

# Q1 2025 report

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29 April, 2025

# Agenda

**01 HIGHLIGHTS**

**02 BUSINESS OVERVIEW**

- Media
- Time synchronization

**03 FINANCIALS**

**04 OUTLOOK**

# Highlights Q1 2025

Growth in strategic focus region Americas and growing interest for unmanaged networks while our largest market, EMEA, showed more hesitation

High level of activity and strong interest in our media products incl. at the NAB Show, but increased geopolitical uncertainty and business deal timing harder to assess

Strengthened media product portfolio with several new feature launches and increased investment pace in solutions for unmanaged networks

Growing awareness of the need for GNSS-independent time synchronization among governments, and several initiatives aimed at reducing GNSS/GPS dependence

Cost-savings program implemented to support profitability levels in a time of increased market uncertainty

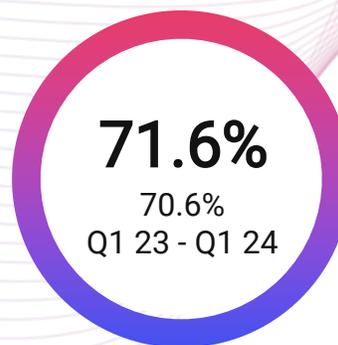
# Net insight in numbers

LTM, SEKm

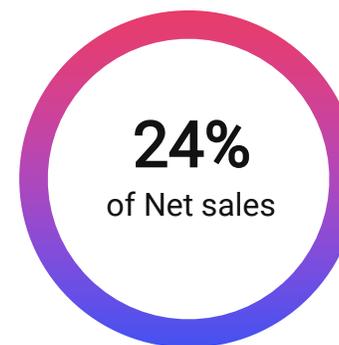
Net sales



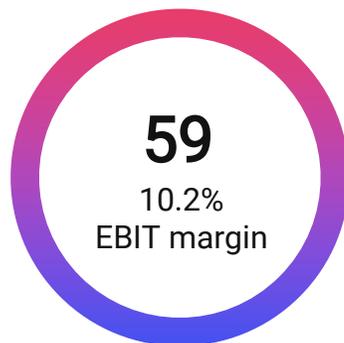
Gross margin\*



Innovation\*\*



EBIT



Earnings per share



Net cash



\* Before amortization of capitalized development expenditure

\*\* Total development expenditure

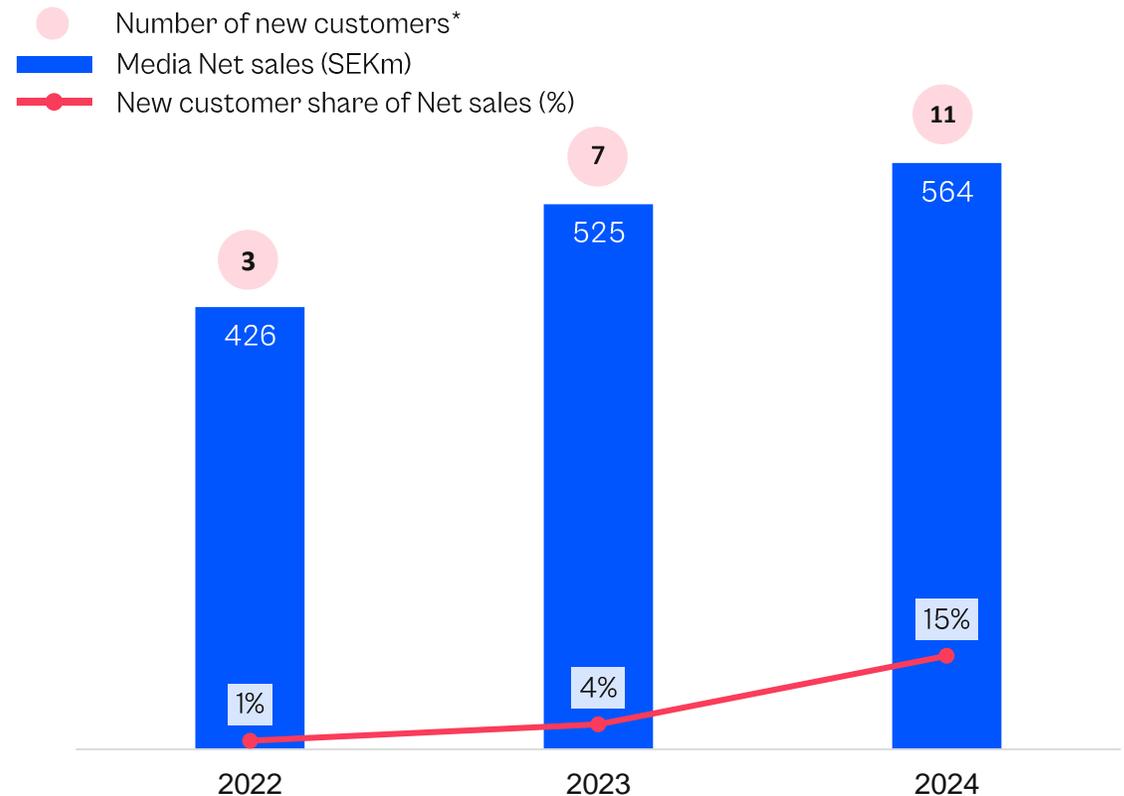
# Business overview



# Media: Existing and new customers provide solid foundation for future growth

- Resilience to economic cycles and key demand drivers remain; a continued transition to IP and Cloud, and a growing market for centralized and remote production
- Continued high activity in the industry, but increased geopolitical uncertainty causing short-term hesitation and timing of business deals are harder to predict
- Confirmation of strong product offering and growth potential at the NAB Show, particularly an increasing interest in solutions for unmanaged networks
- Strengthened and deepened relationships with existing customers, combined with strong customer intake, provide a solid platform for future growth

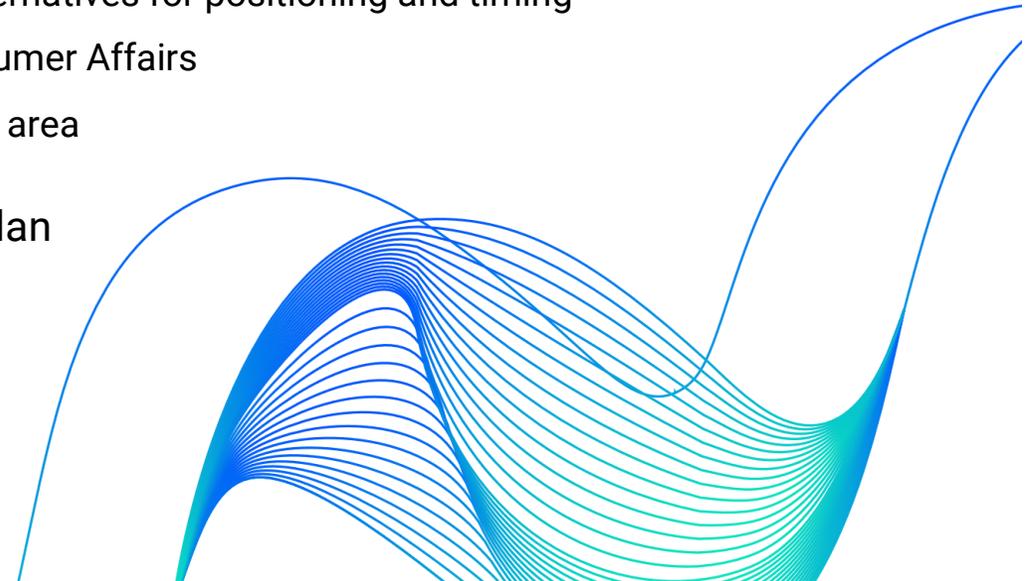
## Increasing number new customers adding to the growth foundation



\*A customer that places an order for the first time in at least three years, with a minimum order value of SEK 1 million.

# Time synchronization: Increasing awareness of need for GNSS independence among governments

- Geopolitical uncertainty drives increased awareness of security in 5G networks and need for GNSS independence among governments
- GSMA highlights the importance of seamless time synchronization - pointed to Türk Telekom's implementation of Net Insight's solution as industry benchmark, encouraging a broader and global adoption
- Increasing number of government initiatives to strengthen infrastructure for synchronization;
  - ✓ The U.S.: The Federal Communication Commission (FCC) has requested alternatives for positioning and timing
  - ✓ India: Stricter requirements have been proposed by the Department of Consumer Affairs
  - ✓ Countries across Europe and Asia are also placing greater emphasis on this area
- The standardization process with the ITU is progressing according to plan and remain expected to be completed by late 2025 / early 2026
- Several promising large PoCs and field trials ongoing, completed ones entering negotiation phase
- Time synchronization expected to account for a growing share of Group revenue in H2 2025

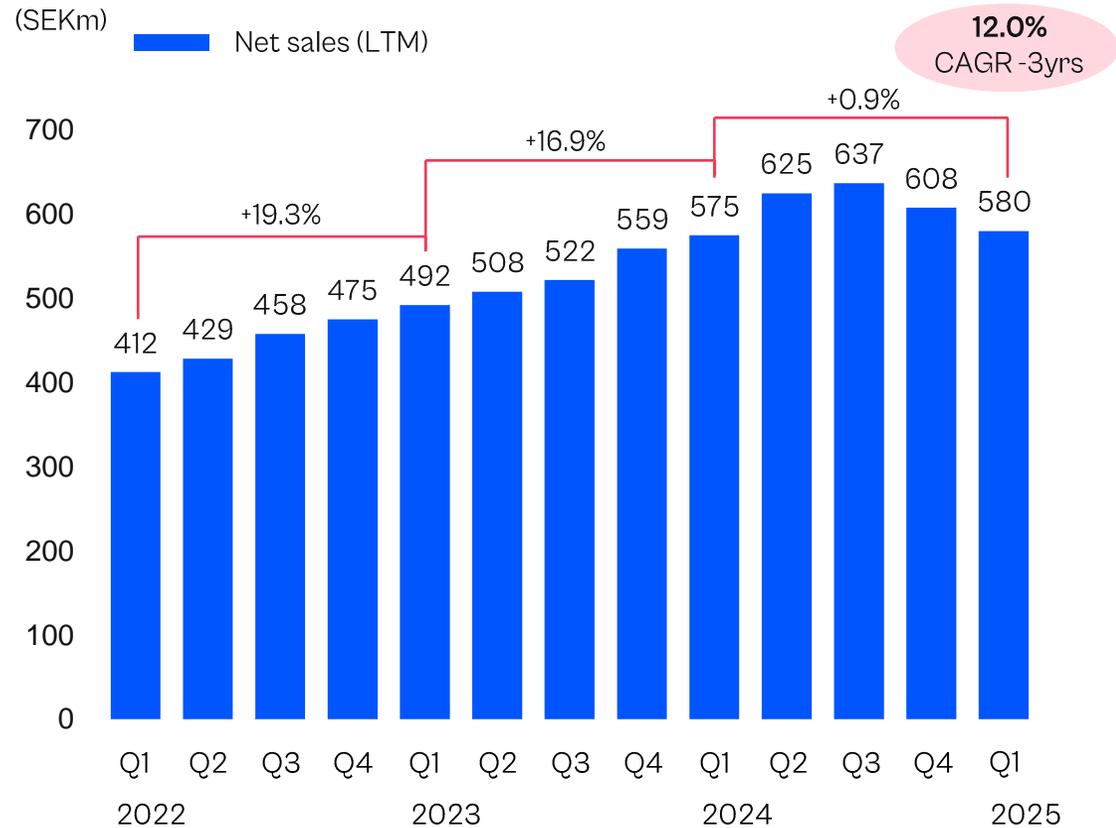


# Financials

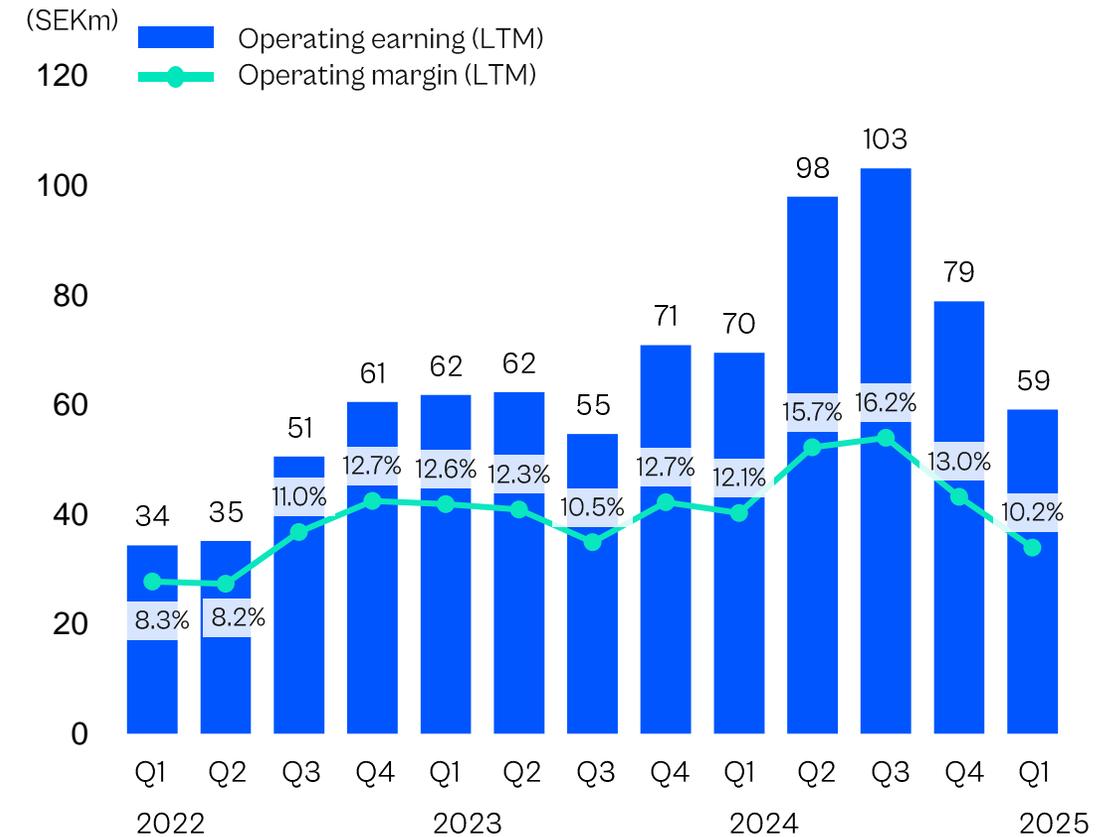


# Firm strategic focus in temporarily hesitant market

## Compound annual growth rate of 12 percent since 2022

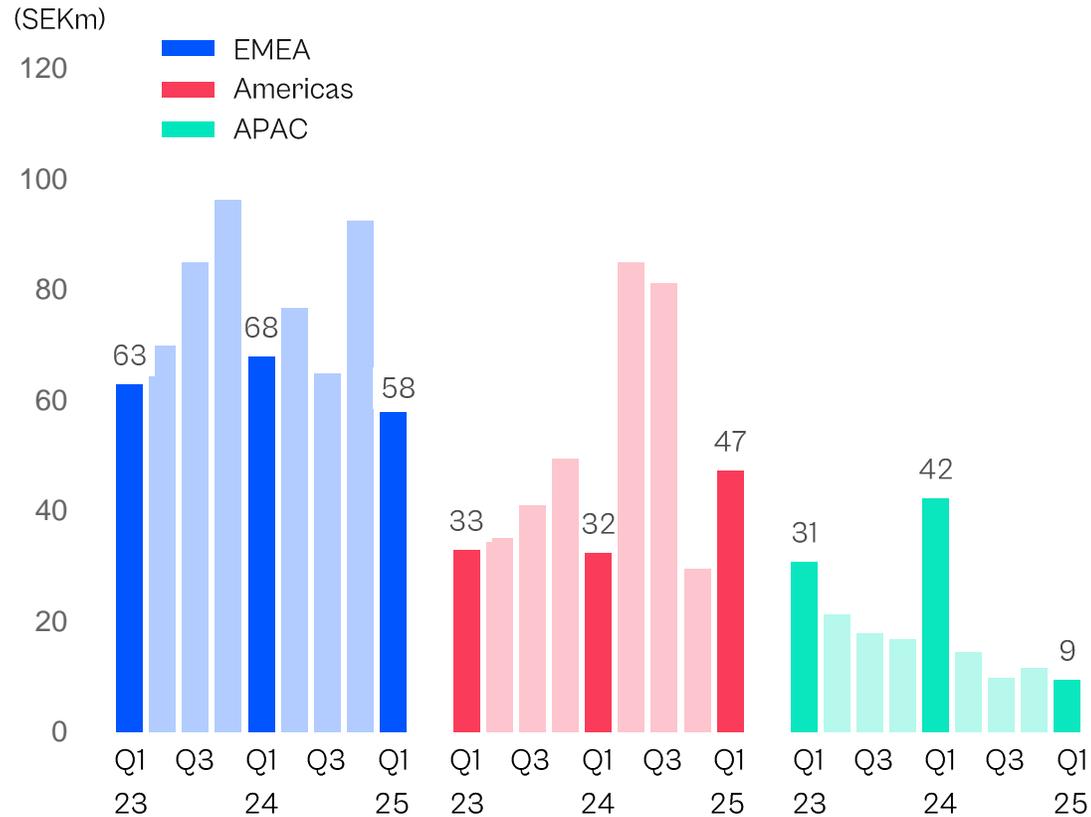


## Temporary topline weakness impacting profitability

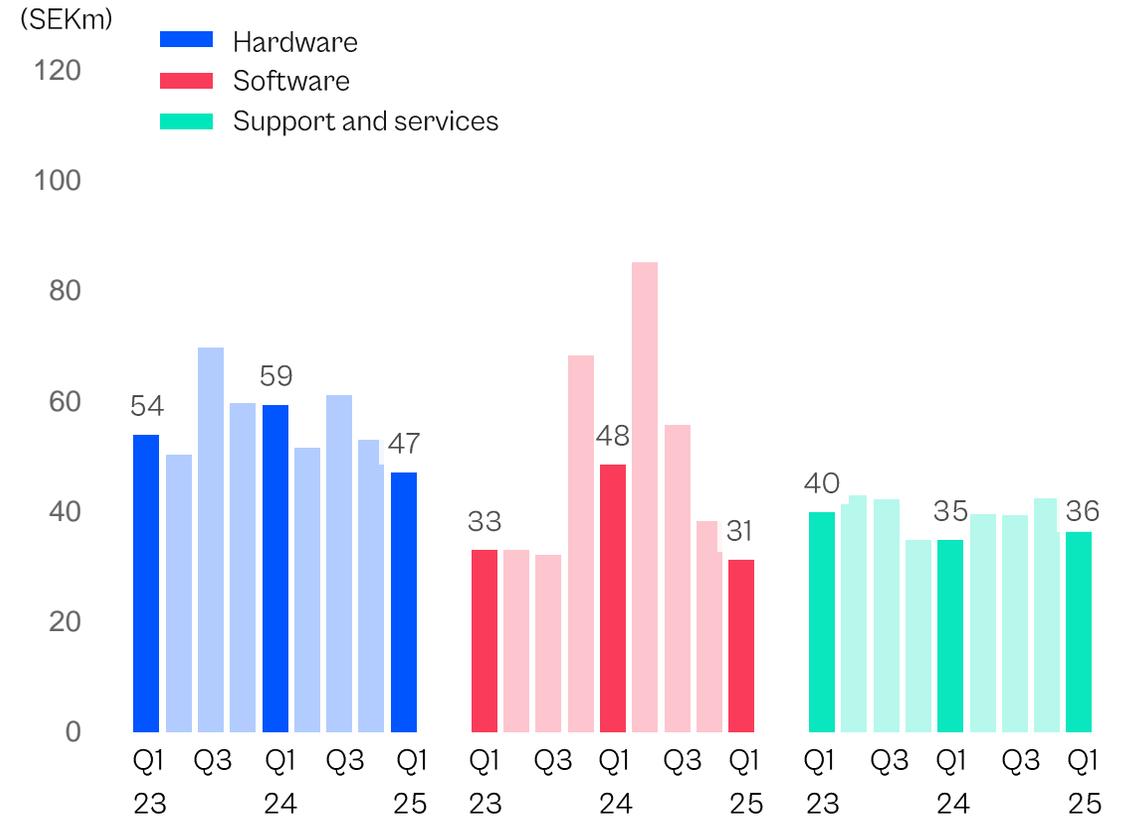


# Growth in Americas, lower volumes at Group level

Regional Net sales (quarterly): Growth in focus region Americas



Product group Net sales (quarterly)\*: Lower volumes resulting in a high share of Support and services

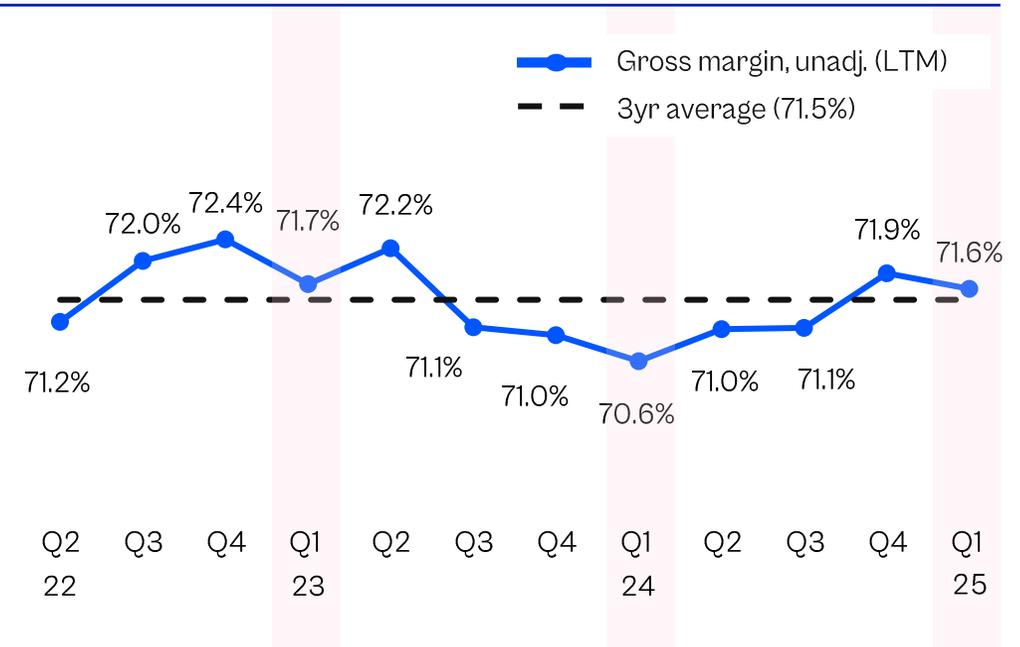


\* Historic product group comparison distorted by a financial system upgrade in Q4 2023, resulting in improved distribution of package sales across product groups

# Gross margin on a slight upward long-term trend

- Unadjusted\* gross margin for the quarter at 66.2 percent (68.3 percent in Q1 24) while unadjusted gross margin LTM was close to 3-year average, at 71.6 percent
- Gross profit amounted to 57.3 SEKm in Q1 25, resulting in a gross margin including amortization of capitalized development expenditure in the quarter of 50.0 percent (60.0 percent in Q1 24)
- Year-on-year decrease in gross profit primarily driven by lower Net sales in combination with continued investments for future growth
- Gross margin on a slight upward long-term trend, driven by a marginal shift in the product mix, toward a higher share of cloud-related software sales

Unadjusted\* gross margin LTM close to 3-year average

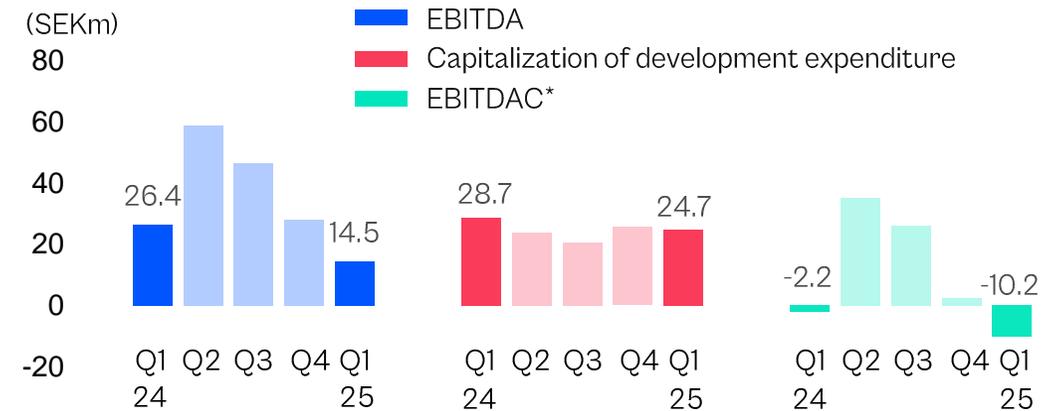


\* Before amortization of capitalized development expenditure

# Focus on competitiveness in a rapidly evolving market

- EBITDA of 14.5 SEKm in Q1 25, resulting in an EBITDA-margin of 12.6 percent (18.6 percent in Q1 24)
- The y-o-y EBITDA-margin decrease is primarily attributable to the lower revenue in the quarter
- Negative EBITDAC\* in the quarter, as we maintaining a firm focus on competitiveness in a rapidly evolving market
- EBITDA increased to 147.8 SEKm LTM (139.3 SEKm in Q1 24 LTM), corresponding to a margin of 25.5 percent over the past twelve months. A longer-term sign of business scalability along with growth in Net sales

EBITDA, capex and EBITDAC\* (quarterly)



EBITDA margin (LTM)



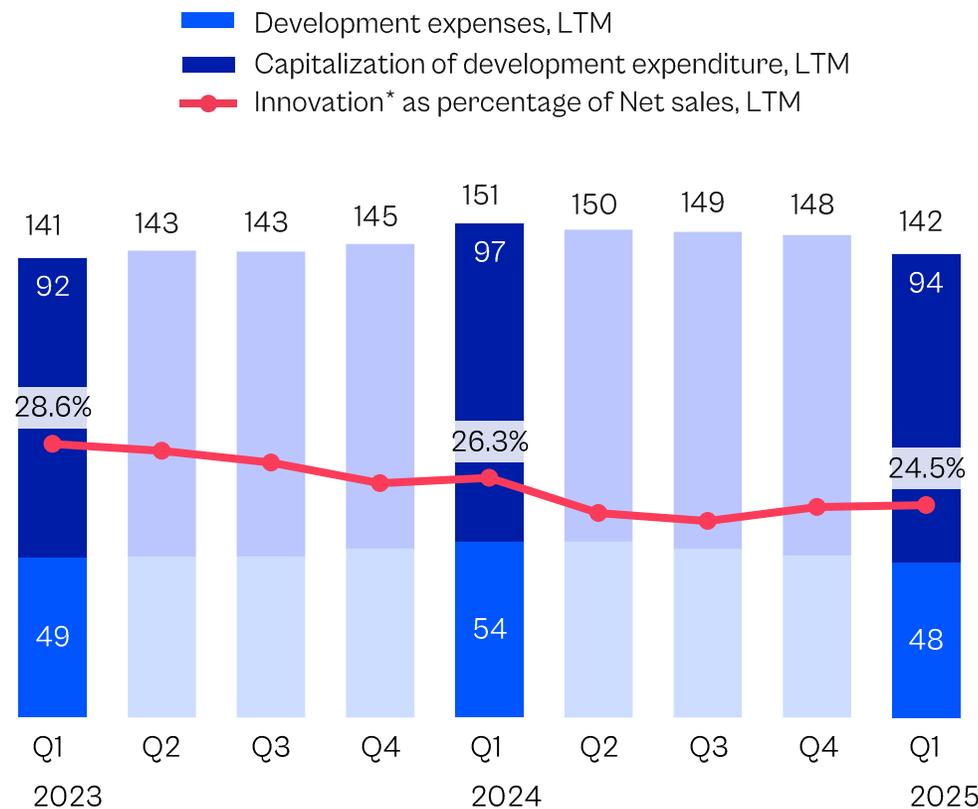
\* EBITDAC = EBITDA including capitalization of development expenditure

# Commitment to innovation and technological advancement

- Underscoring the company's commitment to innovation and technological advancement, 24.5 percent of Net sales has been invested in R&D over the past twelve months
- A substantial share of the development expenditure LTM, amounting to 66.5 percent have been capitalized, reflecting Net Insight's focus on long-term value creation
- Efficiency gains from relocating development from the US and India to Sweden

## Focus on long-term value creation

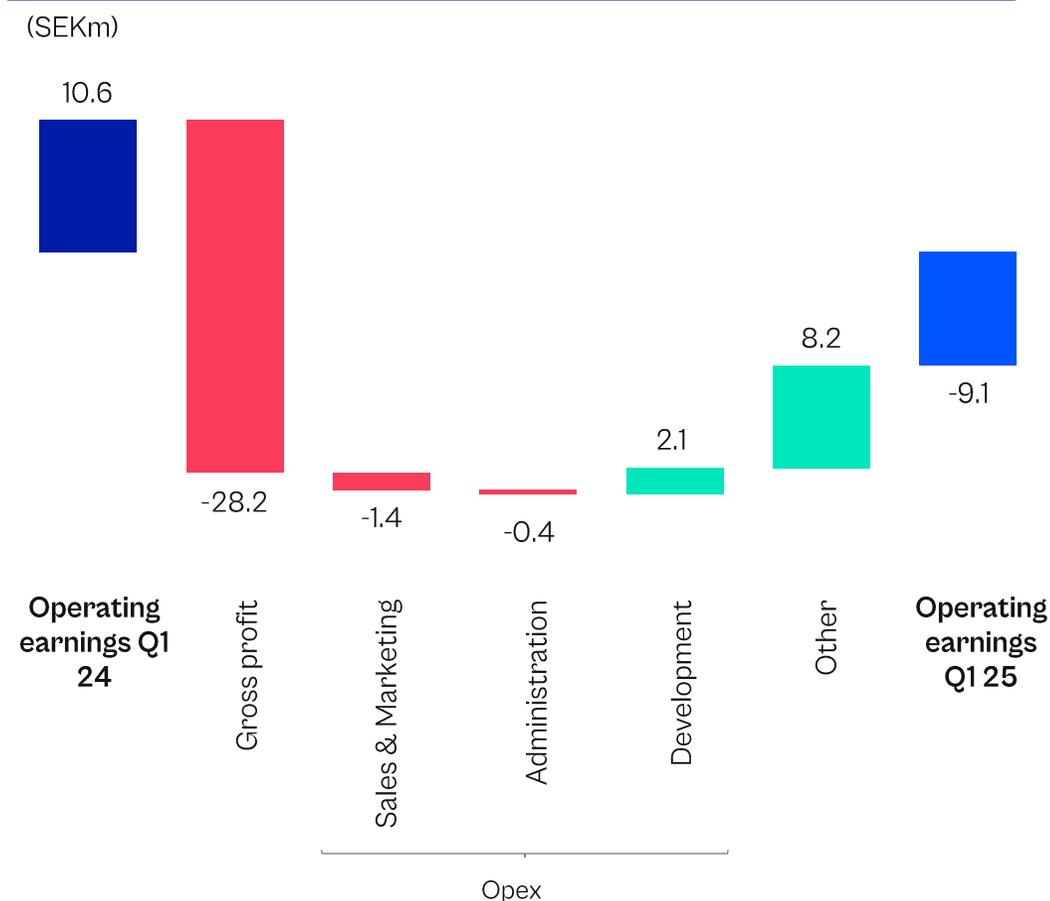
(SEKm)



# Decisive cost actions to enhance resilience

- Topline weakness temporarily impacting profitability with a negative gross profit effect of 28.2 SEKm
- Cost control with opex levels at the same level as last year, total impact of 0.2 SEKm
- Operating loss of 9.1 SEKm (+10.8) primarily driven by the lower revenue in the quarter
- On the back of the topline weakness and increased geopolitical uncertainty, the company has decided to initiate a cost-savings program
- Continuously monitor the prevailing demand situation in order to adjust the measures if needed

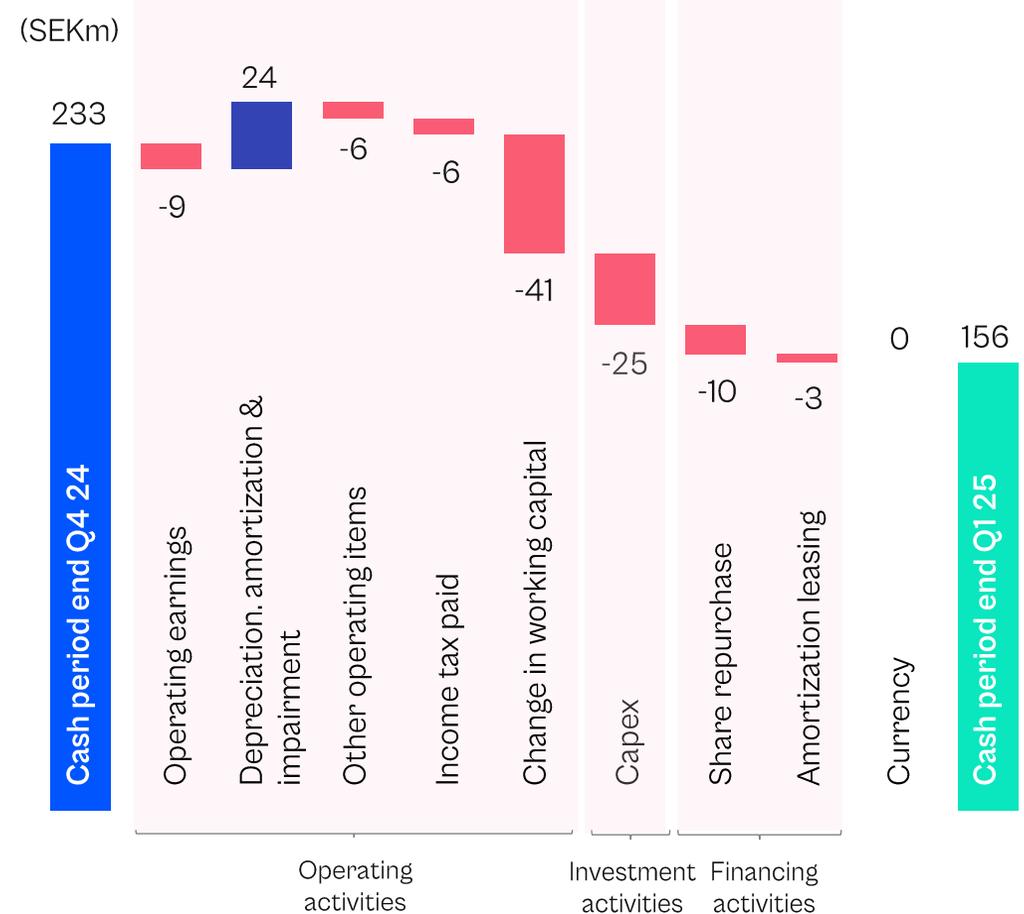
## EBIT (Q1 25, y-o-y): Topline weakness impacting profitability



# Net cash decrease but continued robust financial position

- Cash flow from operating activities at -38.6 SEKm, attributable to the lower result and an increase in working capital requirements, negatively affected by extended payment terms for a number of orders
- Cash flow from investment activities of -24.8 SEKm, mainly as a result of capitalized expenditure
- Cash flow from financing activities amounted to -13.3 SEKm, primarily attributable to 10.2 SEKm in repurchases of own shares
- Net cash flow of -66.4 SEKm excluding share related transactions
- Net cash position of 156.3 SEKm. Continued robust financial position for seizing emerging opportunities and funding future growth, including potential acquisitions

Cashflow: Short-term impact by higher WC requirements



# Trade tariffs update

- Net Insight's products are currently exempt from the U.S. tariffs introduced in April and subject to tariffs according to previously established rates
- Should the situation change, and the company become subject to additional tariffs, profitability could be impacted due to risk of price pressure on the hardware sales in the U.S. (accounted for 12 percent of the Group's total Net sales in 2024)
- The effect of a potential removal of the exemption cannot currently be quantified. We are proactively taking countermeasures to mitigate the risk of higher tariffs, including a review of the value chain
- Long-term, we expect a gradual reduction in exposure to this risk through an increased share of software sales

# Outlook



# Continued progress on strategic initiatives

## Media

Grow alongside existing customers and win new business

Gain market share within:

Managed/IP



Unmanaged/Cloud



Focus on:

Americas



Sport leagues and events



## Time synchronization

Broadened market penetration

## Group

Grow the share of recurring revenue\*

Expand into adjacent technologies and markets

Efficient scaling of operations

## Financial targets

2023-2027

**>15%**

Average organic Net sales growth per annum through 2027

**20%**

Operating margin to reach in the same period

\*Software revenues from cloud related solutions and time synchronization

# Firm focus on strategic initiatives to drive future growth



Short-term market hesitation resulting in temporary topline pressure. Timing of individual deals harder to predict, but **underlying activity remains high**, with a **good number of tangible business negotiations** taking place



Temporary decline in earnings driven by lower volumes. **Cost-savings program** started to support profitability levels in a time of increased market uncertainty



**Several media feature launches** in the quarter and confirmation of **strong media product offering** at the NAB Show. **Solid growth foundation** of large existing customers and newly added growth accounts



A **continuously strong and growing demand for Zyntai**, with several promising PoCs ongoing and **increasing awareness among governments** for GNSS-independent time synchronization driving **more government initiatives** in the area



**Short-term cautiousness in the market** and large software order in Q2 24 offering tough comps in the current quarter. Firm focus on strategic initiatives and **strong long-term growth prospects**. **Financial targets reiterated**.

**Q&A**



# Contact



## Investor relations

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# Calendar



## 14 May 2025

Annual General Meeting at 10:00 CEST,  
Smidesvägen 7, Solna, Stockholm



## 18 July 2025

Q2 2025 interim report will be published at  
07.30 CEST



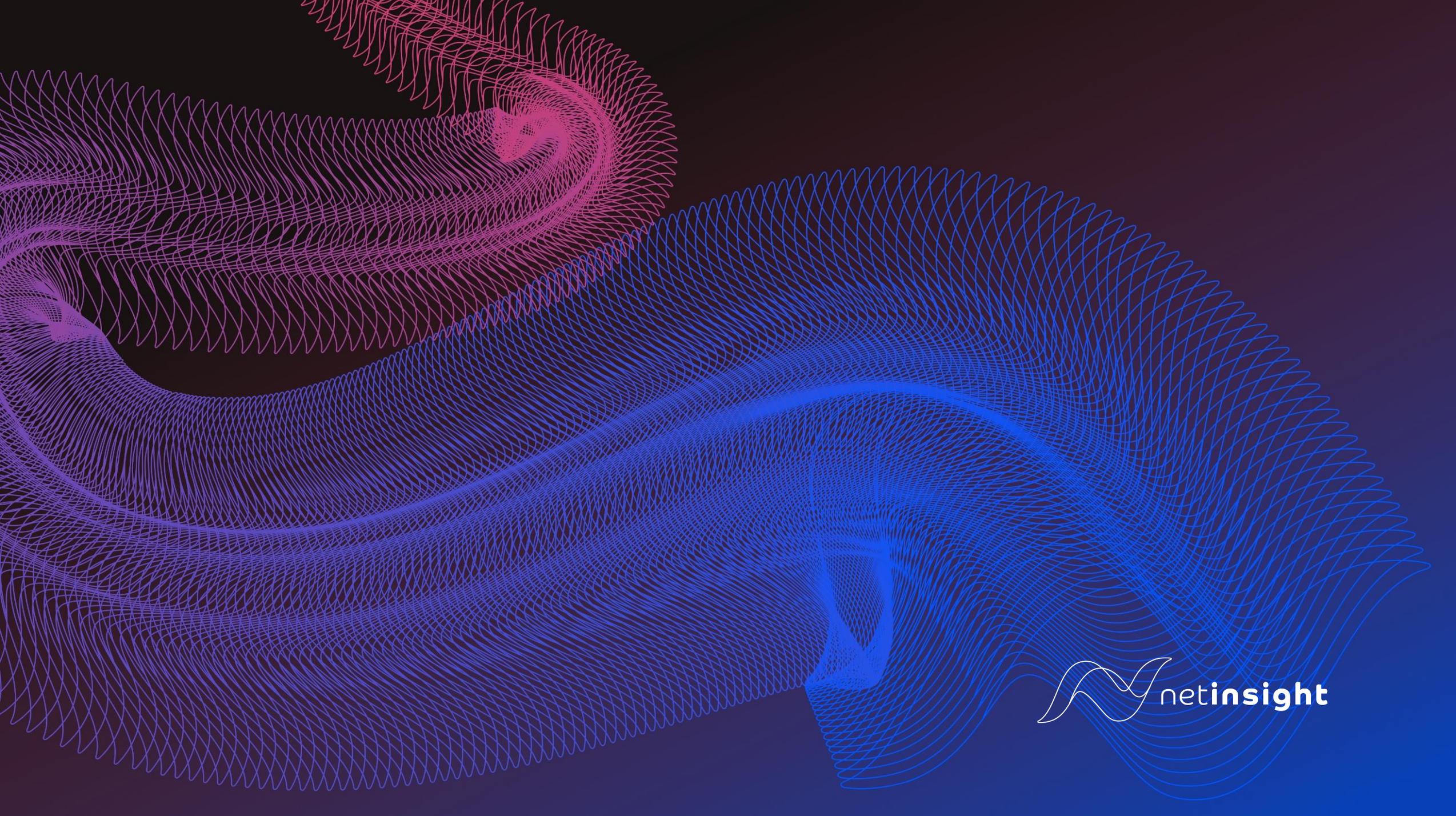
## 6 November 2025

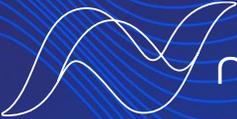
Q3 2025 interim report will be published at  
07.30 CET



## 11 February 2026

Q4 2025 year-end report will be published at  
07.30 CET



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