

## CEO statement

During the second quarter, as in the first one, we have seen a strong demand for our products and continued to win several new customers. As a result, we have gained more new customers in these 6 months of 2022 than we did in the whole of 2021. In Sweden, we have earned the trust of nine new city networks, and in Germany and Austria we have won a number of new customers, while our existing customers continue to have confidence in us and our products.

Being a Swedish supplier, with production in Sweden, that also really understands the fibre market, gives our customers extra security in the otherwise uncertain world. These are important parameters in and outside the Nordic region, as interest in our products in Central Europe is also increasing. Gaining the trust of new customers in Central Europe is very important for our long-term growth. It takes time to win customers in new markets, where we are not as well known. This is something we have included in our plans and calculations, and we are prepared to do the work required.

Revenue during the quarter increased by 11% to MSEK 29 (MSEK 26 for the same period last year), and operating profit was MSEK 5.3 (MSEK 6.3) with an operating margin of 18% (24%), and a negative cash flow of MSEK 11.5. For the first 6 months of the year, sales increased by 15% to MSEK 54 (MSEK 47), operating profit was MSEK 9.5 (MSEK 12.2), with an operating margin of 18% (26%), and a negative cash flow of MSEK 3.

Both sales growth and operating profit are an effect of our ongoing investments in sales, marketing and product development. They are completely in line with our financial targets. It is precisely these investments that form the foundation of our growth, and they are gradually bearing fruit. We will continue to invest in our focus on profitable growth by continuing to expand our sales, marketing/communications and product teams to meet demand. I expect that we will continue to develop positively in the coming years.

During the quarter and the first half of the year, we have had a negative cash flow, but it has been within expectations and linked to a couple of parameters:

- We have a larger inventory at the turn of June-July than before, which is a planned investment to be able to take on new customers.
- We have made advance payments to our subcontractors for components, in order to increase our production rate in the second half of the year, and thus be able to further increase revenue.
- We had a large portion of our sales at the end of the quarter, which has led to an increase in accounts receivable.

The fact that we at Waystream have a good liquidity is particularly important, and a security in the current component situation.

Sustainability is one of our long-term focus areas at Waystream, and we are continuously looking at how we can evolve and what we can do better. We started

working with ClimatePartner this spring to calculate the carbon footprint of our products on the environment. ClimatePartner has accounted for our full production chain from raw materials, production, electricity consumption, logistics, packaging, waste management to transport of all the hundreds of components that make up our products. As a result, we now know the exact carbon footprint of our products. In light of this, we have decided to compensate for our carbon footprint of our entire production of access switches from 1 July 2022, so they will, in other words, be carbon neutral. It is unique in our industry, as far as I know, to be able to offer climate-compensated products to our customers. This year we are supporting a wind power climate project in Brazil, and we will continuously ensure that we find exciting projects.

*Please visit our website and read more about this.*

This spring, we have participated in several industry-related conferences and fairs, in Sweden and abroad. In Sweden, it was the Swedish Local Fibre Alliance's (Stadsnätöföreningens) annual conference, and internationally we have exhibited at the major industry fairs ANGACOM in Cologne, focusing on broadband and media, and Fiberdays 22, in Wiesbaden outside Frankfurt, focusing on fibre infrastructure and digitalisation. It has given us the opportunity to meet more potential customers, as well as increase our visibility internationally and create greater brand awareness. This work is completely in line with our goal, and we will continue to be visible where our existing and potentially new customers are.

The global component shortage continues and we continue to work on minimising its impact on us and our customers. We expect the current situation to continue through 2022, and all of 2023. Despite a pandemic, war and component shortages, we have managed to maintain a good production rate in the first half of the year, and we expect to be able to increase production in the second half of 2022. As previously communicated, we initiated work last summer to increase the production rate, and now our subcontractors are starting to receive the necessary components that are needed for it. As a result, we have made more advance payments than before to our subcontractors, as they cannot act as our banks. This is fully in line with our expectations, plans and budget.

We continue to have a record order backlog, and our hope is that in the second half of 2022, and in the first half of 2023, with the increased production rate, we can meet our customers' requests and deliver more access switches to the waiting market.

*I wish you all a great summer!*

Fredrik Lundberg, CEO