

# Interim report, Q3 2023

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# Q3 2023 Summary

The strong earnings and growth in the quarter was attributed to the ongoing strong development in the media business, despite macroeconomic uncertainty. As expected, the revenue from time synchronization was slightly lower year-on-year, however the order book has increased during the quarter from SEK 160 million to over SEK 180 million.



“Growth trend within the media business, contributing to a strong quarter.”

# Q3 2023 Summary



## Net sales in Q3

Net sales amounted to 144.0 (130.3) MSEK, an increase of 10.5% year-on-year.



## Strong operating earnings

Operating earnings totaled 19.6 (27.3) MSEK, compared to 9.9 MSEK in Q2 2023.



## Twelfth consecutive quarter of growth

Our long-term focus on creating growth is paying off.

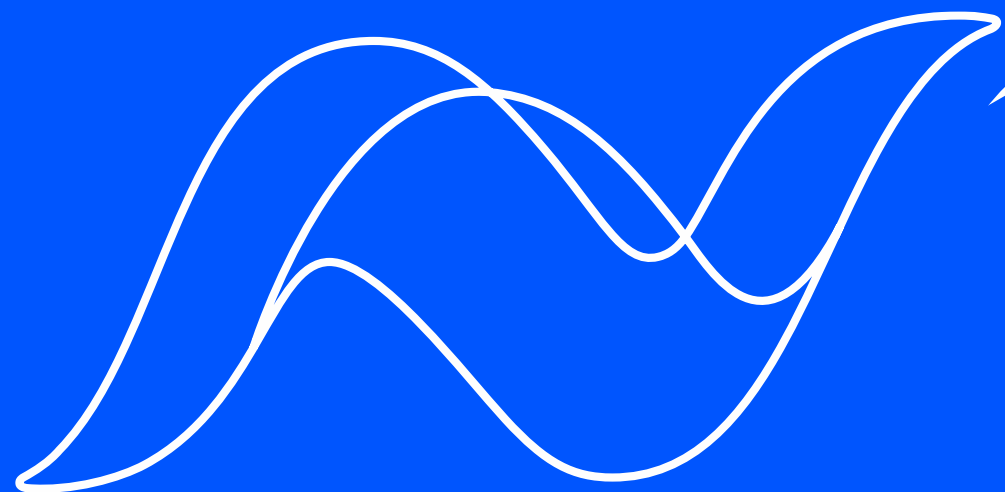


## Increased order pipeline for time synchronization

The orderbook increased from 160 MSEK in Q2 to over 180 MSEK at the end of Q3.



# Media Update



# Q3 2023 Highlights



## Partnerships

Our partner Console Connect introduced a cloud-based solution based on Nimbra Edge.

In collaboration with our partner MediaKind, we also integrated our cloud solution Nimbra Edge into their platform, streamlining the distribution processes for global sports events.



## IBC Best of Show Award

At the annual TV and media industry trade show, our product Trust Boundary was awarded a gratifying recognition, the IBC Best of Show award.



## Growth trend within the media business Continues

In the Americas region, where we have observed some caution in the market at the beginning of the year, we saw increased activity and higher sales volume in the third quarter

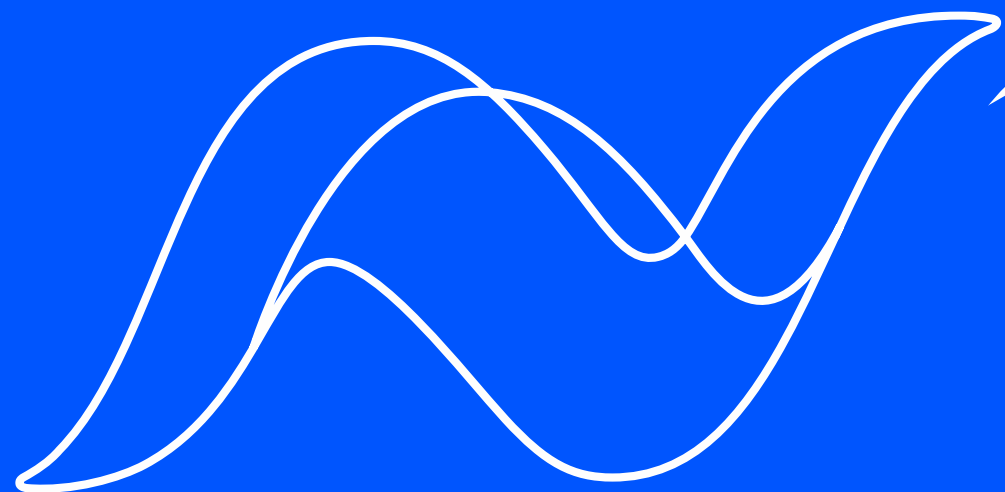


## Successful launch of IP based services

The IP-related investments we have made in recent years have expanded our customer offering and strengthened our existing product portfolio, contributing to the continued growth trend.



# Time Synchronization Update



## TIME SYNCHRONIZATION

# Update



### Continued investment

We've continued to invest in the development and build-up of our organization .



### Zyntai and Three Sweden

The implementation of Zyntai nodes in Three Sweden's mobile network has been successfully completed ahead of schedule.



### Developed offerings

The new product offers higher capacity, improved algorithms, greater scalability, and support for complex network scenarios.



### Increased orderbook

The orderbook increased from 160 MSEK in Q2 to over 180 MSEK in the end of Q3.



### Way forward

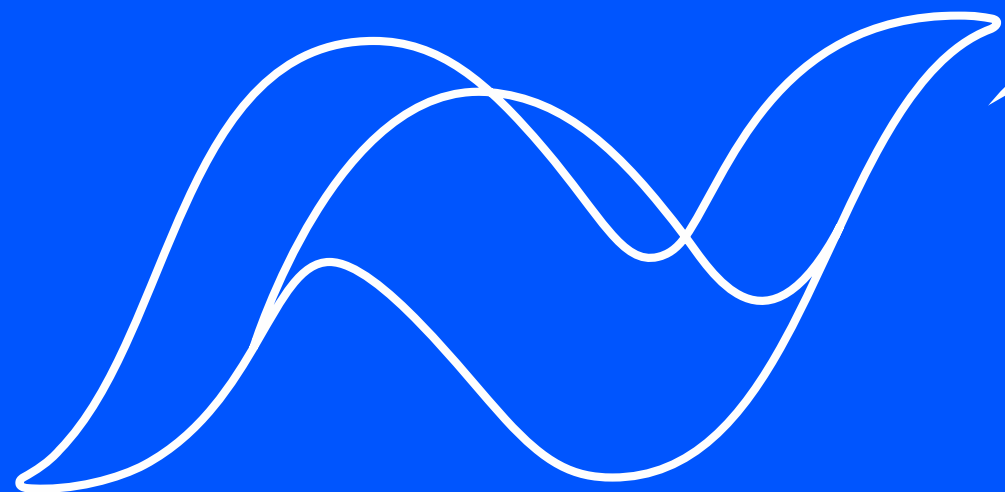
We are currently conducting several Proof-of-Concept projects, engaging in further discussions with potential customers.

# Summary

I am proud that our media business continues to perform well in a turbulent market. In addition, I see that our time synchronization solution can be an important advantage in a telecom market affected by macroeconomic uncertainty, as it implies lower costs for the telecom operators



# Financials



# Q3 In Brief

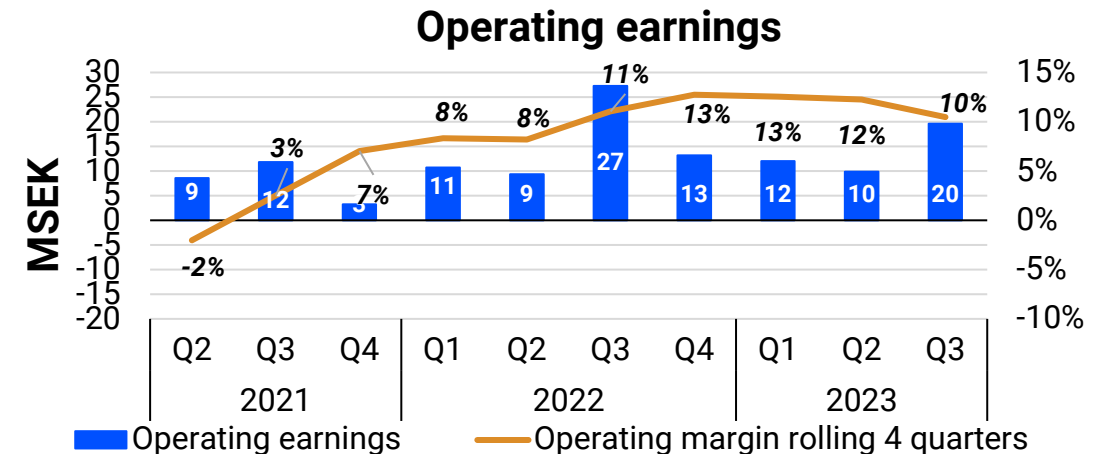
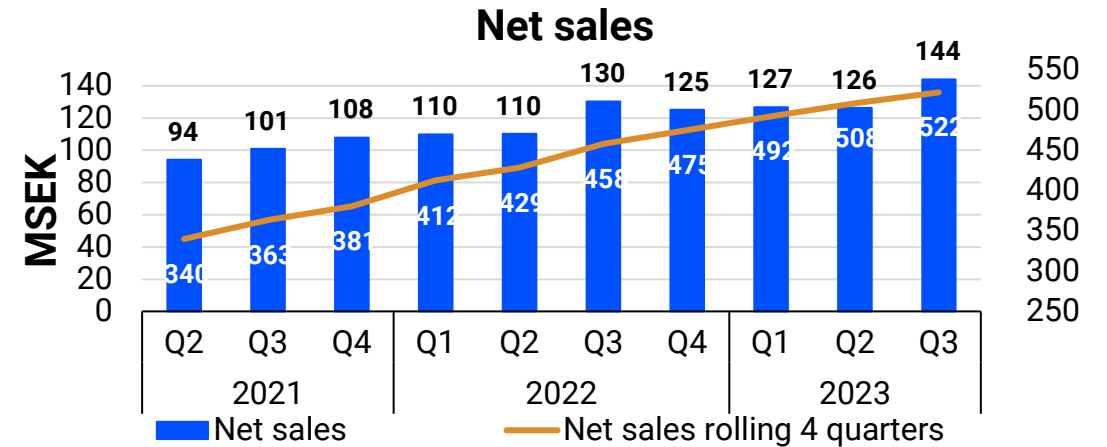
## Net Sales 144.0 (130.3) MSEK

- Revenue growth of 10.5% (currency adjusted 5.9%).
- Growth vs Q3 2022 despite challenging macroeconomics. Twelfth consecutive quarter of growth.
- Continued steady growth in the media business (currency adjusted 7.1%) driven by:
  - Strong performance in EMEA with a number of large deals.
  - Increased activity and higher revenue in AMERICAS

## Operating Earnings 19.6 (27.3) MSEK

- Strong operating earnings despite big investments, although lower than last year's record result. Q2 2023 9.9 MSEK.
- Lower Gross Margin than LY driven by:
  - Very favorable customer and product mix in the comparative quarter
  - About -2.5 MSEK related to previously secured access to components, where the need has now been estimated to be lower.
- Continuous investment in R&D and strengthening of organization in primarily Time Synchronization in combination with implementation costs for new ERP system and inflation driven cost increases have negative impact on Opex vs LY.

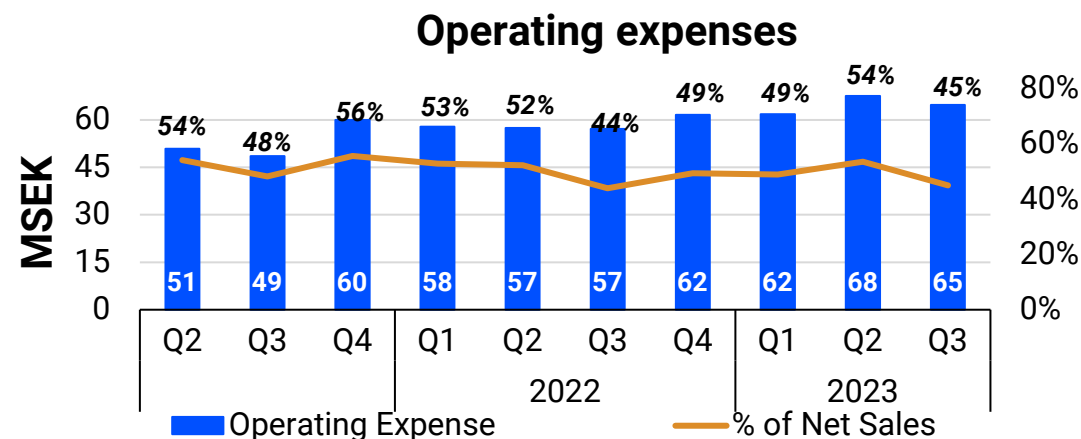
## Operating Margin 13.6% (20.9%)



# Q3 Expenses

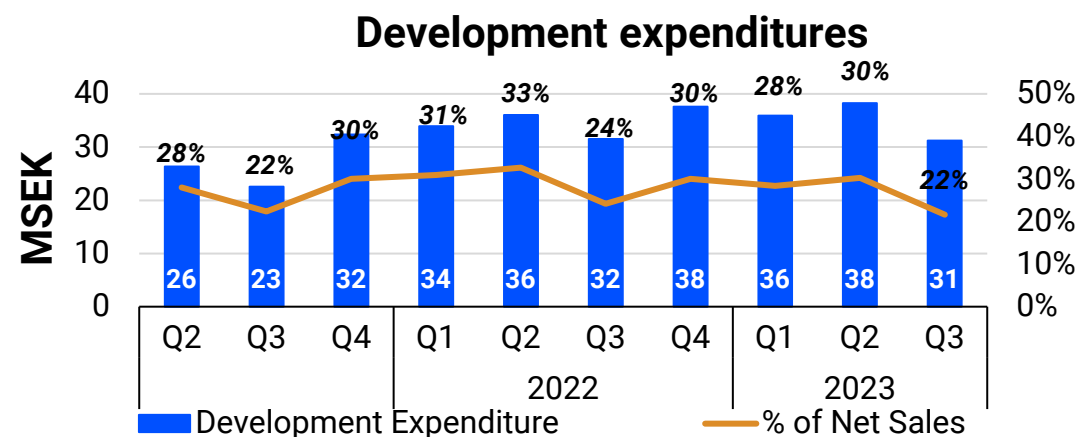
## Operating Expenses of 64.7 (57.1) MSEK

- Operating expenses higher than 2022 Q3 (13.2%)
- Strengthening of the organization related to time synchronization and other growth initiatives.
- New ERP system Implementation in 2023.
- Inflation driven cost increases during 2023 and negative currency effect since part of our cost base is in USD and EUR.



## Development Expenditures of 31.2 (31.5) MSEK

- Development expenditures in line with vs Q3 2022.
- Continued investment and high focus in R&D to maintain and increase our competitiveness and secure future growth (for example improvements in our product offering within IP Gateway, cloud and time synchronization).



# Q3 Cash Flow

SEK millions	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Cash flow from operating activities before changes in working capital	40.1	47.9	104.9	105.1	134.7	134.9
Cash flow from changes in working capital	-5.3	-24.0	-42.8	-21.5	-7.4	14.0
Cash flow from investment activities	-19.5	-19.8	-71.2	-65.4	-96.7	-90.9
Cash flow from financing activities	-18.9	-40.1	-36.8	-79.2	-62.6	-105.0
<b>Net change in cash and cash equivalents</b>	<b>-3.6</b>	<b>-36.0</b>	<b>-45.9</b>	<b>-61.0</b>	<b>-31.9</b>	<b>-47.0</b>
Cash and cash equivalents at the end of the period	262.7	294.5	262.7	294.5	262.7	308.3

## Q3 Net Cash Flow of -3.6 (-36.0) MSEK

- Continued positive cash flow from operating activities.
  - Major part of negative effect from change in working capital in the quarter caused by decrease in short term liabilities
  - Trend of increase in inventory due to the situation with shortage of components broken
- Positive cash flow excluding share-related transactions
  - Excluding the cash impact from repurchase of own shares and exercised warrants, the cash flow was 18.5 (2.1) MSEK.

# Questions

