



CEO Statement: Continued high rate of investment – for long-term growth

The first quarter of 2023 was another good quarter, in which we exceeded our growth target. It gave us great pleasure to be able to begin deliveries to our large customer in Germany, and that we inaugurated our new office in the Hamburg region, which entailed some initial costs but will contribute to greater opportunities for dialogue with potential customers. This is completely in line with our strategy to invest in increased market presence and product development in order to be able to secure new customers and further develop our products to future-proof the installed base with our existing customers.

Revenue during the quarter landed at MSEK 30.4, with an operating result, excluding KPO, of MSEK 1, and with an operating margin of 3.2%. We are showing growth exceeding our growth target, but the profitability target has not been achieved. The lower operating result is linked to our increased rate of investment in combination with a product mix, where we sold more products with a lower margin, and the postponed deliveries until later in the year, totalling several millions, that we previously informed about. Compared to the first quarter of 2022, we have expanded our sales and marketing capacity to be able to continue to increase our new customer processing, participate in more events, develop existing customer care, and improve support. We have opened offices in Germany to increase our presence on location, where we now have four employees focusing on Germany compared to one at the corresponding time last year. In addition to this, we have further increased investments in our technology department and product development, in accordance with what we have previously communicated. In total, we have increased our investments by over MSEK 5 compared to the previous year.

In 2022, we signed a couple of larger agreements/framework agreements with customers in the Nordic/Baltic regions and in Germany, who have different technical requirements than city networks in general, and this requires investments on Waystream's part, which we have fully understood during the procurement phase and included in our calculations. Our ongoing development projects of new functionality also give us the potential to not only grow with these customers but also help us secure more large customers in the future.

Now that we have more active sales personnel, we have been able to increase the number of new customer meetings during the first quarter, and, as a result, get more potential customers to start active testing our products, both in the Nordics and in Germany. We already know that we have good conversion on customers who test our products, so, with our significant focus on sales, this is exactly what we wanted. At the same time, we have increased our participation in a number of different fairs and industry conferences in the Nordic Region, and Europe. Our physical presence with local sales teams makes a big difference, and we can state that the number of leads and interest from customers at the conferences has increased significantly since last year.

In Sweden, we have continued our focus on city networks. Among other things, we participated in the Swedish City Networks Association's annual conference in Linköping in March, where we had the opportunity to meet the entire industry simultaneously. We are keen to nurture our long-term customer relationships, our sales personnel regularly hold tours of Sweden in order to meet existing and potential customers. In January, we were able to inform you that Marks Energi AB, a communications operator in Västra Götaland, chose us as a new supplier. The company chose us thanks to recommendations from other urban networks, which is a great

way to secure new customers. At the same time, we continue to work on gaining market shares in our other two segments, Real Estate Companies and Operators. Referral sales are important here too, and we believe that the agreement with OBOS and the framework agreement with Telia Company will help us in this area.

As for the rest of the Nordic region, our largest and most loyal customer in Denmark continued to place orders during the quarter, and in February we signed an agreement with Norway's largest property company, OBOS; one of the Nordic region's largest residential builders and managers. The deals attest to the fact that our important existing customers continue to place orders, and that there is excellent potential to secure more customers in the Nordic Region. We are now placing greater focus on Norway, where we participated at the Norwegian Fibre Association's annual conference in Oslo for the first time. It became even more clear at the conference that Norway is eager to learn from the fibre rollout in Sweden, where we have been successful.

With regard the framework agreement with Telia Company, we are in an intensive test period together, where our products are tested extremely carefully to ensure they work optimally in Telia's various broadband networks. The collaboration is working well, and we continue to have high hopes that this will be a good and long-term collaboration. We are not experiencing any general slowdown in demand for our products in Sweden/the Nordic Region either, although we are aware that the slowdown in newbuild in the construction industry can potentially affect the number of new connections to the fibre networks. Our intention is to, through our new customer processing, be able to mitigate this issue, and create growth in 2023 and beyond.

In February, we inaugurated our first German office in Hamburg, which is an important step and milestone for our future investment in Europe. It means a great deal that we are now establishing ourselves with a physical office, as it shows our customers and partners that we are serious in our investment, and we have already seen the effect of this through an increased interest from the market. We have also increased our visibility in general in DACH (Germany, Austria and Switzerland) by exhibiting at several fairs within our industry. We have had stands at BREKO Fiberdays (Germany) and ASUT IoT-Summit (Switzerland), to name a few. Increasing our visibility, building brand awareness, and meeting more customers is important for our future growth in the region.

During the latter part of the quarter, we were able to send out roughly 50% of the order placed by the operator in Hamburg last year. They have "stress tested" our switches in their fibre networks over a period of time and are now ready to start installing our products on a larger scale. This is, of course, very exciting and important for our growth journey in Germany and Central Europe. Referral sales are, as I have highlighted several times, optimal in our industry, and with this particular customer, this can truly lead to more potential customers, primarily in the Hamburg region, but also in Germany as a whole. In summary, we have never had as many leads on potential customers as we currently have in the region, which is extremely positive. However, I would again like to point out that the sales cycles are long, and that this entails making long-term investments in Germany.

Our long-term focus on profitable growth is the backbone of our work, and we will continue to invest in our products and product development in order to secure even more customers over time. We have invested more in the first quarter than we have ever done previously. To name a few major ongoing projects, we have:

- Migrated the development team in India together to be able to increase our capacity over time. It is difficult to find the right expertise and, in order to be able to accelerate the development capacity in the long term, this was an important step. Initially, this increases costs to a certain extent, but not in the long term.
- Invested in more test equipment to be able to accelerate and improve development, troubleshooting and customer support.
- A number of major development projects of functionality and products that are adapted to the needs of both our major operators in the Nordic and Baltic Regions, and Germany. These projects require resources in the form of developers, testers, etc. The projects mentioned above are taking place in addition to our usual development. We see it as

extremely important that we continue to listen and meet the demands and wishes of our existing customer base on an ongoing basis in order to maintain our high level of customer satisfaction.

During the first quarter, we sold a higher proportion of products and accessories with a slightly lower margin than previously. The product series that is most sought after in the European market has a slightly lower margin than our 10 Gbit/s switches that we sell more of in the Nordic Region, but the expected volume in this market will compensate for the lower margin. Our gross margin may differ slightly between quarters, depending on which products we sell the most, and we see no additional price pressure on our products beyond what is normal in a competitive industry.

The global component shortage that has affected our industry for a long time has now rapidly changed in recent weeks. We see a clear, positive change in deliveries of components. If it continues in the same way, our production capacity will increase going forward, which is something we have sought for a long time. This now enables us, for the first time in over 1.5 years, to have an inventory of our products, which allows not only faster deliveries but to be able to meet the demand of new customers. The risk when you do not have access to products is that customers are forced to buy from another supplier, for that reason, the opportunity cost of not being able to install products in the network is far too great.

The general demand for our products is high, and we have larger order books than the corresponding period in 2022. Our customers continue to have good lead times on their orders, and expect it to continue in this manner moving forward.

The Board of Directors and an Extraordinary General Meeting voted through a loyalty option programme (Qualified Personnel Options, KPO) for all employees of the company during the third quarter of 2022. These options require the employee to continue working for the company for at least the next three years in order for it to be possible to convert into shares. This programme is monetarily cost-neutral for the company, but the effect is that the programme will lower the result by SEK 600 000 per quarter in the coming years, but will not affect cash flows or equity.

At our Ordinary General Meeting in March, a change of name, from Waystream Holding to Waystream Group, was voted through. The reason for the name change is that we believe the new name reflects Waystream's new strategy in a completely different way now that we are establishing ourselves in more markets and broadening our business.

Our sustainability work remains a priority for us, and we are convinced that our focus on climate issues and gender equality contributes to our long-term plan for profitable growth. It's always a delight to get attention for our work, although it's not the aim in itself. In March, Waystream was awarded Woman Ahead's annual award "Diversity Employer Gold 2023", and it's great that the work we put in is coming to fruition.

We are following our plan with organically profitable growth, but will continue to have an extra high rate of investment during, above all, the first half of 2023, with the aim of increasing the value of our products for many years to come. I would like to remind you once again that our growth does not follow a straight line but, as history has shown, varies from quarter to quarter. We have noticed an increased interest in our products and an improved conversion, at the same time as a major competitor is gradually being phased out in several European countries. With a competitive product portfolio, an altered competitive situation on the market, and an improved supply chain, we see great opportunities to attain a return on our product and sales investments.

For more information please contact:

Fredrik Lundberg, CEO

Phone +46 (0) +46 72 5092776. E-mail fredrik.lundberg@waystream.com

Susan Rose, Press contact

Phone +46 (0) 73 300 3010. E-mail susan.rose@waystream.com

About Waystream

Waystream is a Swedish company that develops and sells advanced digital infrastructure, such as switches and routers, adapted for the FTTx market. With our products and our expertise, it is possible for telecom operators and service providers to offer fast and reliable services to the user. Read more at www.waystream.com

The company's share is listed on Nasdaq First North under the name WAYS. Waystreams Certified Adviser is FNCA Sweden AB.