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Speakers



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Prepared Remarks



Andreas Joelsson
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Good morning everyone and welcome to this Q4 presentation from Net Insight. My name is Andreas Joelsson and I'm responsible for the coverage of Net Insight here at DNB Carnegie. With me in the room I have some new faces. We have the new CEO Andreas Eriksson joining us that will kick off the presentation. He's joined by CFO Cecilia Höjgård Höök that will go through the numbers. After that we will have a Q&A. To the right of us on your screen there is a box where you can send in your questions and I will read them to management to answer them. First the presentation so I leave the hand over to Andreas. Welcome.



Andreas Eriksson
CEO | Net Insight

Thank you, Andreas. So let's start. Good morning, everyone. I thought we would start with giving a sort of an overview over 2025 and Q4 in particular. I think as we previously communicated, we had a sort of weak Q4 in 2025 and overall quite a challenging 2025, and it was driven by a combination of external and internal factors. If you look at the external factor side, we had exchange rate headwinds. We had an uncertain macroeconomic environment, and also we could see that the sales cycle for the time synchronization business was longer than we had expected. In order to strengthen and respond to this, we have worked on strengthening the portfolio, drive improvement in the sales execution area.



Andreas Eriksson
CEO | Net Insight

I think also as we communicated we had launched last year a cost reduction program and really driven cost discipline and cost control throughout the entire business and this has all had a positive impact on 2025. For us the key milestone last year was the first commercial order we won for our 400G media platform that we won in quarter four so that was a key positive milestone for us. If you look at the time synchronization area I think we had more throughout the year we had more customers entering the proof of concept phase and several of them advanced through the sales funnel. Although as I just mentioned we can see that the sales cycles for the sync area remains longer than we had expected before.



Andreas Eriksson
CEO | Net Insight

So if I sort of zoom in on some of the key areas of actions we started to take in last year and also will continue to drive, they really fall in three categories. Number 1 is around the enhancement on the portfolio, and some of these we cover at the Capital Markets Day where we talked about the business. And I think it comes in three different areas in that one. First, it's the whole cloud and unmanaged area where we see big opportunities for us, and we see an opportunity there to really come out and have a really strong portfolio. We're also talking about the different sort of form factors of the type of equipment we have, so they come in different shapes. So that's the second area.



Andreas Eriksson
CEO | Net Insight

And then also we see an opportunity to enhance the portfolio by adding new compression technologies which I'll talk a little bit more about later. The second area is to solve the whole increasing of sales efficiency where we will continue to drive to make sure we really have a very impactful sales and marketing organization. And that has to do about how we bring new offerings to market. It's related to how we kind of grow and upsell existing customers and also how we win new customers in a sort of significant way. And the third area of drive and improvement here is on the time synchronization area where we will now going forward really drive hard and focus on conversion. Drive the conversion of the prospects we have in the pipeline opposed to necessarily adding new prospects.



Andreas Eriksson
CEO | Net Insight

I think what's important to highlight when you look at this is that we're coming from a foundation that is strong. We are active in an attractive market. We have a legacy and we have a heritage and experience in developing really innovative and industry-leading solutions. I think for us building on that and where we've come so far and adding some of these areas for actions and improvement will be leading to a really positive outcome. If I then take a step back and we look first on the media area. I thought it was just good to maybe zoom out as well when you think about Net Insight and where we are. So I think what we see is we are really well positioned in the live sports and media market where we've been active for many years.



Andreas Eriksson

CEO | Net Insight

As we again talked about on the Capital Markets Day, there is a number of trends and drivers in the market which we are taking benefit of. On the consumer behavior side, we know that more and more content is required to fuel an online viewer experience for live sports as nowadays obviously it's commonplace. There's continued to be the shift from satellite to fiber now into cloud which we've been benefiting from for a long time. And now that also is we're adding when companies are moving from satellite and also going to internet and delivery internet delivery-based solutions. So that's something we benefit from. There's been an underlying trend in the industry for a while as we have talked about in the remote production area. And that is something that we continue to benefit from.



Andreas Eriksson

CEO | Net Insight

So when you go from kind of a production at the venue moving that into central production the requirement on the network is increased and we benefit from them. Then you have the overall drive and this is where the 400G comes into play of higher capacity in general because people and viewers want just more higher quality on the viewing. The new compression technologies we are active mainly in one area of compression technologies and now we see an opportunity to get into other areas of compression which will be an underlying growth driver for us. And finally the shift to IP standards-based services is another underlying trend which we are taking benefit on. So I think this summarizes the underlying growth trends that we are that's driving the Net Insight business.



Andreas Eriksson

CEO | Net Insight

If you don't think about us and position us in this world, what's our core value proposition and the uniqueness of Net Insight. I think it's four areas here. One is that we have an extremely strong reputation, brand in the market. We've been here for a long time. People trust the Net Insight business and our customers like the product because they really work. It's high quality and we're dealing with a situation in the live sports area where you cannot fail. So I think that's a really strong starting point. If you look at the other area around how you operate the network, there's another thing that really sets us apart because our solutions and the customer likes the solution because it's easy to manage. It's easy to manage the network, which is very critical.



Andreas Eriksson

CEO | Net Insight

That means less cost for managing the network, less risk when you run again a live broadcast environment that becomes very important. The third area is the ongoing development of our product offerings and make sure we have differentiated features in our product offering that stands out compared to our competitors. We talk about high capacity for instance being one of them with the 400G. We were first with 100G. Now we're first with 400G. And the final area is around what we talk about the total cost of ownership. And the way to think about this is the cost for buying the equipment and the cost for standing it up and deploying it. And then thirdly the cost for the operations when you're in production.



Andreas Eriksson

CEO | Net Insight

Our solution has proven to be very strong in looking at really low total cost of ownership across all these three categories. That's again a key selling point for us in this market. If I just look at the market and this is similar to what we presented at Capital Markets Day. When you think about the market we are active in in the lower left you can see where we are that's the current core market which we are active in. We see a really good opportunity to expand our target market and go into other areas. We've been working a lot on the unmanaged. This is where internet delivery comes into play for instance. We've been working a lot into that area and strengthening that portfolio.



Andreas Eriksson

CEO | Net Insight

And then if you go up right to the dark blue new compression technology that's also an opportunity for us to add that into our portfolio. So we see really opportunities in all these three areas for us over time here as we build out the portfolio and expand it. And then you can see the white areas that over time we will look to explore whether we can find growth also in those areas. So I think for me the growth of the TAM is a core part of our future and we've got to make sure we can continue to grow. We will need to be active across the current core market at this point. If we then look at media and then zoom in again more on 2025. As I said, challenging 2025. Performance did not meet our expectation or ambition in that area.



Andreas Eriksson
CEO | Net Insight

As I mentioned, we finished the year weaker than expected. It was driven by low demand in Q4 and also absence of typical year-end budget orders. So this is where customers will sort of, I guess, empty their budgets if they close the financial year in December. They would typically spend more, and we didn't really see any significant orders like that. I think what's positive is that the cost reduction program and the cost control we had driven throughout the year had a really positive impact on the business. And then coming back to some of these improvements that we're driving is that we again enhancing the portfolio increasing the sales efficiencies is two key areas on the media side. We're already this now in the beginning of the year. We launched a new sales organization.



Andreas Eriksson
CEO | Net Insight

We have a new CCO, who used to—she used to run the EMEA business and then handed that over quite a few years with some great success in terms of how we run that part of the business. We have also now, as of now, beginning of the year, a new regional head for our Americas business where we see again an opportunity to drive more growth as well as in Asia Pacific we also have a new regional lead. It's really a new lineup to some extent to take advantage and have even more impact fully into how we execute out on the field. As I mentioned, positive response for the 400G first order.



Andreas Eriksson
CEO | Net Insight

And this is again the business driver behind this is really about lower total cost of ownership as well as of course the increase capacities of builds on the key value propositions that we had in place. And really to sort of emphasize that, I think we are well positioned to benefit from our foundation that we have over time. We are again supported by a presence in a very attractive market. We have this DNA and this heritage of developing really innovative and industry-leading solutions. I think for me that's a really good starting point as we embark on the next phase of the business. If I then sort of change area here and move into the time synchronization area. I think what we have seen throughout the year is we strengthen the position. We have moved forward in many areas.



Andreas Eriksson
CEO | Net Insight

Again as I've highlighted we can see that the sales cycles for the sync area is longer than we had anticipated. Again the need for GPS-independent synchronization continues to grow. We have still strong market interest. To date 33 customers have entered proof of concept with us. So that sort of indicates the need and also indicates the interest for the area but also for our solution. We had a sort of a weak start of the year but over the year momentum has started to improve in the second half and several customers are progressing into commercial field trials and pilot deployments. In Q4 was a great milestone for us where we had the first media customer and they began deploying the synchronization solution for a large-scale sporting event. So that was a key milestone for us.



Andreas Eriksson
CEO | Net Insight

And then our strategic customer Türk Telekom have advanced to higher volume of deployments in preparation for the commercial 5G launch that they will make in April. And I think overall I mean the year really demonstrated positive progress. We have more customers moving through the sales funnel. Again it takes longer time than we thought but they're step by step moving towards the rollout phase which is sort of the end goal clearly. So again similar here I think while look at the outlook the long term remains positive. I think what we are expecting though is in terms of short-term revenue we expect it to show some volatility during the first quarters because we start to get orders and the phasing and timing of them will depend sort of come over time. Even when in a rollout situation you don't get the big rollout order in one.



Andreas Eriksson
CEO | Net Insight

You get it in a couple of phases. So I think that's what we expect to see going into next year. If we zoom in on the and talk a little bit more in detail around the sales process around sync which I think is important to take some time on so it's sort of clear. I think you go from prospect to rollout and full operation. So it's a number of steps here that we have communicated and that we have when you go when you bring on board a new customer and have the engagement. And this holds all these steps is really what we thought maybe in the beginning it would be 12-24 months. In reality what we're seeing now is more towards the 24 months and it's probably in some instances even more than 24 months.



Andreas Eriksson
CEO | Net Insight

So I think that's sort of important to bear in mind. Having said that I think what we expect over time is that this time will come down because obviously we're dealing with the new technology here and that's why the customers want to do maybe go through all the different steps. Over time they might decide to only do a field trial or a pilot before they move to rollout. So we think that the time will come down. I think it was a clarification. I think when you think about revenue intake for us obviously the whole ambition here is to take as many customers to rollout as possible. So I think that's sort of obviously the aim goal here.



Andreas Eriksson
CEO | Net Insight

When you think about the revenue inflow for us, I think it's important to know that in POC typically we don't get anything paid for, so no revenue that we do as part of the sales process. But field trial and pilot we typically get revenue for. I mean we get they pay the customer pay for that part effectively in the evaluation. So I think that's important to kind of understand when you look at the numbers and so forth. But again the whole ambition is obviously rollout where the bigger amounts will come. If you look at then last year when you think about the numbers here, as I mentioned, 33 customers have started a POC. 60% of the concluded POCs they've converted into commercial field trials and moved to the next step. 15% have decided not to continue.



Andreas Eriksson
CEO | Net Insight

And the pattern is very clear around this 15%. It's actually not the sweet spot market segment that we had said. It's meant to be the customers that telco does have more of a homogeneous network and are the incumbents. So they tend to have another network architecture and network reality where this is maybe less interesting but really the sweet spot where 75% of the market is really what we've been aiming for. So I think that's important detail to understand. If you look at the 25% that is then residual of these two they really have not decided. So they basically have concluded a POC but they are yet to decide exactly what will be the next step.



Andreas Eriksson
CEO | Net Insight

If you look at the other part and a little bit further down in the process here, we can see that 40% of the customers performing field trial have continued to pilot stage. And then we have 40% of is still ongoing at this moment. And similarly there the residual 20% is customers that have not decided yet what they do next. I think one thing to maybe highlight in terms of as we look through the process here. The pilot installation rollout clearly the key milestones here. What we expect and what we see is that when a customer have decided to pilot we expect the conversion rate from pilot to rollout to be high. And I think we will know over time exactly the rates and so forth. But I think that's an important thing to mention.



Andreas Eriksson
CEO | Net Insight

At this point we have four customers in rollout and full operations. So that hopefully gives you some clarity on the sync area and what the sales cycles looks like in more detail. So with that I'll leave over to Cecilia.



Cecilia Höjgård Höök
CFO | Net Insight

Yeah. Okay. So starting with revenue and for the quarter we had had SEK 117 million of revenue and that is a decline of 12% year-on-year. Looking at full year we had revenue of SEK 521 million with a decline of 14%. And FX pressure has created headwinds consistent over the year and in comparable currencies the decline was 4% in the quarter and 9% for the full year. And beyond FX market uncertainty remained elevated and as Andreas said we also see that we have internal factors that we need to improve.



Cecilia Höjgård Höök
CFO | Net Insight

If we look at splits by region revenue, we can see that Americas has momentum and they have grown their share of total revenue during the last two years. The growth has come from existing Tier 1 customers. Americas is the largest market and very important for us. Despite our growth we see that we have not yet secured sufficient traction with new major customers. This remains a gap but also a growth opportunity going forward. If we start with profitability measures and gross margin. Gross margin for Q4 was 68.5 and for the full year 67.4. Margins have been negatively impacted by the FX headwinds and to some extent by lower margin of high volume deliveries especially in quarter three. If we continue with operating expenses we see that operating expenses declined 13% year-on-year in Q4.



Cecilia Höjgård Höök

CFO | Net Insight

We have a clear downward trend in operating expenses as from Q3 onwards. This is mainly a result of the cost reduction program that we launched in Q2 and we now deliver an annual run rate savings of SEK 30 million. Continue with EBITDA excluding one-offs. They amounted to SEK 17.9 million in Q4 and SEK 102.2 million for the full year. EBITDA has been pressured by the lower revenue that we have had during the year and FX headwinds amplify the decline. The cost reduction program that we initiated have contracted the EBITDA deterioration but only to some extent. Continuing with operating earnings the trend is the same as for EBITDA and operating earnings for the quarter amounted to a negative of SEK 4.4 million with a margin of 4%. For the full year SEK 8.8 million with a margin of 2%. Now to our net cash.



Cecilia Höjgård Höök

CFO | Net Insight

The total cash flow for the quarter was a negative SEK 14 million. Starting with operating activities the cash flow amounted to a positive SEK 12.1 million and if we adjust for the final FPGA payment the cash flow from operating activities amounted to SEK 70.1 million. Cash flow from investment activities amounted to a negative SEK 23.3 million driven by capitalization of development expenditures. Cash flow from financing activities amounted to a negative SEK 2.3 million driven by interest and lease payments. If we close the year-end with a net cash of SEK 83 million and we have access to an unused credit facility of SEK 85 million we now have available liquidity of SEK 168 million and this ensures that we will have a sufficient cash flow going forward. That was about it for me.



Andreas Eriksson

CEO | Net Insight

Thank you Cecilia. If I then go to just summarizing the year.



Andreas Eriksson

CEO | Net Insight

I think, again, as we said, we're going to focus on driving the continuing improvement that I mentioned following a challenging 2025. Already started 2025 and we'll continue to drive that hard throughout the year and the outer years. We had, as we said, finishing the year 2025 was weak. Did not meet our ambition. And again driven by both external and internal factors. So really driving this continuing improvement is core, then around the enhancement of the portfolio as well as the efficiency on the sales side. Again, positive cost reduction program cost control pay dividends throughout the year. And again, the positive thing was that we got a really positive response with winning the first order for the 400G platform in quarter four. As we talked about, time synchronization positive development customer progressing through the sales funnel.



Andreas Eriksson

CEO | Net Insight

But again, taking a little bit sort of a longer time than we thought. The long-term outlook there remains positive. Short-term revenue is expected to show volatility during the first quarters, as I mentioned. If you look at the long-term financial targets, they remain unchanged for the moment, although achieving that by 2027 will look challenging. I think to finish off then, as I talked about, I think when you look at the position we come from, I think we come from a position where we have a strong foundation too, as a starting point. We are active and present in two attractive markets. We have a heritage, a long one, to really develop innovative and industry-leading solutions. I think that's a really good place to start.



Andreas Eriksson

CEO | Net Insight

And then we will build from there with the areas of enhancement and improvement that we are driving. So that was all from us and now to Q&A.

Q&A



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

Then we go to Q&A and there is a lot of questions from the audience. So we take them one by one and I might sneak in a follow up from time to time. But if we start with the previous guidance was for a strong second half of 2025. So you touched upon it in the presentation but what was it that went wrong? Why you couldn't achieve that guidance. And maybe if I sneak in something you highlight both macro uncertainty and internal execution in the sales process especially. How much is weighing, so to say, how much is the market impacting you and how much can you sort of gain what's in your own hands with the better execution?



Andreas Eriksson

CEO | Net Insight

Yeah. I think we have a lot in our hands in my mind. Of course you cannot do anything against FX headwinds and so forth, I think. But I think for me we have a lot of control in our own destiny in a way. Improving the offerings we have, making them even sharper and so forth against delivering customer commitments as well as the competitive aspect plus how we bring that to market and how we execute in front of the customer.



Andreas Eriksson

CEO | Net Insight

I think we have a lot of those in our own control and we've already started now as I mentioned in the beginning of January to make some changes on the front line just to build a really stronger team and more impactful team. So I like to think we have things in our hands. But of course there will always be some element of external factors that you that there will be impacting the business.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

And the dialogue you had with customers in the second half if you split it in media has there been delays in orders and also on the time sync is it more that the pilot projects or the proof of concept process is more complex.



Andreas Eriksson

CEO | Net Insight

I think if we start on the sync side, I think it's sort of clear that when you look at the sales process, I think it's been quite hard to anticipate exactly when orders will come. It's a rather complicated process. It's prolonged as we have outlined. And I think that was really playing into it when it's hard to predict exact timing. So that's probably one where things, so nothing has gone away if you like. It's all been sort of pushed out on the sync side. If you look at the media side, it's partly a story also of things moved. I think we thought that the end of the year would then again be stronger than it ended up being. And it was some lower demand. It was some deals that got pushed as well.



Andreas Eriksson

CEO | Net Insight

But on balance we came out as quite a challenging quarter really.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

And you guided last year that you would have sync orders by the end of the year. And as you say you haven't lost anything besides those 15%. Do you think those orders will come then in 2026 instead?



Andreas Eriksson

CEO | Net Insight

I mean I think we want to be to some extent we want to be a bit cautious around the guiding. I think what we are seeing now is that there'll be some sort of volatility in terms of the quarters to come in terms of the timing. But again as you said we haven't lost anything and it's all about the timing. But I think we have now respect for the learnings that we've done in terms of the process is taking longer harder to predict.



Andreas Eriksson

CEO | Net Insight

So we're now taking that more into account and of course we'll communicate to the market when we start to hit those milestones that we have said we would.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

And can you say something about the proof of concept projects you have now? If they materialize into rollouts, what type of ballpark sales are we talking about for the entire time sync division?



Andreas Eriksson

CEO | Net Insight

Yeah. I think we haven't guided on the total number at this point. I think we will need to.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

But it's not part of the order book.



Andreas Eriksson

CEO | Net Insight

No. No. No. No. Correct.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

And you mentioned macroeconomic weakness as a cause for weak 2025. Your peer has grown +30%. Can you explain the difference here? Us as generalists and not understanding what happens in the market. It's easy to come to the conclusion that they are eating your lunch, to quote.



Andreas Eriksson

CEO | Net Insight

Absolutely. No.



Andreas Eriksson

CEO | Net Insight

I think that's, and that's, a very fair question. I think maybe I'll take a step back and look at the differences as well. I think we are two different companies to some extent. We are active in this sort of similar market in a way. But I think we come, as I explained, from a situation of building networks and more providing systems and solutions whereas Appear is more focused on the compression area. And if you break up the market it's really consists of transport where we are active. Appear is not. The orchestration area and the management system we are active and Appear is not. And then when you look at compressions really where both we and Appear are present and then you break that up into two areas.



Andreas Eriksson

CEO | Net Insight

One is sort of the JPEG family of technology and one is the MPEG family of technology for compression. The JPEG one is where we are active and Appear is as well. And there we sort of I guess head on in a way against them. We don't see sort of meaningful loss or anything. We hold strong there and we will have really strong continue to have a strong offering there. So we cannot say that we are losing against them there. If you look at the MPEG area that's where we do not have an offer at the moment. That's part of our portfolio enhancement plan.



Andreas Eriksson

CEO | Net Insight

So that's really where they have an offering and I think it's been they've been really benefiting from some growing importance of that area among the broadcast industry and have had as far as we can see and reflect a very strong proposition in market for that plus a good and strong execution. So I think that's sort of the difference here when you look at the numbers.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

And when you say they have strong execution is there something specific that you see that they have in that process that you don't have that you would like to turn Net Insight into?



Andreas Eriksson

CEO | Net Insight

I would say I think I think it comes back to the improvement areas that I highlight and action areas. I'm sure we can increase the sales efficiency and sales impact for instance.



Andreas Eriksson
CEO | Net Insight

We are also working on the portfolio enhancement and adding portfolios that we will address this area as well. I think over time we will be more competing with and we'll be active across all the areas where they are active.



Andreas Joelsson
Equity Research Analyst | DNB Carnegie

Sorry to stay on that, but when you want to increase or improve the execution, how do you do that? It's one thing to say it, and then how do you actually improve that. We can talk about culture and things like that, and it takes some time to change that. How will that?



Andreas Eriksson
CEO | Net Insight

Yeah. No. That's a good question. I think it's not so much necessarily in the core culture. I think it's first of all to make sure that at the front line we have the best people and really strong capable people in the front line. I think that's part of it.



Andreas Eriksson
CEO | Net Insight

I think also how we work to address and attack the market I think is the ways of working there is critical. So we're implementing sort of a new way of working which is not really culture change. It's more of an even more impactful ways of working. I think then the other part of this is also how we bring different offerings to market. I think we can do a better job when we bring things to market and be much sharper into our value propositions and how we are unique compared to competitors and also how we set up not our own salespeople only but remember that we are also selling indirect through sales partners around the world. If we can equip them really well and make sure that they are efficient in front of their customers including our own sales force that will be far more impactful.



Andreas Eriksson
CEO | Net Insight

So those are kind of steps we're taking. A much stronger kind of channel program. Make sure the salespeople that we have are the best we can find plus that they're really equipped. So these are very practical things I would consider. I think also it comes back to really position Net Insight for where we are really strong. Again we're a system and solution provider more than individual technologies and this is what the current customers really value and really like with what we have to offer. So I think it's a combination of these things but I would consider them relatively practical things to implement and drive. We have already got the plan in motion.



Andreas Joelsson
Equity Research Analyst | DNB Carnegie

And the next question. Do you see your competitors not only appear then take more of your business and is that one of the reasons why you show weak numbers?



Andreas Eriksson
CEO | Net Insight

I think it's always, I mean, it's kind of a competitive landscape out there, clearly. I think for us it's important to we are active in a couple of different market segments as I outlined. I think for us the combination is very strong, but we don't not see necessarily that we have I think against some of the other competitors we're standing strong. Of course you got to always improve, and that's why we now have these sort of areas of improvements. I think you can never stand still. You got to keep driving hard and driving improvements because it's a fair sort of marketplace. But I think that's not necessarily all the other ones is not really coming into play. I think what we have seen is that we've been really good working with our existing customers and kind of growing them and looking after them.



Andreas Eriksson
CEO | Net Insight

I think where we can do even better is to win large new significant customers. I think that's what we can do better and that's probably true kind of across the globe. I think as Cecilia said when you look at the Americas we've seen a lot of growth comes from existing large accounts but less comes from new large accounts. So I think that's for me a growth opportunity and an opportunity for us to strengthen. I think that's what we want to do. Clearly when you have the existing customers you want to continue to be kind of first of all relevant to what you already do but also be able to kind of extend the portfolio to them.



Andreas Eriksson
CEO | Net Insight

What we can see, for instance, we are very much on the managed side, which fiber-based solutions and so forth. Now when customers start to move over to the internet-based and cloud-based area and we have now building up a really sort of strong offering in that area and we can start to kind of upsell that to our existing customer base or use that as a vehicle to get into new accounts. So I think when you look at the plan we have in place now I think we're starting to have more tools in the toolbox to kind of break into new accounts and as well as upscale some of the customers we have. Plus if you add that a really strong machinery behind it in order to kind of execute on that I think that's a good combination.



Andreas Joelsson
Equity Research Analyst | DNB Carnegie

Next question relates to components.



Andreas Joelsson
Equity Research Analyst | DNB Carnegie

Have you seen any changes in customer behavior amid the intensifying component shortage now seemingly spreading from memory to other parts of the semiconductor market?



Andreas Eriksson
CEO | Net Insight

No. Not so much. I mean, of course, we've gone, as we know, as we have communicated, we bought certain sort of components on the FPGA side and so forth for some of that, but we haven't really seen, of course, some of these components are in competition with some of the AI companies and so forth, but we haven't really seen anything that is sort of significantly impacting our outlook.



Andreas Joelsson
Equity Research Analyst | DNB Carnegie

Back to the sync division. The large U.S. telecom operator that in the end of 2023 entered commercial sync tests. What happened here and are they still interested or have they decided to go for another solution?



Andreas Eriksson
CEO | Net Insight

Still interested at this point, but again the sales cycle and the steps is just taking longer time.



Andreas Joelsson
Equity Research Analyst | DNB Carnegie

And if I sneak in a question. Is there any sort of trigger in the market that you see in terms of sports rights changes or large live events that will happen like we have a big event right now that can sort of trigger the market to recover throughout 2026?



Andreas Eriksson
CEO | Net Insight

I think typically the cycle of the whole industry is there is some underlying trends of course, but then as you indicate Andreas you have certain event years where you have a big like now Winter Games or a big FIFA World Cup game which gives a little bit of a spike in that year. I think there is nothing really in 2026 that is sort of a big event year in that sense.



Andreas Eriksson
CEO | Net Insight

But that doesn't mean there will not be underlying growth because an event is clearly one. They tend to be kind of happening occasion by occasion and in a regular rhythm obviously. But we serve the leagues. We sold tours as well. Did the big sort of tours that jump around in tennis and the motorsport area and so forth. So we're active also throughout service provider and customers in that area. So that is sort of recurring every year. I think it's clear to say that when you look at Tier 1 sport it's growing in importance. It's becoming more important for the viewers. It's becoming more important therefore for the service providers and the broadcast that they serve. So I think we're in that sense in a good place. So that will be I guess if you look at sort of the cyclical aspect of it.



Andreas Eriksson

CEO | Net Insight

I think it's important to say as well that when you think about the Winter Games we've been active there since 2008 and we continue to be active even now. So I think we're a core part of that business. What happens is that if you look at the revenue flow a lot of that revenue came last year in quarter four or quarter three sorry. And because they need to buy the equipment stage it and deploy it ahead of so during the actual sort of event we don't tend to get revenue in line with when the events are actually happening. We get it before. And I think that's kind of maybe important to kind of understand in a way from forecasting perspective.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

Sorry for jumping back and forth both for the audience and you so shooting on everything but what is given these 33 Proof of Concept customers that you have. Is there a common sort of threshold why the decision to roll out is not being taken? Is it standardization? Is it sort of understanding the product or what is it that has been more complex?



Andreas Eriksson

CEO | Net Insight

I think we haven't yet seen maybe a sort of a common theme necessarily. I think it's fair to say we're still sort of seeing and it's a new technology. Let's remember it's a new technology and the customers. But I think when you look at the demand it's typically driven around as you say it might be driven by some regulatory aspects. It's about building resilience in the 5G network. Obviously 5G network is becoming really mission critical and they need to be resilient.



Andreas Eriksson

CEO | Net Insight

So I think that's a risk reduction aspect. And then the third area is really that a lot of the operators they need to make sure that having resilience is driving their business when they go into B2B customers and areas. I think that's more of a business driver. So I think all those business drivers are coming into play but it's hard to say necessarily. It's a mix depending on country and depending on customer situation as well. So hard to at this point see a very clear pattern but I think we will come back to that as the kind of the business matures and we can see more sort of patterns in the business.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

Yep. Then a twofold question. Is M&A still part of the strategy in the business areas and looking at the cash position.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

How do you see that given the volatility in working capital and maybe also M&A opportunities, the weakness that we see in the market right now?



Cecilia Höjgård Höök

CFO | Net Insight

If we start with the cash flow, I think that we still have; we decreased our net cash with approximately SEK 150 million last year and half of that was from the FPGAs. So we don't have that going forward. Instead we will have a bit less yearly outflow since we have already acquired the FPGAs. So I think that in cash point of view we have quite solid cash flow now with SEK 168 million of available liquidity. Then going into M&A, I think that that is a question that we will come back to. It's a long term strategy that we are looking at.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

And here is another question on the FPGAs. You used almost half of that available cash to buy these FPGAs.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

It's quite a remarkable amount to pay out on chance. Is there any planned projects for those?



Cecilia Höjgård Höök

CFO | Net Insight

Those FPGAs are for our Nimbra 1000 series. Maybe you can help me explain more if you want Andreas, but it's our main product that is leading our growth going forward. So that is in managed area that is our biggest product. So of course that will we need to secure so that we can secure that revenue too going forward.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

There is a lot of questions on Appear and how you relate to Appear, but I think we answered that question before. So just so you in the audience know that. You say that your financial goals for 2027 is challenging but maybe not impossible. If you look at 2024 and 2025 especially has been quite tough and the long-term target is 2023 to 2027.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

How do you see 2026 and 2027 in that long-term target range? I guess you have to have the growth in order to reach the margin target, but what is required to get to the exceeding 15% organic growth in 2026 and 2027?



Andreas Eriksson

CEO | Net Insight

Yeah. I think on the top-line side, I think it's clear that the time synchronization areas is a core vehicle and driver into achieving those. I think that's in a way the big dependency I would say.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

And looking at the media side, you have a big installed base. I think the market would have liked to see more that you can upsell more to that base and maybe more software which could help the gross margin. And I'm the generalist. I look at Excel, so this is how I think.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

Why has that not happened and why do you need new customers when you have that quite great assets to work with because finding new customers can be quite expensive and take time?



Andreas Eriksson

CEO | Net Insight

I think we need to do both but you're right. Upselling to existing customers is a natural starting point clearly. I think what we look at now with the whole unmanaged and the internet delivery area and that portfolio that we now start to have in place that will be a natural upsell opportunity to that customer base. Some of that is software. It's a combination of software more software centric but also there are some hardware elements in that. So there'll be more along the lines of what you're thinking about probably.



Andreas Eriksson

CEO | Net Insight

I think then also just working with the current customers on the kind of current core products and working with them and making sure that we work with the customers that are actually growing because obviously if they grow they will spend money and want to expand. So I think that's the core as well to really make sure we are focused on the right existing customers. That equally is important because the service provider they sort of compete with each other in the marketplace and we want to make sure we back the winners in a way because they will then drive our growth as well. I think that's also very important. These are the things that we started to put in place last year in the sales organization to really be more focused on those.



Andreas Eriksson

CEO | Net Insight

I think that is again part of the execution recipe in terms of the sales area.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

And at the capital markets day I think your former boss mentioned something that Net Insight would step into the market areas where Appear is quite strong. Was that the JPEG side where you already are or is it also? So that's the MPEG side. Correct. And when will that happen?



Andreas Eriksson

CEO | Net Insight

So that will happen stepwise over the year. So there is a couple of sort of product plans we have in place. So we will have we start to get active in the MPEG side really sort of towards the second half of the year. And then over time that will be enhanced. So that's part of the portfolio plan.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

And then we have a couple of more minutes. What happened in Asia Pacific? The sales is down roughly 50%.



Andreas Eriksson

CEO | Net Insight

So I think in Asia Pacific we have taken a little bit of a restart of it. So now as of 1st of January we have a new Asia Pacific leader in place to kind of restart that area. I think we still and also about focus. I think when you look at the Asia Pacific region it's really a handful of countries which are critical that we got to sort of that are the bigger ones the ones that will have significantly more spends. It's about working into those and having a very kind of active sales engagement model into those. We have a lot of sales partners in Asia Pacific for many other countries. So again back to that make sure that we have a good channel program that can serve those countries.



Andreas Eriksson

CEO | Net Insight

We don't necessarily leave them but we can spend most of our effort on this handful of countries that we are going to succeed in. I think fine tuning that strategy and then building behind it I think will be one step of the plan we now have in place to kind of change the trend around in Asia Pacific.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

And a final question for Cecilia. What happens if you have a big chunk of orders coming from the proof of concepts into the rollout? What happens with working capital when that happens?



Cecilia Höjgård Höök

CFO | Net Insight

It will yeah at that point it will go down. We have availability in inventory to be able to deliver. And then we need of course we have quite close connection to our partners that manufacturing. So we will have a quite short time from delivery to us and directly to the customer.



Cecilia Höjgård Höök

CFO | Net Insight

So we can have a quite good flow with that.



Andreas Joelsson

Equity Research Analyst | DNB Carnegie

Perfect. Thank you very much. Good luck for 2026 and look forward to seeing you here at the time of the Q1 report. Thank you. Thank you for listening.