

WEBCAST

Q1 2023

Investor presentation

3 May 2023

Agenda



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CEO



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- Q1 Summary
- Business highlights
- Time synchronization
- Financial report
- Q&A

Q1 Summary

A stable start of the year

- ❑ Stable quarter with strong revenue growth and increased operating earnings vs Q1 2022 despite a challenging macroeconomic environment
- ❑ Continued stable order intake in our media products and new significant announcements for our cloudbased Edge offering
- ❑ Important time synchronization contract signed in new government sector
- ❑ Net sales improved by 15.4% (currency adjusted 6.1%)
- ❑ Operating earnings totaled SEK 12.0 million compared to SEK 10.7 million in Q1 2022



Business highlights

A solid quarter

- ❑ Our strategy to work long-term and closer together with our customers and partners leading to wins of larger deals and stable sales
- ❑ Frame agreement worth approx. SEK 30 million signed with Three Sweden for nationwide 5G synchronization network
- ❑ Launch of new Zyntai solution for GPS independent time synchronization at Mobile World Congress
- ❑ Order stock over SEK 150 million at end of first quarter
- ❑ Critical product launches in Media in line with long-term strategic focus on IP-based products and remote production

Business highlights

- ❑ New partnerships, deals and launches at the NAB show
 - MediaKind – end-to-end cloud workflow
 - Globecast – large new order
 - Skyline – integrated orchestration
 - Mo-Sys – 3rd generation remote production
- ❑ New product launches
 - Trust Boundary Appliance
 - JPEG XS
- ❑ New agreements and partnerships for cloudbased Nimbra Edge
 - CBS live soccer channel Golazo
 - Release of Lumen's cloud network based on Nimbra Edge
- ❑ Positive trend – significant increase in recurring revenues
 - New and existing customers; Lumen, CBS, Globecast, Tata & The Switch, MediaKind, Stream Station, LinkedIn and more



Time synchronization

- ❑ Launch of new Zyntai platform
 - Built for large-scale deployments in operator networks
 - Intelligent Zyntai Director collects 100's of metrics for optimized performance and network health monitoring
 - Delivery planned to start end of 2023, with gradual increase in volumes during 2024
 - Started lab trials on 2nd generation pre-series products
- ❑ Signed frame agreement with Three Sweden, SEK 30 million
- ❑ Important time synchronization contract signed for critical network in new government sector
- ❑ Starting four new POC's during Q1
- ❑ Positive traction in North America, building US sales org

Q1 in Brief

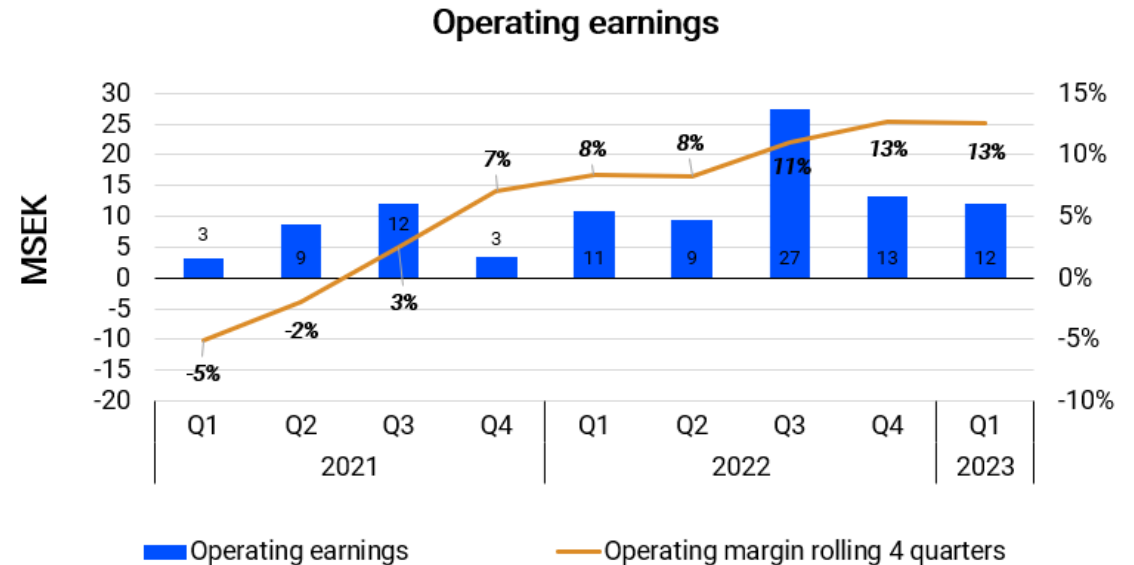
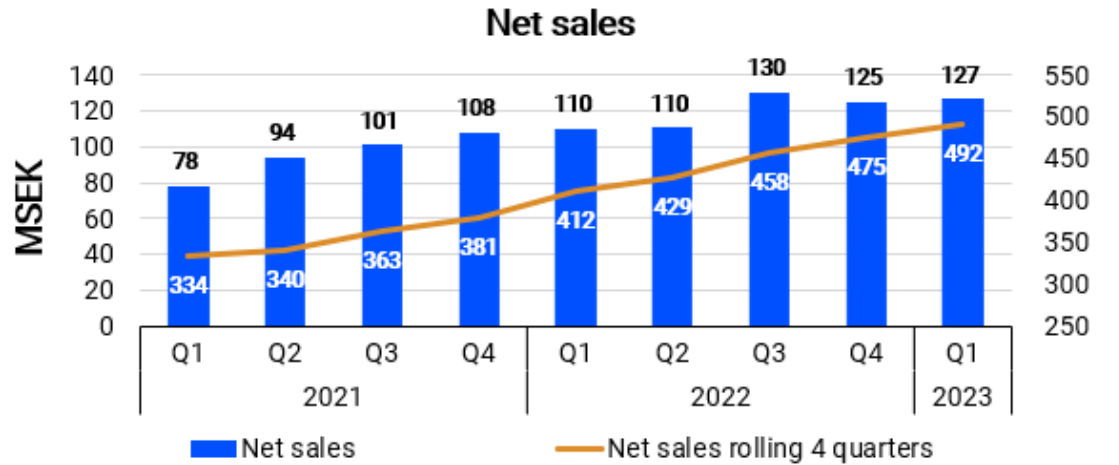
■ Net Sales 126.6 (109.7) MSEK

- Revenue growth of 15.4% (currency adjusted 6.1%)
- Growth vs Q1 2022 despite challenging macroeconomics. Growth driven by maintained high level of investments from several of our large customers in combination with a positive exchange rate effect.
- Revenue from 5G synchronization 2,8 MSEK lower than Q1 LY
- Continues positive trend in region APAC

■ Operating Earnings 12.0 (10.7) MSEK

- Increased operating earnings vs LY
- Lower gross margin vs Q1 2022 because of costs of about 1,8 MSEK of one-off nature linked to purchases on the spot market. Event based service revenue related to the winter games in Beijing Q1 2022 also contributed to a higher GM in the comparison period.
- Positive effect from revenue mix with increased support and license revenue.

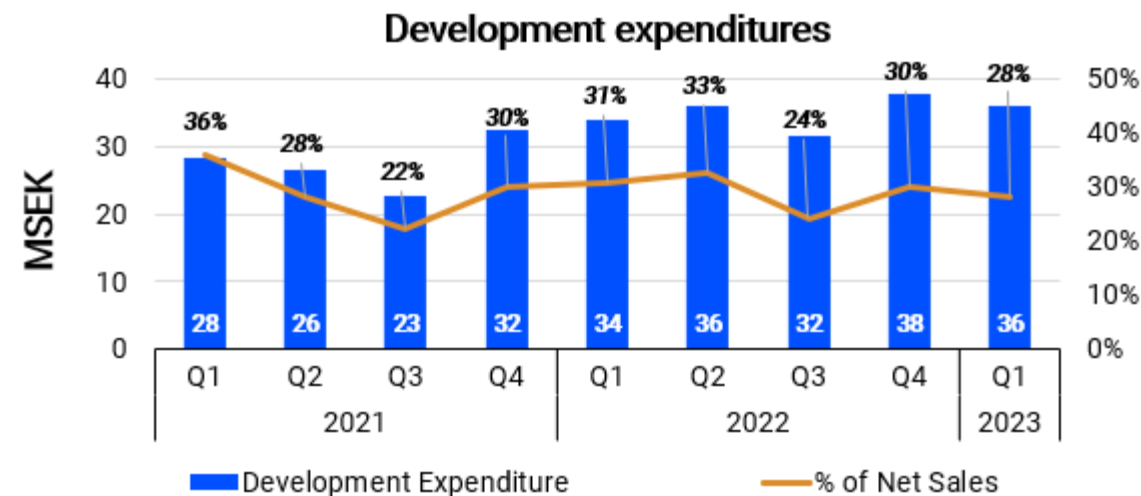
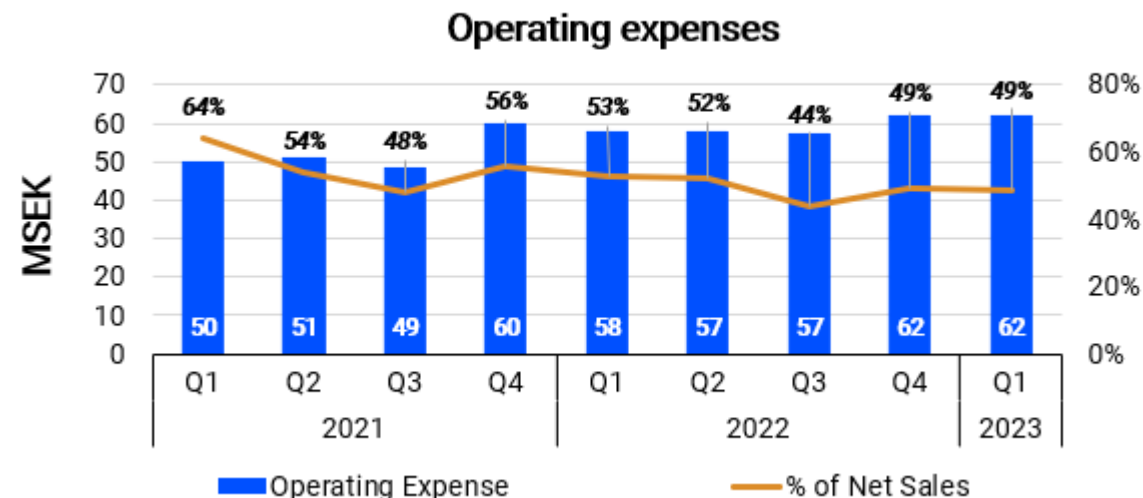
■ Operating Margin 9.5% (9.7%)



Q1 Expense

- **Operating Expenses of 61.8 (57.9) MSEK**
 - Operating expenses higher than 2022 Q1 (6.7%). Inflation driven cost increases during 2022 and negative currency effect since part of our cost base is in USD and EUR.
 - Strengthening of the organization related to the 5G synchronization and other growth initiatives
 - Increased travel and customer interaction (exhibits etc) vs Q1 2022.

- **Development Expenditures of 35.9 (33.9) MSEK**
 - Increased Development expenditures vs Q1 2022. Primarily driven by the 5G synchronization development. New Zyntai product scheduled for delivery 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	Jan-Mar		Apr 2022-	Jan-Dec
	2023	2022	Mar 2023	2022
Cash flow from operating activities before changes in working capital	31.8	26.4	140.2	134.9
Cash flow from changes in working capital	-24.5	32.4	-43.0	14.0
Cash flow from investment activities	-26.2	-21.4	-95.7	-90.9
Cash flow from financing activities	-11.0	-38.6	-77.4	-105.0
Net change in cash and cash equivalents	-29.9	-1.2	-75.7	-47.0
Cash and cash equivalents at the end of the period	278.5	353.7	278.5	308.3

Q4-22 Net Cash Flow of -29.9 (-1.2) MSEK

- Increased profit continues to contribute to improvement in cash flow from operating activities
- Increased working capital in Q1 have negative impact on cash flow.
 - Increased AR because of a concentration of deliveries and invoicing late in the quarter
 - Increased inventory due to the situation with shortage of components.
 - Q1 2022 significant positive effect from pre-payment of NRE-fee from Turk Telecom. Liability reduced in Q1 2023 which gave a negative CF impact in the quarter
- Repurchase of own shares of -8.5 (-36.7) MSEK.

Repurchase own shares

- At the Board meeting on July 19, the Board of Directors decided to utilize the repurchase mandate given by the AGM and start repurchase own shares.
- The program was completed in Q1 2023 and amounted to 12.877.000 shares and SEK 70 million.
- It will be proposed at the AGM 12th of May 2023 that:
 - a renewed mandate is passed for the repurchase of shares for up to a maximum of 10% of shares issued,
 - and that all repurchased shares should be cancelled.

Q&A

Strong global customer base



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