

Q4 2024 report

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19 February, 2025

Agenda

01 HIGHLIGHTS

02 BUSINESS OVERVIEW

- Media
- Time Synchronization

03 FINANCIALS

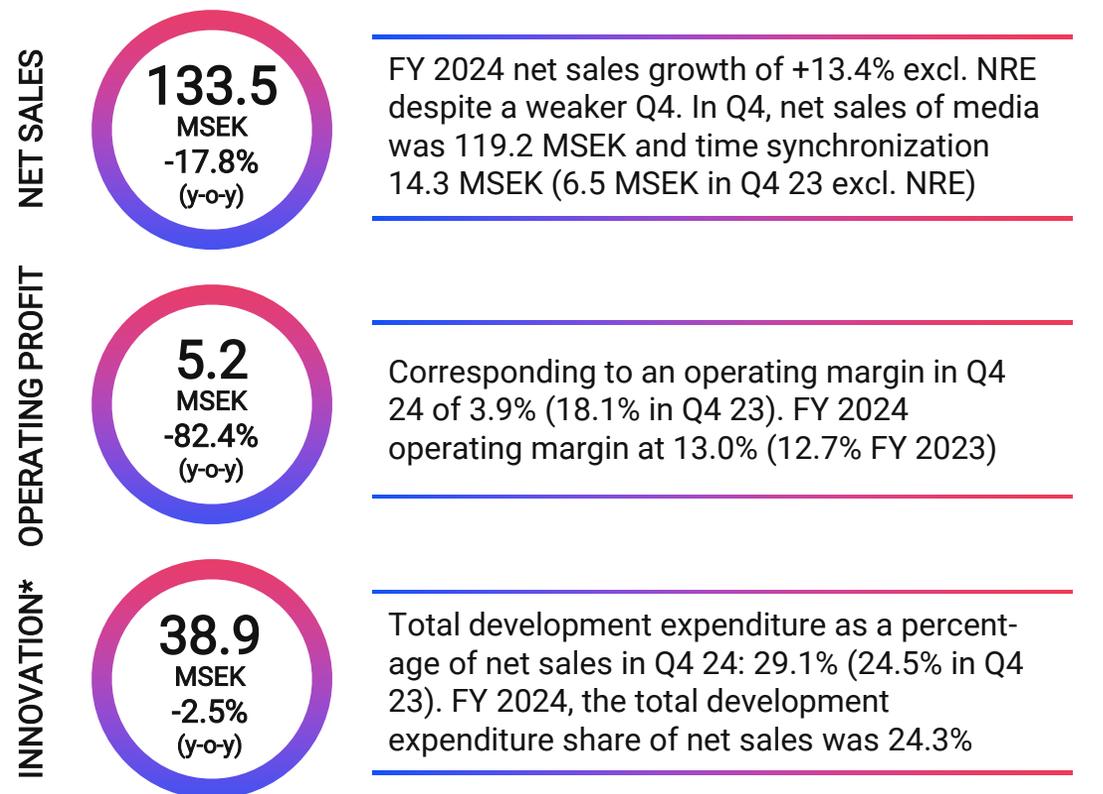
04 OUTLOOK

Important customer additions strengthen market position

HIGHLIGHTS

- A seasonally more volatile Q4 concludes a record year - with strong growth in region Americas and a stable operating margin despite significant investments
- Three significant customer additions in media during the quarter
- Important Zyntai-order from leading European telecom operator and first order from an operator offering Time-as-a-Service (TaaS)
- New Proof of Concepts (POCs) with leading operators are being initiated while previous ones are gradually transitioning into business deals
- Zyntai's growth contribution to Group net sales expected to increase in 2025, mainly in H2

Q4 2024 FINANCIAL SUMMARY

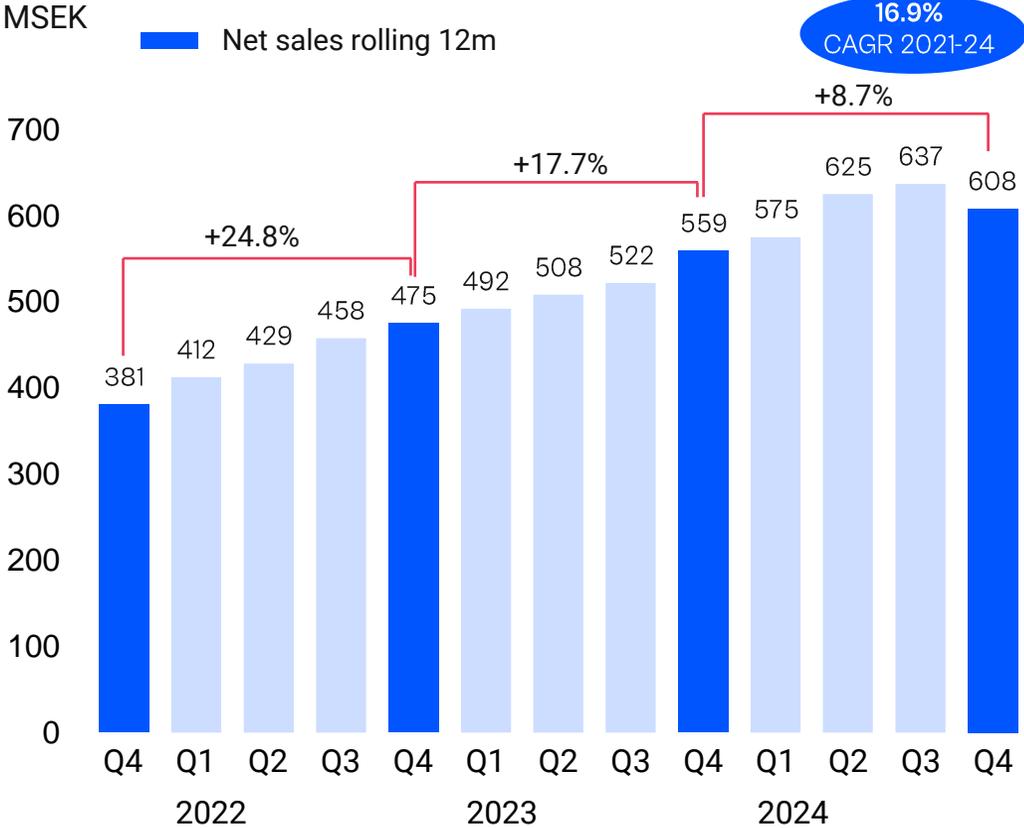


* Total development expenditure (Development expenses + Capitalization of development expenditure). Resulting in an EBITDAC (Operating earnings before depreciation, amortization and capitalization) of 2.3 MSEK (21.7 MSEK in Q4 23) and an EBITDAC-margin of 1.7% (13.4% in Q4 23).

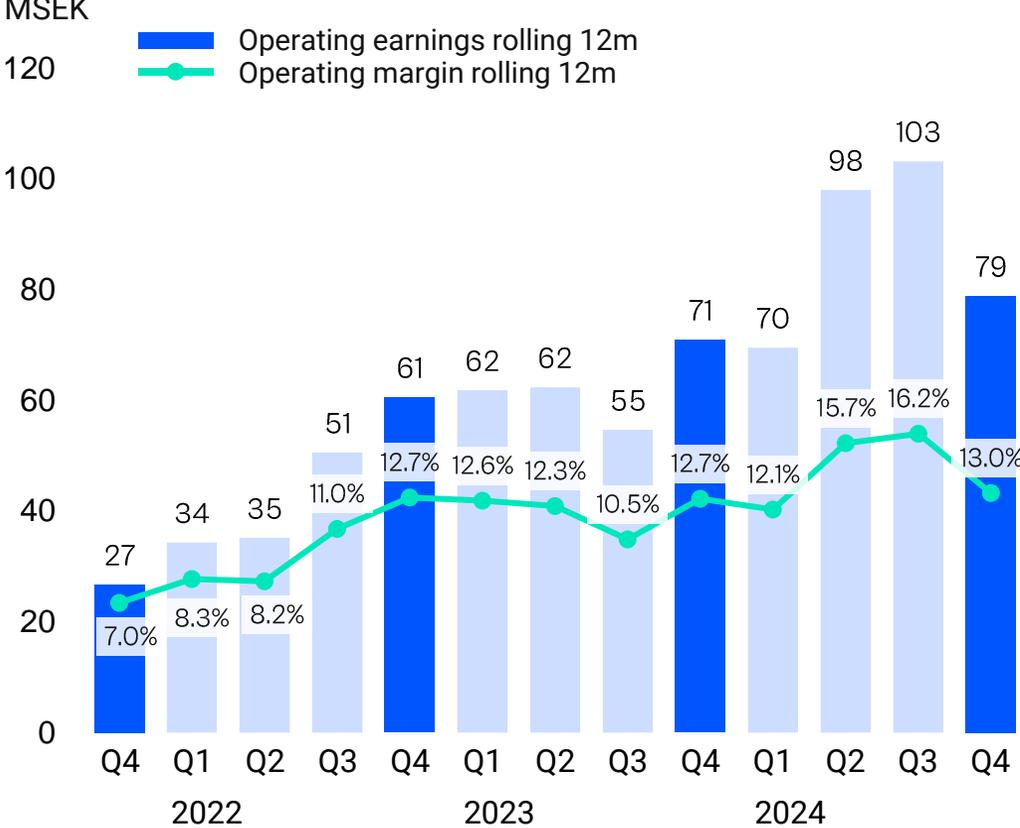
Business overview

Delivering on customer needs and building for future growth

STRATEGIC FOCUS RESULTING IN SOLID SALES GROWTH

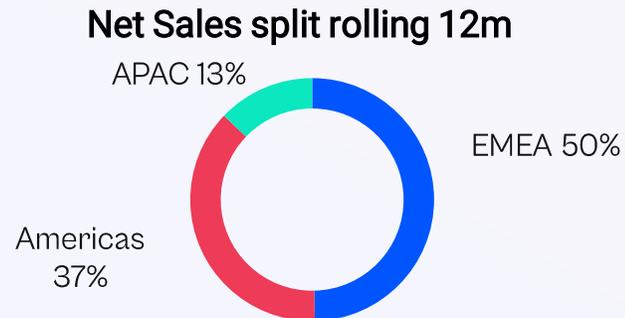
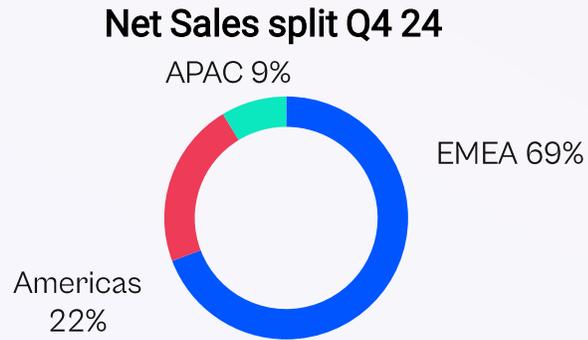


POSITIVE PROFITABILITY TREND DESPITE GROWTH INVESTMENTS

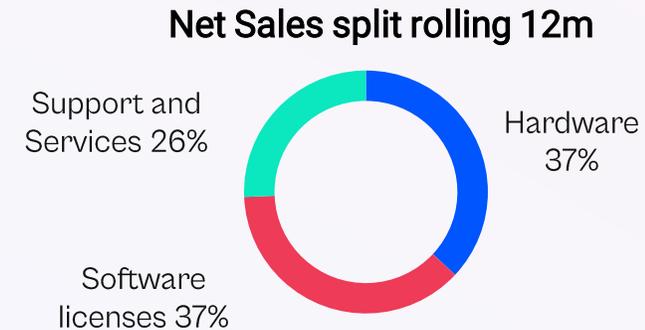
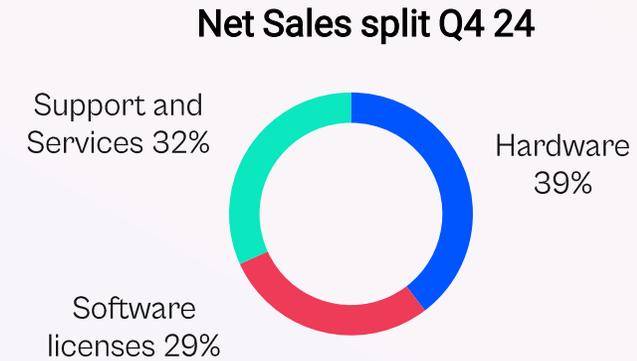


Strong prospects for leveraging a global customer base

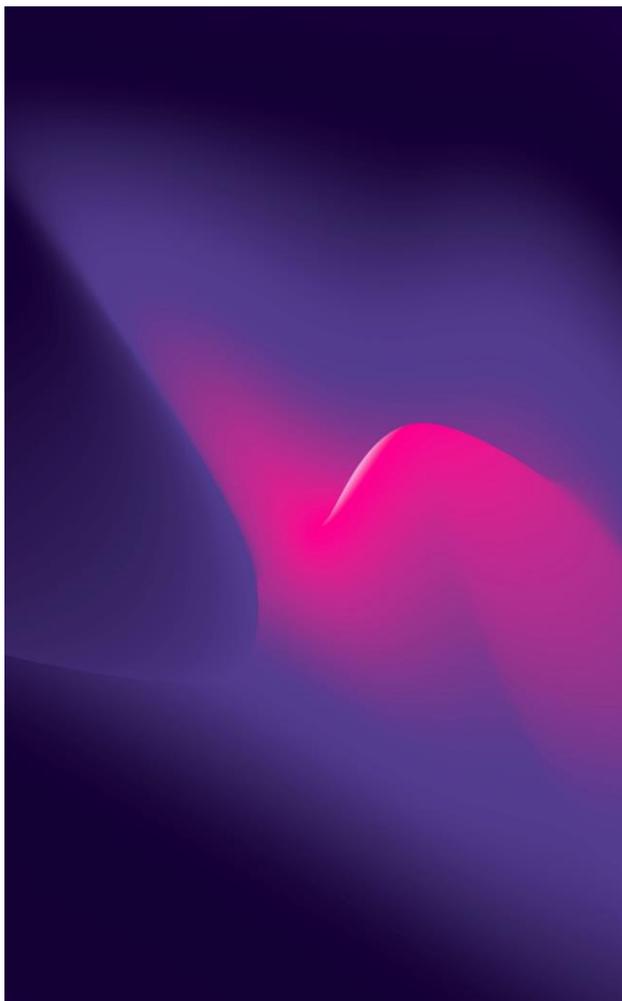
REGIONAL NET SALES SPLIT



PRODUCT GROUP NET SALES SPLIT

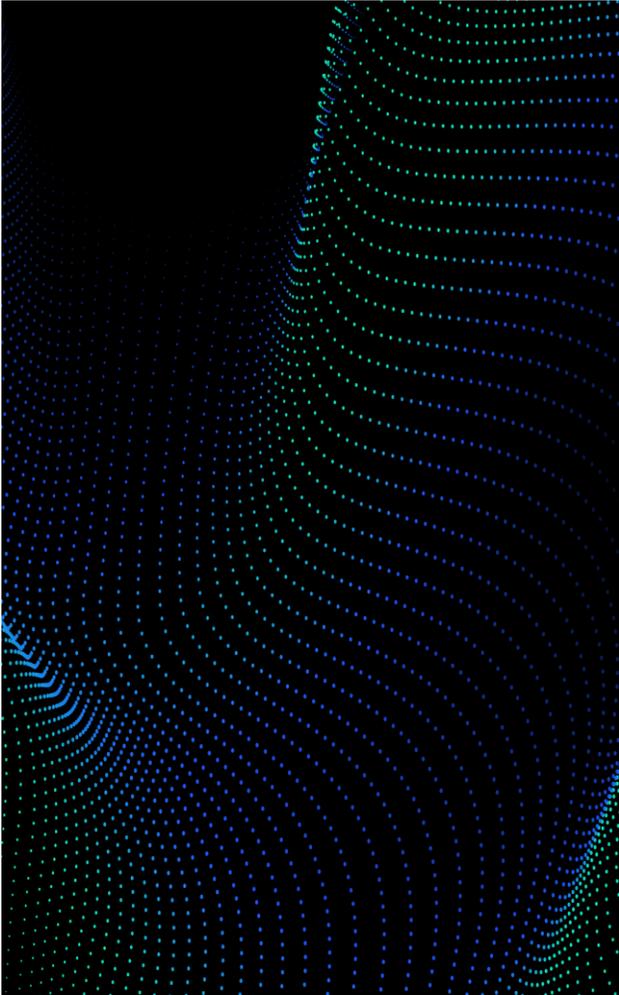


Media: New important customers



- Firmly focused on streaming of live events, such as the rapidly growing sports segment
- Recent years' investments in functionality upgrades for IP products and the launch of cloud products have strengthened our market position
- Growth in 2024 driven by upselling to existing customers and strong customer acquisition
- Long-term investments in the sales organization are yielding results and key media deals secured in the quarter, including;
 - ➔ An order from a major US media company
 - ➔ A large Nimbra Edge order in Europe
 - ➔ An order from a large Middle Eastern telecom company

Increasing growth contribution from Zyntai



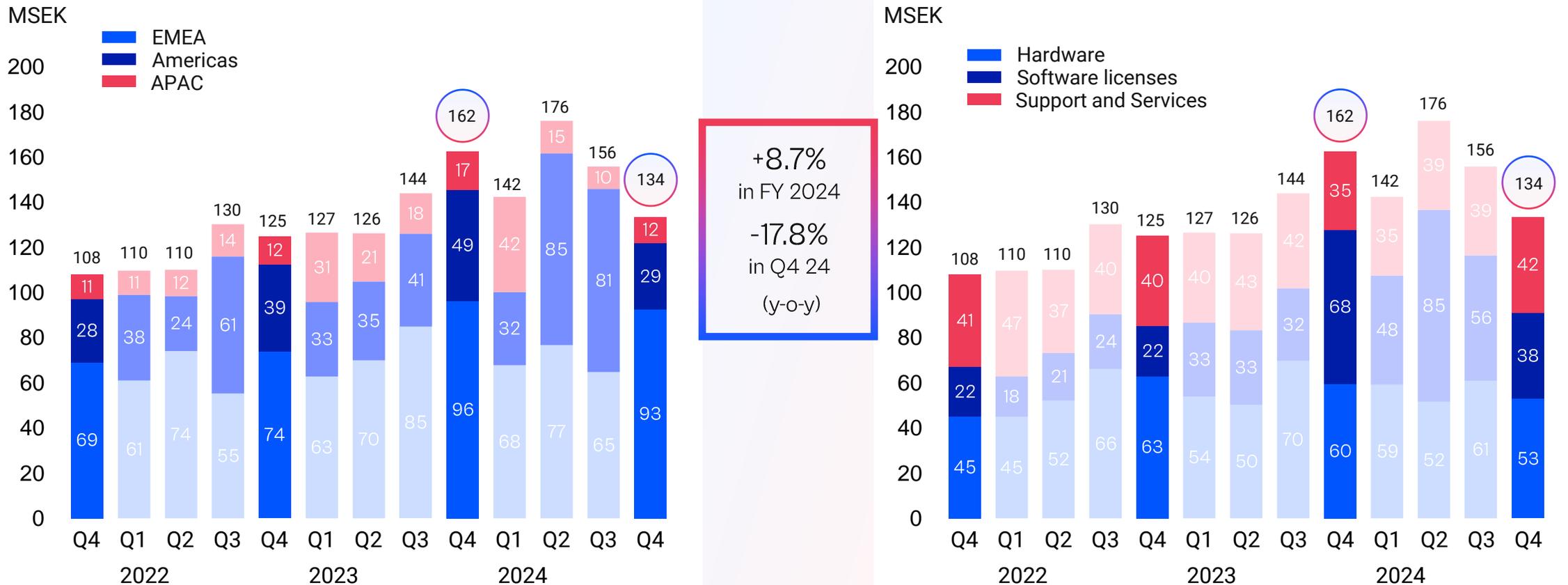
- Continued increasing interest in Zyntai. Several leading telecom operators initiating Proof of Concepts (PoCs)
- New orders in the quarter include an order from a leading European operator and our first Zyntai sale to a Time-as-a-Service (TaaS) provider in South Africa
- Service integrators/partners are important in our go-to-market strategy. Some ten service integrators/partners added since launch
- 14.3 million SEK in net sales in the quarter, from some ten commercial customers. Deliveries to Türk Telekom continue and 5G licenses in the country expected in 2025
- We see the investment appetite in the global telecom market slowly returning and expect an increasing growth contribution from Zyntai to Group net sales over the course of the year, mainly in H2

Financials

Strong year despite softened sales dynamics in Q4

Q4: FEW ORDERS RELATED TO CUSTOMERS' REMAINING BUDGET CAPACITY

TEMPORARILY HIGHER SHARE OF SUPPORT AND SERVICES DUE TO LOWER TOTAL NET SALES*

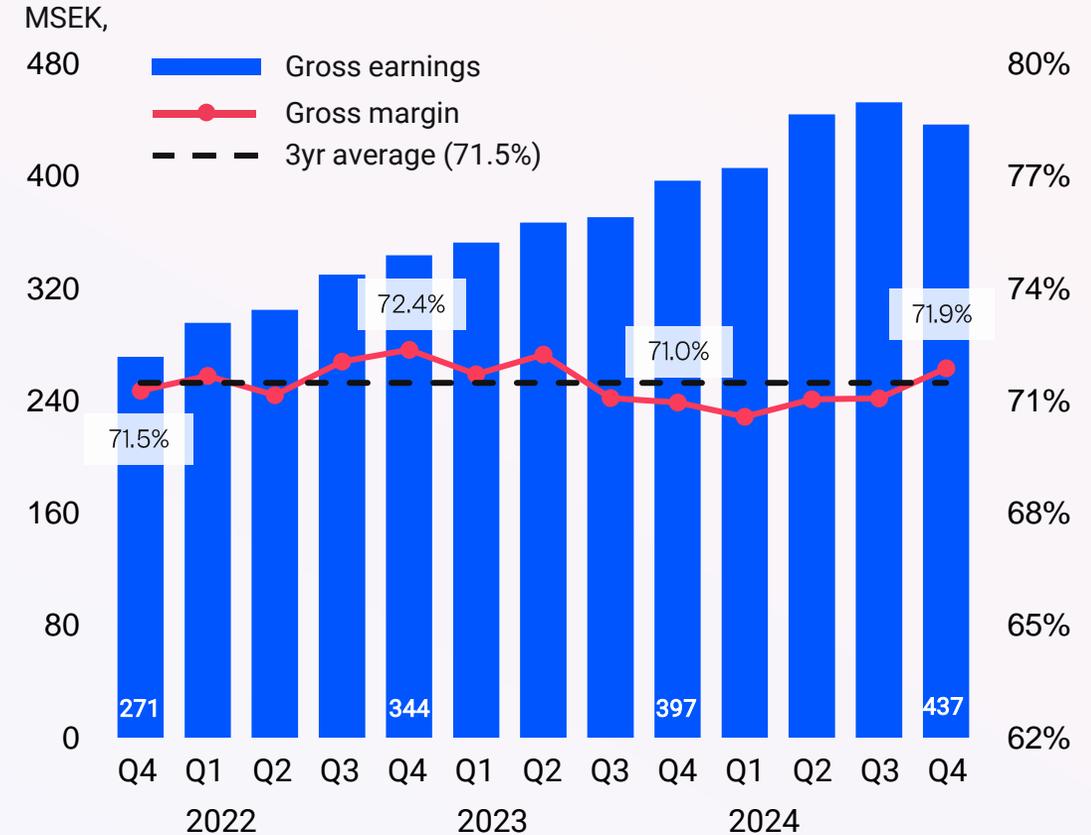


*Historic comparison before Q4 2023 distorted by a financial system upgrade. The upgrade has resulted in improved distribution of package sales across product groups.

Gross margin on a slightly upward long-term trend

- Gross earnings amounted to 81.5 MSEK, with y-o-y decrease primarily driven by lower net sales
- Gross margin of 71.9% before amortization of capitalized development FY 2024
- Q4 24 gross margin of 74.7%, with a temporarily higher share of support and service revenue due to lower total net sales (71.1% in Q4 23)
- Including amortization of capitalized development, the quarterly gross margin was 61.0% (63.1% in Q4 23)
- Gross margin on a slightly upward long-term trend, driven by a marginal shift in the product mix toward a higher share of cloud-related software sales

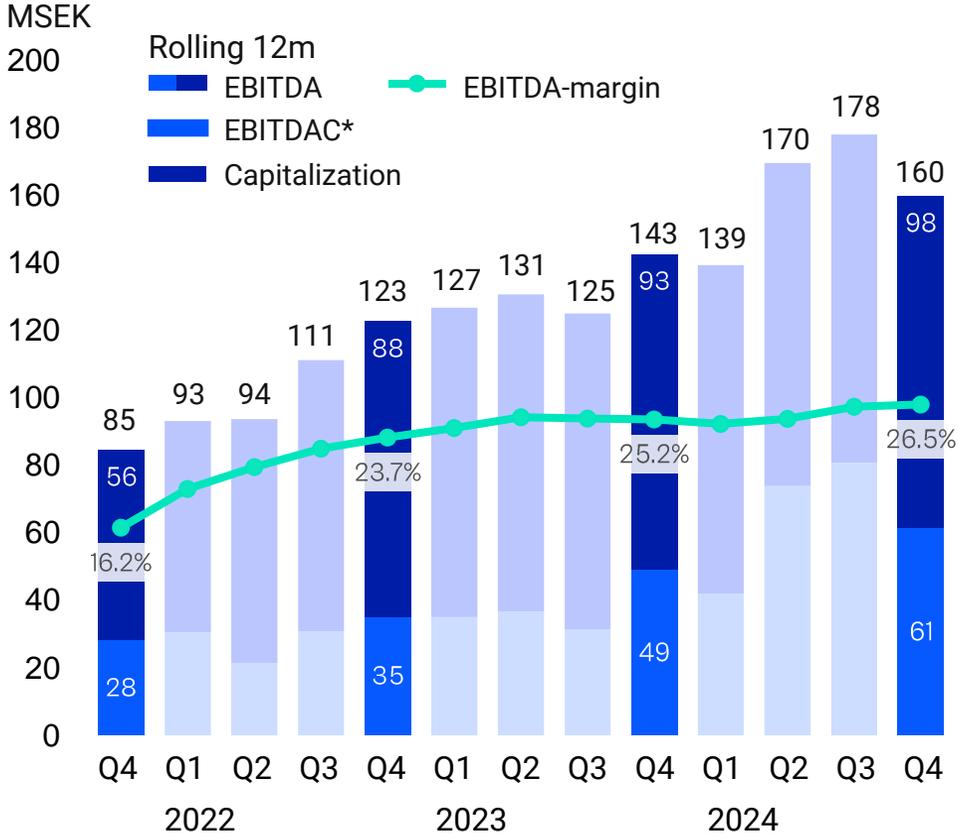
GROSS MARGIN (ROLLING 12 MONTHS)*



* Before amortization of capitalized development

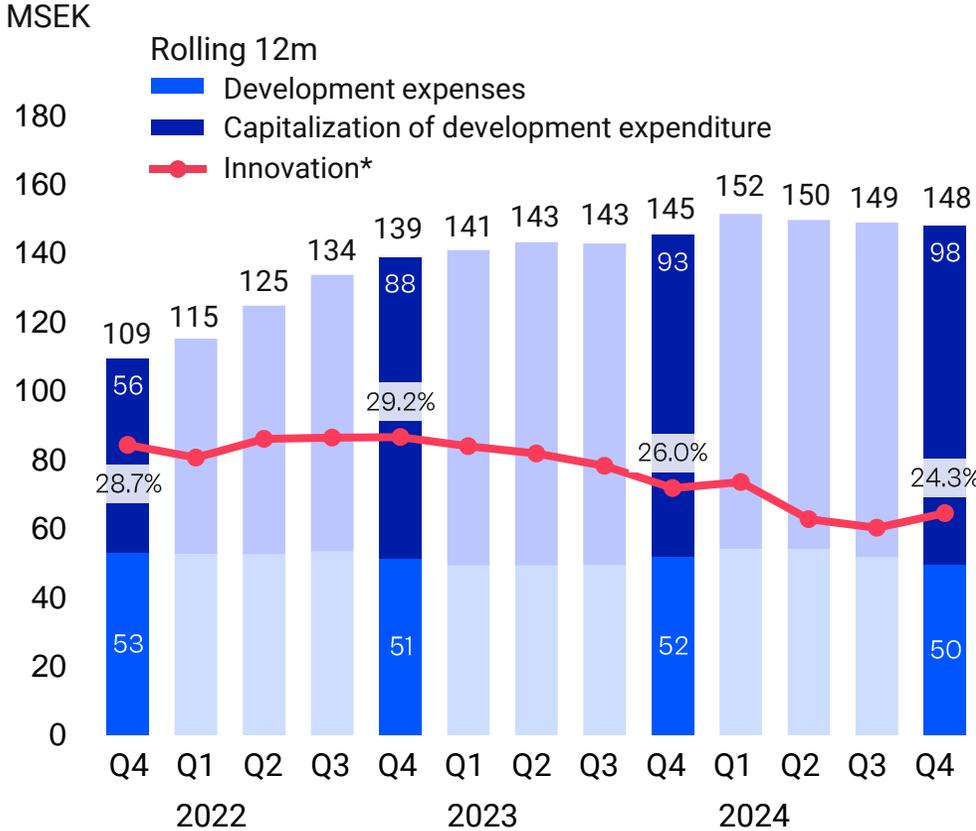
EBITDA-margin of a continued upward trajectory

EBITDA MARGIN ON A POSITIVE LONG-TERM TRAJECTORY



* EBITDAC = EBITDA including total development expenditure

LONG TERM VALUE CREATION

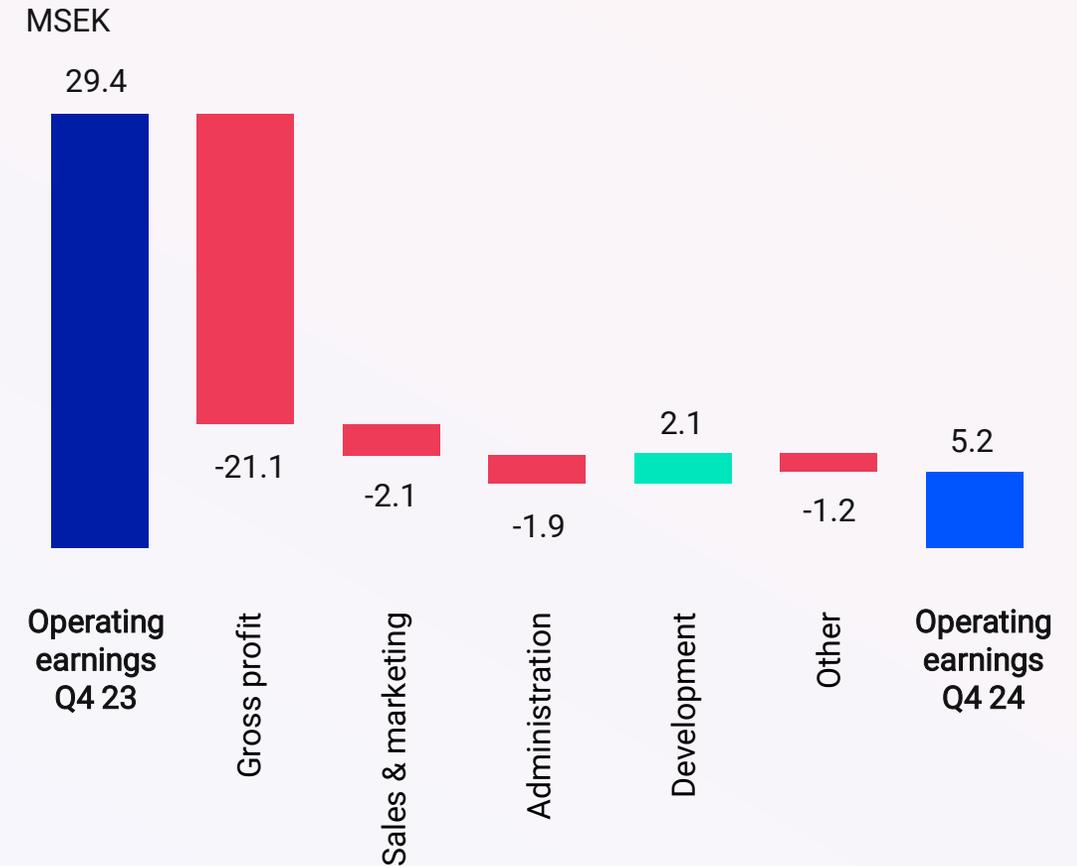


* Innovation = Total development expenditure as % of net sales

Topline weakness temporarily impacting profitability

- Operating earnings in the quarter amounted to 5.2 MSEK, with the y-o-y decrease mainly related to lower net sales
- Operating margin decreased to 3.9%, alongside continued investments in the organization and product development, further impacted by unfavourable exchange rate differences
- Total opex excluding Other operating income and expenses increased to 55.6% of net sales (44.5% in Q4 23)

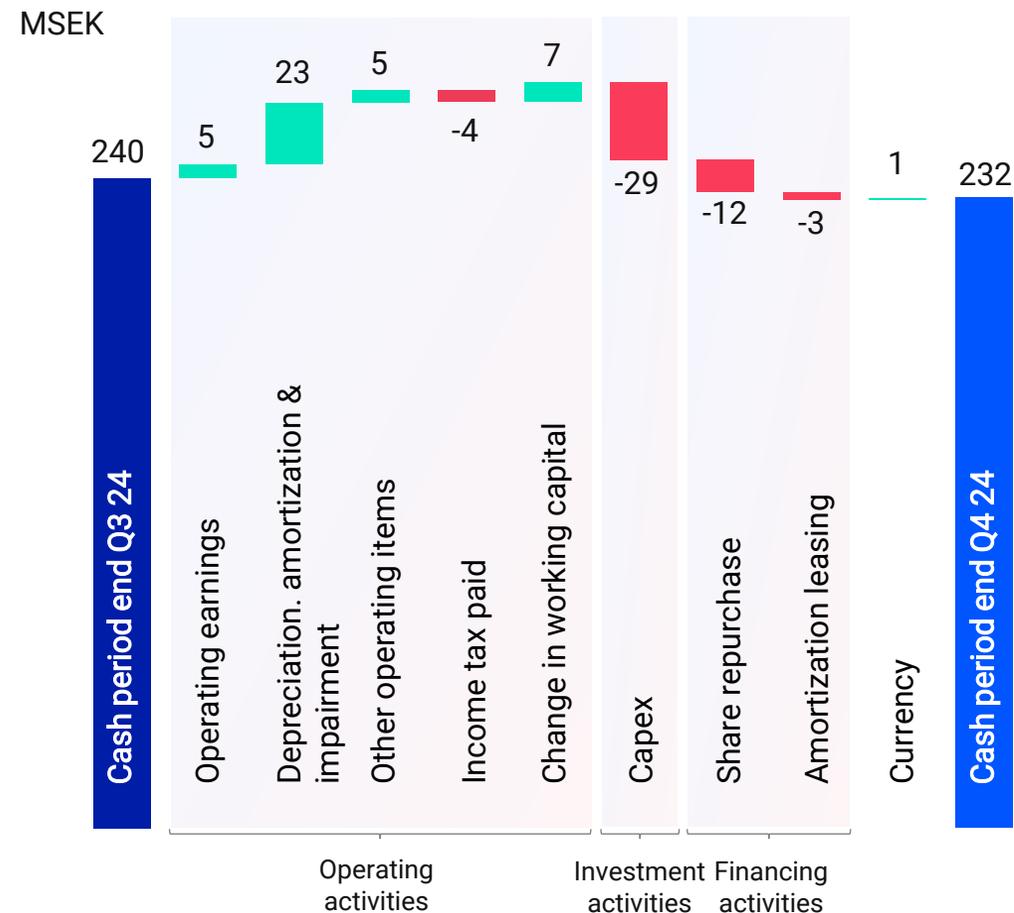
OPERATING EARNINGS DEVELOPMENT



Solid financial flexibility to seize opportunities

- Cash flow from operating activities at 35.6 MSEK, attributable to the lower result and partially offset by reduced working capital
- Cash flow from investment activities of -28.7 MSEK as a result of capitalized expenditure
- Cash flow from financing activities amounted to -14.8 MSEK, primarily attributable to 12.0 MSEK in repurchases of own shares
- Net cash flow of 4.1 MSEK excluding share related transactions
- Net cash position of 232.9 MSEK means solid financial flexibility to seize emerging opportunities and fund future growth, including potential acquisitions

CASH FLOW DEVELOPMENT



Outlook

Key strategic initiatives

ROADMAP TO LONG-TERM FINANCIAL TARGETS

Media

Time Synchronization

Group

Expand market share in Managed/IP*

Expand market share in Unmanaged /Cloud**

Broadened market footprint

Grow the share of recurring revenue

Expand into adjacent technologies/ markets

Increase operational scalability

Average annual organic net sales growth of **15%** and operating margin to reach **20%** 2023-2027

Focus on Americas and live events such as sports. Develop existing customers and expand customer segments

New segments with existing technology. Focus on selected 5G operators across regions

Increase the share of recurring revenue (license fee from cloud related media products and time synchronisation), explore opportunities to complement organic growth with potential acquisition and enable efficient scaling by strengthening internal efficiency and operational excellence

* Managed networks provide connectivity under a service-level agreement with a service provider and are used for high-value or critical media services. These networks include dedicated resources that proactively manage the network to ensure quality, with the ability to promptly address issues through active monitoring and planned maintenance.

** Unmanaged (internet and cloud based) networks offer connectivity without guaranteed availability or reliability. These networks include mobile data networks and are widely accessible. They are central to simple and rapid access to internet-connected or cloud-based services. Since quality is not assured, media transport solutions over these networks must address potential quality and operational risks.

Product development paves the way for an exciting 2025



A successful 2024 and full year net sales growth of 13.4%*, driven by region Americas with a stable EMEA market



Operating margin FY 2024 stable at 13.0% with a continued high pace of innovation for future growth



Strengthened media market position. Strong customer acquisition in 2024 incl. three important additions in Q4



Continued growing interest in Zyntai, with order from leading European telecom operator and first TaaS-related order in Q4



Strong long-term growth prospects albeit a somewhat cautious market in EMEA and APAC in Q1 while Americas shows good development. Exciting year ahead with groundbreaking platform launch and Zyntai market expansion.

* Ex. Non-Recurring Engineering (NRE) in 2023.

Q&A

Contact



Investor relations

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Calendar



22 April 2025

Annual report will be published



29 April 2025

Q1 2024 will be published at 07.30 CEST



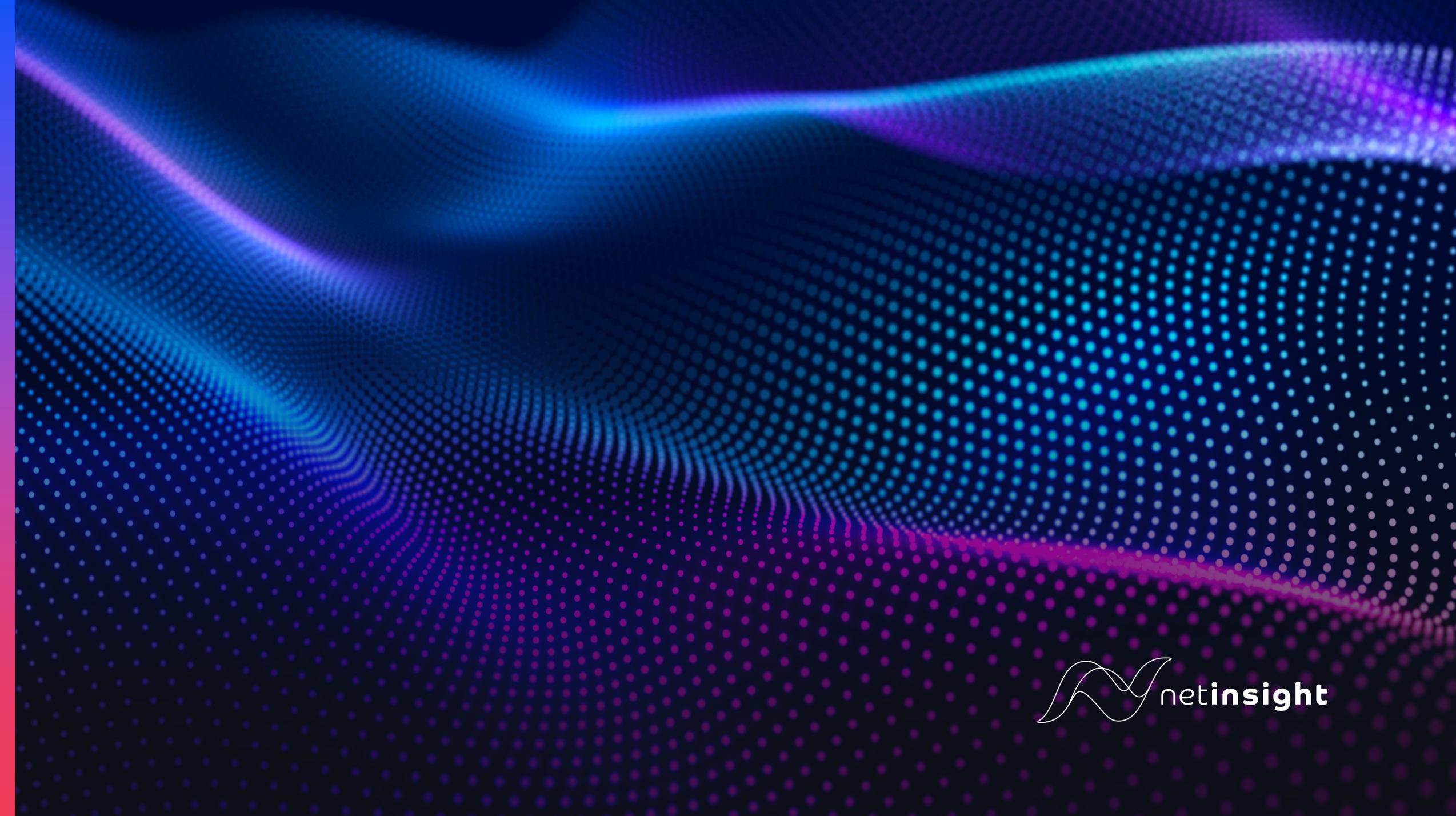
14 May 2025

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



18 July 2025

Q2 2025 will be published at 07.30 CEST



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