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Net Insight

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Speakers



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Cecilia Högård Höök
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Prepared Remarks



Andreas Joelsson
Senior Equity Research Analyst | DNB Carnegie

Good morning, everyone, and welcome to this quarterly presentation with Net Insight. It is the third quarter of the year that we will present today. My name is Andreas Joelsson. I am responsible for the coverage of Net Insight here at DNB Carnegie, and as usual, I have CEO Crister Fritzson with me, as well as CFO Cecilia Höjgård Höök. You will present the quarter, and after we will have a Q&A session, and you are very welcome to send in your questions through the web. We already have a couple of questions, which is nice, and feel free to enter more of your questions. With that, I leave it to you, Crister.



Crister Fritzson
CEO | Net Insight

Thank you, Andreas, and welcome to the Q3 report for Net Insight. We have a standard agenda. We start with some highlights, business overview, and Cecilia will cover the financial, and we do a summary, and as Andreas was saying, we ended up with a Q&A. Q3. After a challenged start of the year, we are glad to see that demand in the market has stabilized. We have seen that in high sales during the quarter. In comparable currency, we are in line with the revenue from last year, Q3. We have a significant improved earning compared with the first quarter this year. It was mainly driven by increased sales. The cost-saving program has given us a good effect already that we started in Q2. We have some seasonal effect in Q3 as well.



Crister Fritzson
CEO | Net Insight

We are glad to launch the first 400G media-ready solution, which takes us to the highest density in the market. Highest capacity in the market. We have been leading this capacity race since all the way back to 2018 when we launched 100G. That was also the first product in the market. The good thing with that is this lowers the total cost of ownership for the customer, and I will come in a little bit more to that later on into the presentation. If we move over to time synchronization, we are seeing continued strong momentum in that product segment. It is still a growing customer engagement and an increasing market interest. During the quarter, we had two new mobile operators that are moving into a test phase evaluating our synchronization solution.



Crister Fritzson
CEO | Net Insight

A very key important event during the quarter is that the Turkish 5G license has been auctioned, and Türk Telekom, of course, has received a white license, and they have started to ramp up the rollout of the national time synchronization network. That started like in the beginning of Q4 and will continue during next year. If we then move in a little bit into each product or market presentation, we start with the media. We are focused on being the partner that enables our customers to produce and distribute live content flexibly and cost-efficiently. During the quarter, we had launched a 400G platform that definitely strengthened our position in the transport of media, live media. The important part with this is probably not just the 400G; it is that lower cost per service for the customer. The total cost of ownership will go down for the customer.



Crister Fritzson
CEO | Net Insight

That is a real important part and strengthens our competition in the market. This density can be used in existing products as well, the 100G product with the same density, which gives us a very, very strong position in the market and protects our position that we have and we are leading in the transport. We see all the demand from several major customers, our own customers, major customers, and we will deliver start around year-end. The cloud product, the unmanaged product portfolio, is an important part because that's the growing part of the market and we have a strong position. During the quarter, we have launched new features and several new features. One is more efficient video compression that is really important for the customer and strengthens our competitiveness to other similar solutions.



Crister Fritzson
CEO | Net Insight

We are glad to see that we are winning the best of show with this product. Network security is also, of course, an important part because this is distributed over the open internet. Security is crucial for our customers, and we have built even a stronger security around this product. The new combination with high-capacity solutions that we have and flexible cloud-based solutions broadens our customer offering to our major customers and gives us a strong opportunity to grow further into new market segments and take, of course, and grow our business with new customers. That is a key position that we have, managed and unmanaged, and it will be more and more combined as an offering to our customers. That is what the customers are asking for today. If we move over to time synchronization.



Crister Fritzson

CEO | Net Insight

We definitely see that the need for GPS-independent time synchronization continues to grow. Our solutions fully meet the growing demand from operators and other public authorities. They will have security, precision, of course, and real ability for the network that they are running. We see an increased demand for this, and you probably have seen that in papers and in media that the jamming of GPS is continuous and increasing definitely. I just mentioned previously that we had two new mobile operators starting to evaluate our time synchronization solution. Now we are close to 30 customers that have testing or are testing our product, and half have moved over to pilots or network installation. The customer dialogue that we have and the pilot project that were initiated since we launched our final product Q2 last year has been progressing well.



Crister Fritzson

CEO | Net Insight

Several operators move into commercial, commercialization phase. We have communicated, and we expect some of those customers to begin to roll out in the end of this year or beginning of next year. One actually quite interesting event that happened during the quarter is the Jammertest in the north part of Norway. We launched a number of new features at the same time during the Jammertest. One is GPS attack detection. It is important for customers to notice if they are jammed, and we have a probability to detect it. The Jammertest actually is a huge event. I will just mention some. It is over 100 different companies during the event, coming from 24 different countries. It is an opportunity for us to showcase our product, of course, to potential customers. It is the first time that we as a company are joining that. Previously, it had been.



Crister Fritzson

CEO | Net Insight

Other that have been testing our product, but we were participating in this this year. It was a great opportunity for us to show our product. By that, I will move over to hand over to Cecilia that covered the financials.



Cecilia Höjgård Höök

CFO | Net Insight

Yeah. With the financials, we see that demand is now stabilizing and returning to more normalized levels. Revenue for Q3 amounted to SEK 147 million, a sequential improvement from previous quarters. The softened market we have seen, global uncertainty, and currency headwinds. In comparable currencies, revenue for Q3 is on par with last year. Moving on to gross margin, we are starting with unadjusted gross margin, and that was 66.3% for the quarter and for the last 12 months, 69%. Close to our three-year average. Despite persistent FX headwinds and impact from high-volume deliveries that we have done during Q2 and Q3. Gross profit for the quarter amounted to SEK 77.7 million with a margin of 52.8%. To R&D, we continue to invest around 25% of our net sales in R&D. This shows our commitment to innovation. Of these, we capitalize around 65%.



Cecilia Höjgård Höök

CFO | Net Insight

By that, we are laying the groundwork for long-term value creation and future product launches. The strategic focus ensures that we will remain in the forefront of technological advancement in our industry. Moving on to results and starting with EBITDA. EBITDA for Q3 amounted to SEK 46 million. Margin rebounded to 31%. The improvement is driven by increased sales, cost savings, and seasonal effects. Looking at our Q2 cost saving program, it is on track to deliver SEK 30 million annualized savings by year-end. For the last 12 months, our adjusted EBITDA amounted to SEK 112 million with a margin of close to 21%. Finally, looking at EBITDAC, that is EBITDA including capitalization of development expenditures. For the quarter, our EBITDAC amounted to SEK 29 million with a margin close to 20%. This is a year-over-year improvement from the 17% we had last year. Moving on to operating earnings.



Cecilia Höjgård Höök

CFO | Net Insight

Operating earnings for Q3 amounted to SEK 22 million with a margin of close to 15%. This is a clear improvement compared to the last two quarters. Alongside increased sales and effects from the cost-saving program, Q3 tended to be the quarter with the highest margin, a result of seasonal effects with lower costs during the vacation period. Last 12 months' results and margin remained pressured by earlier quarters with an operating earning of SEK 18.3 million and a margin of 3.4%. Looking at our cash flow. Starting with operating activities, we have a positive amount of SEK 21.7 million. We have our investment from activities, mainly from capitalization expenditures of R&D, and that amounted to -17%. As a total, our cash flow for the quarter was SEK -0.5 million, and cash at the end of the period was SEK 96 million.



Cecilia Höjgård Höök

CFO | Net Insight

During the last quarters, our changes in working capital have affected our cash flow negatively. As you can see, our working capital at the end of the period was SEK 148 million. The increase we have seen during the last quarters is mainly due to increase of accounts receivable, but also due to the strategic component purchase of FPGAs we have done, and where we in the quarter have done partial payments. Final payments will be done during Q4. This strategic component purchase will secure future cost advantages. Looking at our available cash, we have a strong position with a cash including credit facility of SEK 181 million. That was all for me.



Crister Fritzon

CEO | Net Insight

Okay, thank you, Cecilia. Just to go to the summary before we move into the Q&A. Just a quick summary. So a significant improvement of earning comparable to the first quarter this year. And that's as we have been communicating during increased sales. The cost-saving program is giving effect, and we have some seasonal effect compared with the first two quarters this year. During the quarter, we launched a 400G platform. Really securing the position in the market. Very strong competitiveness around that product. It's really showing our technology leadership within the transport of live media. This will lower the cost for the customer, and we know that the customer is looking for lowering the cost, and we can offer that with the new platform that we have launched. We will start delivering around year-end.



Crister Fritzon

CEO | Net Insight

Despite the stabilization that we have seen during the quarter with the result of highest result. We see still geopolitical uncertainty continues to impact our market, which means that we maintain a strict discipline that therefore remains on cost. Even as we continue to invest for further future growth. We balance that, very focused on the cost, but also make sure that we continue to invest to get growth in the future. The key event that we have been waiting for is, of course, the Turkish 5G license. We see a ramp-up from Türk Telekom that started in Q4 will continue. In 2026. The launch of the 5G is planned to be 1st of April next year in Turkey. For time synchronization, we see a positive progress with customer in evaluation phase or early pilot testing.



Crister Fritzon

CEO | Net Insight

We expect that some of those customers will select our solution during the second half of the year and begin to deploy in the beginning of this year or beginning next year. As a summary, we have a robust product portfolio, increased competitiveness through the 400G product. We anticipate as well as the decision from time synchronization customers, and they will move into the rollout phase in this year, beginning of next year. This is really driving value and growth for the company. Thank you for that. Should we move over to Q&A?

Q&A



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

I think that is a good idea. Again, if you have questions, please send them in through the web. There should be a square where you can write the questions below the screen, so to say. Maybe I can start with where you sort of ended with the 400G. If you could explain a little bit more what it does that you have not had before. Also, maybe even though you say deliveries will start at year-end, what type of sales cycles are we looking at?



Crister Fritzson

CEO | Net Insight

Yeah, I mean, we see that this has been an ongoing demand for high capacity because it's more content delivered, more service delivered, more live sports that should be delivered. So it's a content need for more high capacity, for more content delivered from our customer. We see in Q2 that the 100G product is moved over to the venue, which means that they're increasing the demand in the core with the 400G. That's the evaluation we see in the market. It's a content drive for more capacity. On top of that, it's not just the capacity, the 400G. It's also that we can offer more service on the same platform. The density has gone up, which means that we can offer more service for the same, in the same product, which takes down the total cost of ownership for our customer.



Crister Fritzson

CEO | Net Insight

We are leading that, and we are the partner that really can offer that solution for our customer. We did that with the 100G in 2018, and we do it again. That is an important part for us to protect the position that we have in the market. Investing is really protecting and securing the market, and we can also grow that part in the market or the position that we have in the market with new customers.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

The business model is the same as for the others? You have an initial installation fee or CapEx, and then you have maintenance on top of that.



Crister Fritzson

CEO | Net Insight

Absolutely the same, yes.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Yep, very good. We have some questions both from the web and also from other places when it comes to the IPO today of PEER, which is working in the same area as you are doing. Could you just explain the difference between them and Net Insight and where you meet them in terms of competition?



Crister Fritzson

CEO | Net Insight

I mean, we are in the same market, but we are in different market segments. We are in the transport, and they are more focused on the encoding, decoding part of the market. Of course, this is like we are very close to each other, but we are in two different market segments. What we have done is that we protect the position that we have with the 400G, that investment that we have done. We will continue to have the growth in the market segment that we are in. We are also now moving into the market that PEER is now present in. During next year, we will launch products that are moving into that segment or that market segment. That is the strategy that we have: protect position, strengthen our position where we are.



Crister Fritzson

CEO | Net Insight

We will move into the market segment that PEER mainly has the business.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

That segment is growing faster at the moment, or versus segment you see?



Crister Fritzson

CEO | Net Insight

Hard to say because it's very small segments. I mean, we see that the overall market is growing like with 4%. That's the managed. The unmanaged that we have, which we have a strong position, that's increased like with 10%. The combination of managed and unmanaged is a very strong proposition to the market. There we have, of course, have an advantage toward PEER because they don't now have the cloud-based product. I mean, I think that I communicated that maybe move into that or we launch that, but we have the boost product and have that in the market. We can strengthen our position toward our customer because managed and unmanaged is going together. They are like in the production, they're using both managed and unmanaged. That's a key advantage that we have.



Crister Fritzson

CEO | Net Insight

The new product that we are launching strengthens the cloud product, moves into the segment that PEER is present, we see definitely a good potential to grow during next year.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

We have a question from Patrick on this topic. Given that PEER has grown by 40% in the first half of this year while you have been declining and are now flat, has that growth come at the expense of Net Insight?



Crister Fritzson

CEO | Net Insight

No, I mean, definitely they are selling product to our customer, but we have been protecting our position with our customer. To my knowledge, I cannot guarantee, but I haven't seen any of our existing customers moving over to PEER. Our major large customer is staying with us, and we are showing that definitely like in Q2 when we were like having a \$6 million order, and we continue to protect that position in the market. We do not see that they have moved in and competed with us directly head to head. We would like to increase our investment in the PEER segment, and over time we would like to go head to head with them in that market segment.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Very good. I was thinking about this large order that you took in Q2 and started to book also in Q2. I guess you have continued with that in Q3, but is it fully recognized at this point?



Cecilia Höjgård Höök

CFO | Net Insight

Yes, we have delivered. It's completely delivered to the customers. Now in Q3.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Is it possible to say how much it has impacted the gross margin? You mentioned that you have had high volumes.



Cecilia Höjgård Höök

CFO | Net Insight

Yeah, I think that one can see that we have slightly lower gross margin during both Q2 and Q3. That is some percent that has gone down due to that order and also some other larger orders. A combination.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Perfect. Another question from Patrick on the inventory buildup. You mentioned this at the call, but just to be clear, is that only attributable to the FPGAs or are there some Zyntai effects also from Türk Telekom starting to initiate their rollout again?



Cecilia Höjgård Höök

CFO | Net Insight

Yeah, the big numbers are, of course, from the FPGAs. As we announced earlier, or last year, it's around \$7 million-\$8 million. But the Zyntai has also some smaller effects, but that is much smaller.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Also from Patrick, and I guess this is the million-dollar question, when will business area time sync be larger than media?



Crister Fritzson

CEO | Net Insight

It's a good question. The only thing that we see is that we estimate that the time synchronization market is larger than the media segment that we are operating in. Let's see what the future will have. We don't have any forecast on that. But it's a huge potential, of course. I mean, we see Türk Telekom, they were placing an order for \$25 million, and they are starting to ramp up. We had an order book of like SEK 130 million, I think, when we were coming into end of Q3. Of course, it is a huge potential of signing up large customer operators because the volume is extremely high compared with the volume to a customer in the media segment. If you all do Türk Telekom size operator, of course, drive the revenue dramatically.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

You continue to be optimistic regarding additional orders coming in late this year, early 2026. Is there a slight delay in this? Because I think we talked about the second half before. Timing is, of course.



Crister Fritzson

CEO | Net Insight

We have tried to explain the long process of selecting a supplier like us in a very critical technical area for an operator, because they will be not locked in, but they will use our product for the next six, seven, 10 years. It is very important for them to select the right product. That takes time. It is crucial. If the sync will not work, the network will go down. That is a key product for the operator. At the same time, they should do the network planning. They should do the budgeting. They need to have resources really to roll out the product into the network. It is a number of steps that they go through that are quite lengthy. Many of the operators that we are into, I mean, like Türk Telekom, they are at the same time building the 5G network.



Crister Fritzson

CEO | Net Insight

At the same time, they're building the network. So it's quite the sync network. It's quite a lot of different things that they need to prioritize and make sure that they're doing the right ordering. It takes time. The good thing with this is that, I mean, for Türk Telekom, they will roll out for the next maybe two to four years. Zyntai product. It's a lengthy relation that we will have with the customer, and it will be like quarterly revenue coming from that. We see that from the customer, that they start to roll out like in Sweden. I mean, they are constantly buying each quarter a number of Zyntai that they're installing in the network. On top of that, we will see next year that also the service and license.



Crister Fritzson

CEO | Net Insight

Will go up around the Zyntai product because now we are starting to get the installation, and then we have the support and license, which is more or less double compared with the media. That will start to kick in next year as well when we now have an installed base. That will grow also over time. I think it is a very attractive business, and it is very attractive going forward because we will have recurring revenue. It will, of course, increase the margin, and we will see some margin increase on the Zyntai next year. Based on that, we get more revenue coming from support and licenses.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

The sequential improvement from Q2 to Q3, is that related to the Turkish auction, or is that something that we will see in the fourth quarter?



Crister Fritzson

CEO | Net Insight

No, I mean, Türk Telekom have been purchasing product during the year, but they are increasing volume, of course, right now when they have received the license. We have other customers as well in Q3 that have been taking product. I mean, we have definitely the first media customer that were taking product, Zyntai product in volume in Q3.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

A question from Anders Thomson. Has there been additional proof of concept projects in the quarter than the two that were revealed at the Capital Markets Day?



Crister Fritzson

CEO | Net Insight

You mean more than the two that were revealed?



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Yes.



Crister Fritzson

CEO | Net Insight

No, I mean, it's the number that is close to 30 right now. So that's been increasing with the two during the quarter.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Is the new Zyntai time node, the 3100E, has that been developed together with an Indian or Turkish customer? Also from Anders.



Crister Fritzson

CEO | Net Insight

It's also a detailed product, so I don't know exactly what he's looking for. Maybe he's looking for that we have the NavIC, the satellite product for India. I mean, they have their own satellites, so we have developed that for India. And that we have launched is called NavIC. That's a specific product to cover also the Indian satellite system. Maybe that's what he's looking for.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Will Net Insight announce to the market ahead when you sort of call off from the order book on the time sync?



Crister Fritzson

CEO | Net Insight

No, we are reporting the order book quarterly, and we will continue doing that. That is the same procedure that we have previously. We will keep that. That is something that we report quarterly.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

A question from Tony. When do you expect software and licensing revenue to exceed hardware revenue? What are the main drivers and timeframes behind the shift in that mix?



Crister Fritzson

CEO | Net Insight

No, over time, we do not see that the license and support will be higher than the hardware because still, we would like to grow, and the installation of the hardware is still much larger than the license income. Of course, over time, we are building up like an installed base of product. The license is based on the total installed base that are used, so that we are matching year by year. Some older product maybe should be scrapped out, but we are building up the overall installed base. That is steadily growing, and we see steadily increase of the revenue coming from support and license. On top of that, we will also see that coming in from the Zyntai product, as I mentioned earlier.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Another question from Petter. Could you tell us more about the reason for developing the new version of Zyntai that was just launched? What are the customer-driven developments?



Crister Fritzson

CEO | Net Insight

I mean, the new features that we launched, it was like to detect jamming, and that's a feature that operators are asking for. That's been demand from the market that they would like to have that to make sure that they can detect if they are jammed. That's an important part.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Is that a software application that you can just add to?



Crister Fritzson

CEO | Net Insight

Yeah, yeah. All the new features that we have is always based on the software. The NavIC part, that's for the Indian market, of course.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Yeah. Another question from Anders Thomson. How does the demand look for the 400G model?



Crister Fritzson

CEO | Net Insight

It has attracted huge interest from existing and new customers. We are glad that we already just launched it during the IBC, and we see all the demand from the customer, existing customer, large customer that are waiting for product to be delivered. That is a great signal from the market that they are looking for that product. We have been in close collaboration with our large customer during the development of the product because that had been an ask for the last one to two years. We are really securing, protecting, and increasing our competitiveness in our core market.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

A follow-up from Tony on this. You mentioned that you could combine the 400 with the existing 100. The question is, will the 100G solutions continue to be sold in parallel, or will they be phased out as the 400G becomes more widely available?



Crister Fritzson

CEO | Net Insight

No, definitely they will be sold in parallel. We have the 600G that have been the volume product. If we look back a few years, quite a few years, the volume on the 1000 series has increased the last two to three years. We see it is definitely an increased demand for higher capacity in the market. The 100G is an extremely important part of our offering. On top of that, we have the 400G. It goes a little bit to different customer segments. It is not that all need a 400G platform. They can have the 600G, it is 20G, and they can have 100G. We have a broadening of our portfolio. We are looking into the unmanaged as well.



Crister Fritzson

CEO | Net Insight

That will be like a part of our product, but that can also be used in managed network as well. The 400G product that we have will be used in unmanaged and managed.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

It further increases the flexibility for the customer.



Crister Fritzson

CEO | Net Insight

Yeah, and broader portfolio. You can combine managed and unmanaged in a much easier way than in the past.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Sorry for jumping back and forth here. Now we have another question on the time sync from Petter. Do you see interest from big telecom integrators for collaborations?



Crister Fritzson

CEO | Net Insight

Yes, we do. We have dialogue with large global integrators that are interested to use our product in the relation that they have with operators. That is definitely something. I think we presented that on the Capital Market Day, exactly where we are moving. Local and global integrator over time is an important distribution channel for us. We are working on that.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Per [Clint], once sort of confirmation that your goals of 15% growth by 2027 is still in place?



Crister Fritzson

CEO | Net Insight

The financial goal, yes, it's still in place.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Continuing from Per, now that the 5G license is already in Turkey and the rollout has started, do you think that the rollout will be completed in 2026, or will it spill over into 2027 as you have flagged before?



Crister Fritzson

CEO | Net Insight

It will spill over into 2027 as well. I mean, it is, and that's yes, underlying, but I'm communicated or saying earlier, the rollout of a national network will take a few years. You're not doing that in one year.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

If I understood correctly, the order you received from Türk Telekom does not cover the entire country. Between your thumb and forefinger, how many percent of the country will be covered when the entire order is delivered?



Crister Fritzson

CEO | Net Insight

No, we don't have an exact number for that. Definitely, it's potential to have more order coming in from Türk Telekom when they are going forward. So far, we see that they have for the next coming years volumes that they will use. We will have, of course, a new discussion with them if they would like to continue to expand in Turkey, the 5G network in Turkey.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Another one from Petter. At the CMD, you said that a big operator would place orders between SEK 75 million and SEK 200 million. It seems low since there are much larger operators than Türk Telekom out there, but they placed an order of around SEK 200 million.



Crister Fritzson

CEO | Net Insight

Yeah. We should remember that the order that they were placed in Türk Telekom would include an NRE, plus that they were also using the existing 300 product, the media product that we have. That is a part of the overall order that they have. I fully agree that Türk Telekom, if you compare with the largest, the top 10, they are not in that level. Definitely we can see a much larger operator in the market.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

We have the same question from Henrik Bengtsson and from Patrick. Any updates on the ITU process?



Crister Fritzson

CEO | Net Insight

No, no update. It's still that we anticipate that it will be ready like in mid next year that will be communicated. It's a little bit delayed. I think we will communicate like in the end of Q4, so it's a little bit delayed. I mean, it's a process and many different suppliers are involved in that process and. Working with that standardization. I mean, we have some documents already approved, but not all of the documents that needed to be approved.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Do you see any interest from Turkcell regarding Zyntai?



Crister Fritzson

CEO | Net Insight

It's nothing that we can communicate. We have communicated that CECOM have been taking an order in Turkey. That is a press release that I think we sent out last year and the last year, I think.



Andreas Joelsson

Senior Equity Research Analyst | DNB Carnegie

Good. Another one from Anders Thomson. NVIDIA and Nokia fits Net Insight like a hand in a glove. Do you talk to each other?



Crister Fritzson
CEO | Net Insight

I don't think I can comment on that.



Andreas Joelsson
Senior Equity Research Analyst | DNB Carnegie

Just from my side as well. Now, with the 400G being launched, you have this inventory buildup through the FPGAs. Is there any, should we expect a further inventory buildup as you now start to deliver the 400G product, or has that already been sort of reflected in the cash flow and working capital?



Cecilia Höjgård Höök
CFO | Net Insight

No, I do not think that it will be a further buildup for the 400G. The FPGAs that we have purchased, they will, of course, help our cash flow going forward. No more buildup for the 400G.



Andreas Joelsson
Senior Equity Research Analyst | DNB Carnegie

Is that the same for potential Zyntai products, that you will recognize revenues and get paid sort of as a normal process?



Cecilia Höjgård Höök
CFO | Net Insight

The Zyntai inventory are so low, so it's not going to affect inventory levels that much.



Andreas Joelsson
Senior Equity Research Analyst | DNB Carnegie

I meant, if there are orders, will that impact then that you need to build up inventory and we will have a negative?



Cecilia Höjgård Höök
CFO | Net Insight

If it goes very higher, yes.



Crister Fritzson
CEO | Net Insight

Yes.



Crister Fritzson
CEO | Net Insight

I mean, the FPGA that we purchased in Q2 was a unique situation that we were securing, like, the volume for the next coming years. That was a unique one. All the rest are the same process that we have, the same business model that we have with our EMS suppliers.



Andreas Joelsson
Senior Equity Research Analyst | DNB Carnegie

I think we are ready for a final question from Patrick. When ITU initially communicated, you mentioned potential for royalties. Can you elaborate on this opportunity?



Crister Fritzson
CEO | Net Insight

No, I mean, it's a standardized process. If you get like the standard through the ITU, it can be that other companies can use that technology. You should remember that it's a very small part of the whole of our product. The secret sauce that we have in our Zyntai is not being standardized. It's called PTN, so that's what we have. Yes, it can be royalty coming in. They cannot just use that directly to compete with us.



Andreas Joelsson
Senior Equity Research Analyst | DNB Carnegie

Very good. Thank you very much for doing this and helping investors understand a little bit better. I will work on my ability to structure the questions for next time. I hope to see you then again in the Q4 report, which is 11th of February, right?

Net Insight

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Crister Fritzson
CEO | Net Insight

Yeah.



Andreas Joelsson
Senior Equity Research Analyst | DNB Carnegie

2026?



Cecilia Höjgård Höök
CFO | Net Insight

Yeah.



Andreas Joelsson
Senior Equity Research Analyst | DNB Carnegie

Thank you so much.



Crister Fritzson
CEO | Net Insight

Thank you.



Andreas Joelsson
Senior Equity Research Analyst | DNB Carnegie

Thank you.



Andreas Joelsson
Senior Equity Research Analyst | DNB Carnegie

Thank you all.