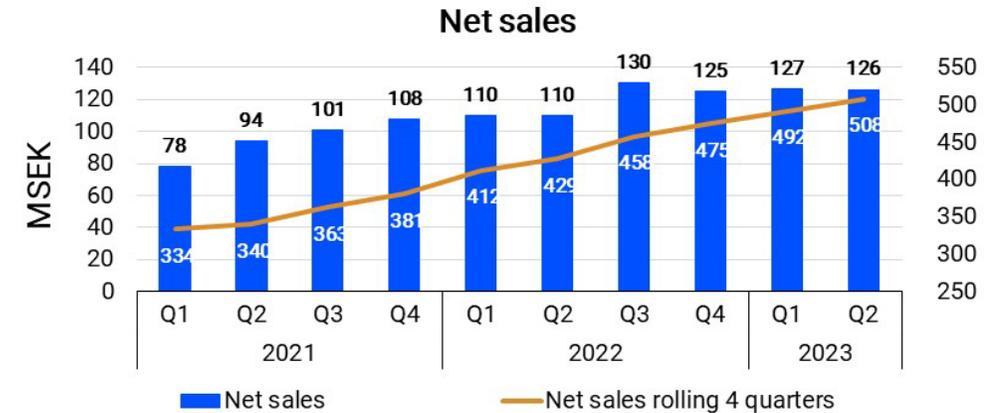
Time Synchronization

- ❑ First Zyntai units delivered
 - Product development progressing according to plan
 - Delivered to selected customers in Q2 for initial testing
- ❑ Accelerated efforts in North America, building strong US sales team
- ❑ First pilot order from a leading US operator
- ❑ Start of three new PoCs (Proof of Concept)
- ❑ Two PoCs have been successfully concluded in Q2, and now entered the negotiation phase with those customers
- ❑ Growing interest from the power utility industry - conducting trials with large European power company

Q2 in Brief

Net Sales 126.3 (110.1) MSEK

- Revenue growth of 14.7% (currency adjusted 7.4%)
- Growth vs Q2 2022 despite challenging macroeconomics.
- Continued steady growth in the media business (currency adjusted 11%) driven by:
 - Introduction of new products and functions in recent quarters
 - Strong growth in APAC
 - Positive currency effect
- Revenue from 5G time synchronization 2.6 MSEK lower than Q2 LY (delivery of new product in Q4)



Operating Earnings 9.9 (9.4) MSEK

- Increased operating earnings vs LY
- Higher Gross Margin than LY driven by:
 - Positive effect from revenue mix from licenses (ex Edge) and Support vs LY,
 - Increased volume and margin from Nimbra 1060 platform
 - Effect from price increases
- Continuous investment in R&D and strengthening of organization in primarily Synchronization in combination with inflation driven cost increases have negative impact on Opex vs LY



Operating Margin 7.8% (8.5%)

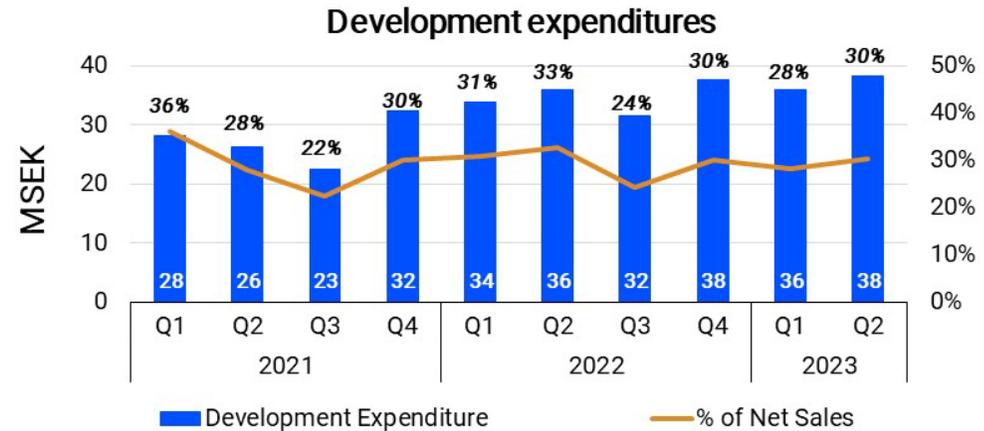
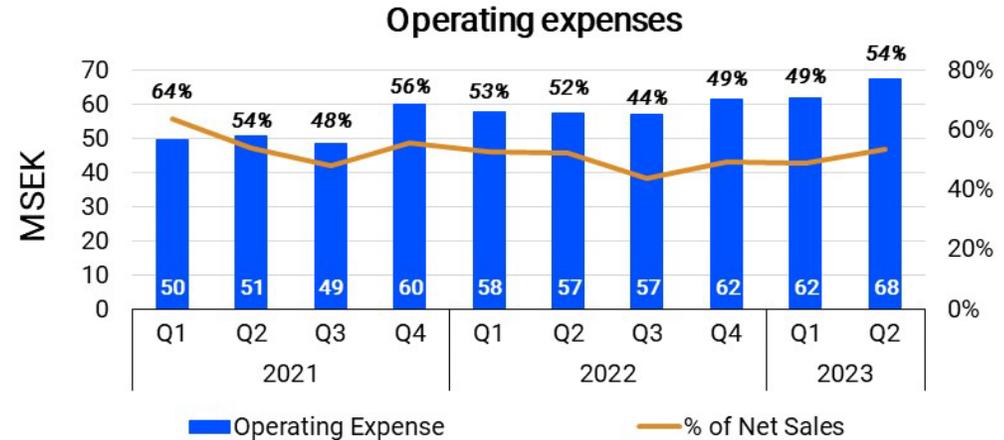
Q2 Expense

Operating Expenses of 67.6 (57.5) MSEK

- Operating expenses higher than 2022 Q2 (17.5%).
- Strengthening of the organization related to the 5G synchronization and other growth initiatives.
- Inflation driven cost increases during 2023 and negative currency effect since part of our cost base is in USD and EUR.
- Increased costs for travel and customer interaction (exhibits etc) vs Q2 2022.

Development Expenditures of 38.2 (36.0) MSEK

- Increased Development expenditures vs Q2 2022. Primarily driven by the 5G time synchronization development. New Zyntai product scheduled for commercial launch in late 2023.
- Continued investment and high focus in R&D to maintain and increase the competitiveness and secure future growth (for example IP Gateway, Nimbra Edge).



Cash Flow

SEK millions	Apr-Jun		Jan-Jun		Jul 2022-	Jan-Dec
	2023	2022	2023	2022	Jun 2023	2022
Cash flow from operating activities before changes in working capital	33.1	30.8	64.9	57.2	142.5	134.9
Cash flow from changes in working capital	-13.0	-29.9	-37.6	2.5	-26.1	14.0
Cash flow from investment activities	-25.6	-24.2	-51.7	-45.6	-97.0	-90.9
Cash flow from financing activities	-6.9	-0.5	-17.8	-39.1	-83.7	-105.0
Net change in cash and cash equivalents	-12.4	-23.8	-42.2	-25.0	-64.3	-47.0
Cash and cash equivalents at the end of the period	266.3	330.5	266.3	330.5	266.3	308.3

Q2 Net Cash Flow of -12.4 (-23.8) MSEK

- Continued improvement in cash flow from operating activities
- Increased working capital have negative impact on cash flow.
 - Increased inventory due to the situation with shortage of components. Situation expected to improve going forward.
 - Increased AR due to continued growth, especially in APAC.
- Repurchase of own shares of -4.6 (-) MSEK.

Cash balance of 266.3 (330.5 Jun 30, 2022) MSEK

Repurchase own shares

- At the Board meeting in June, the Board of Directors decided to utilize the repurchase mandate given by the AGM and start repurchase own shares. The repurchase program commenced on June 7, 2023, and will last until the next AGM and will amount to maximum SEK 50 million.
- During June, the parent company repurchased 875,000 of its own B shares on Nasdaq Stockholm for SEK 4.6 million.

Q&A

Strong global customer base



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