

INTERIM REPORT

JANUARY – SEPTEMBER 2023



July – September 2023

- Net sales amounted to SEK 144.0 (130.3) million, an increase of 10.5% year-on-year. In comparable currencies net sales increased by 5.9%.
- Operating earnings amounted to SEK 19.6 (27.3) million, corresponding to an operating margin of 13.6% (20.9%). Excluding foreign exchange rate differences of SEK -1.9 (0.5) million, operating earnings were SEK 21.5 (26.8) million.
- Net income for the period was SEK 16.2 (24.2) million.
- Earnings per share diluted was SEK 0.05 (0.07).
- Total cash was SEK -3.6 (-36.0) million. Excluding the cash impact from share-related transactions, the cash flow was SEK 18.5 (2.1) million.

January – September 2023

- Net sales amounted to SEK 396.9 (350.1) million, an increase of 13.4% year-on-year. In comparable currencies net sales increased by 7.2%.
- Operating earnings amounted to SEK 41.5 (47.3) million, corresponding to an operating margin of 10.4% (13.5%). Excluding foreign exchange rate differences of SEK -4.9 (0.9) million, operating earnings were SEK 46.4 (46.5) million.
- Net income for the period was SEK 37.5 (44.1) million.
- Earnings per share diluted was SEK 0.10 (0.12).
- Total cash was SEK -45.9 (-61.0) million. Excluding the cash impact from share-related transactions, the cash flow was SEK -10.6 (13.8) million.

Q3 in brief

- Twelfth consecutive quarter of growth
- Strong operating earnings despite big investments
- First customer installation of the new time synchronization product Zyntai
- Order book for time synchronization continued to increase

FINANCIAL HIGHLIGHTS

SEK millions	Jul-Sep			Jan-Sep			Oct 2022-	Jan-Dec	Change
	2023	2022	Change	2023	2022	Change	Sep 2023	2022	
Net sales	144.0	130.3	10.5%	396.9	350.1	13.4%	521.9	475.1	9.8%
Operating earnings	19.6	27.3	-28.2%	41.5	47.3	-12.4%	54.7	60.5	-9.7%
Operating margin	13.6%	20.9%		10.4%	13.5%		10.5%	12.7%	
Net income	16.2	24.2	-33.2%	37.5	44.1	-15.1%	47.4	54.0	-12.3%
EBITDA	38.2	43.8	-12.8%	96.3	93.9	2.5%	125.0	122.7	1.9%
EBITDA margin	26.5%	33.6%		24.3%	26.8%		24.0%	25.8%	
EBITDAC	19.3	24.6	-21.4%	27.4	31.0	-11.6%	31.5	35.1	-10.2%
EBITDAC margin	13.4%	18.9%		6.9%	8.9%		6.0%	7.4%	
Net Income	16.2	24.2	-33.2%	37.5	44.1	-15.1%	47.4	54.0	-12.3%
Net margin	11.2%	18.6%		9.4%	12.6%		9.1%	11.4%	
Total cash flow	-3.6	-36.0		-45.9	-61.0		-31.9	-47.0	

For definitions and calculation of KPI's, see pages 16-20. The performance measure EBITDA-2 has changed its conceptual name to EBITDAC, the definition is unchanged.

CEO's Statement

Continued profitable growth driven by strong development in the media business

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

In the Americas region, where we have observed some caution in the market at the beginning of the year, we saw increased activity and higher sales volume in the third quarter. The IP-related investments we have made in recent years have expanded our customer offering and strengthened our existing product portfolio, contributing to the continued growth trend.

In the third quarter, sales amounted to SEK 144.0 million, representing a 10.5% increase year-on-year (5.9% in comparable currencies). Operating earnings for the quarter were SEK 19.6 million, compared to SEK 27.3 million in Q3 2022 (the highest operating earnings in the company's history) and SEK 9.9 million in Q2 2023. The gross margin for the quarter was 59.7% (compared to 65.3%).

However, the gross margin was only slightly lower than the average margin for the period January-September. The lower gross margin in the quarter, year-on-year, was due to a very favorable customer and product mix in the comparative period of the previous year, plus costs of SEK -2.5 million related to previously secured access to components, where the need has now been estimated to be lower.

Continued investment in R&D and build-up of our organization in time synchronization, which, along with inflation-driven cost increases and costs associated with the implementation of a new ERP system, resulted in higher costs in the quarter compared to the same period last year. However, sequentially, our operating expenses decreased.

Strategic progress with expanded IP functionalities

A concrete example of the result of our investment in technology development is the recently launched IP functionalities on Nimbra 1000 and Nimbra 600. This has made our

products more versatile and attractive to both existing and new customers.

At the annual TV and media industry trade show, we received a gratifying recognition when Trust Boundary, one of several updates for our IP products, was awarded the IBC Best of Show award. During the quarter, we also carried out several partner collaborations. For example, our

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

partner Console Connect introduced a cloud-based solution based on Nimbra Edge. In collaboration with our partner MediaKind, we also integrated our cloud solution Nimbra Edge into their platform, streamlining the distribution processes for global sports events.

Successful implementation of the new time synchronization product Zyntai

In the quarter, we made important progress regarding our time synchronization solution for 5G and critical networks. The installation of our new product Zyntai n Three Sweden's mobile network has started ahead of schedule. The new product offers higher capacity, improved algorithms, greater scalability, and support for complex network scenarios. We are currently conducting several Proof-of-Concept projects in various stages and engaging in further discussions with potential customers to initiate similar projects.

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

Crister Fritzson, CEO

Solna, Sweden, November 9, 2023



REVENUES

Net sales in the third quarter of 2023 were SEK 144.0 (130.3) million, an increase of 10.5%. In comparable currencies, sales increased by 5.9%.

Despite continued macroeconomic uncertainty, which affects customers' investment decisions and, among other things, means longer sales cycles, the media business continued to develop strongly in the quarter. The growth in the media business in the third quarter amounted to 12.1% year-on-year, 7.1% in comparable currencies. In the Americas region, where since the end of 2022 we have seen a certain caution among customers, we saw increased sales in the third quarter. In the EMEA region, we have noted very strong sales in the quarter with a number of larger deals driving the sales increase. The investments of recent years that resulted in launches of new functionality, increased capacity and continued development of the existing platform have increased our competitiveness and contributed to increased sales volume. The ongoing technological development and increased quality requirements create continued investment needs for our customers, which drives the underlying growth. Revenues from time synchronization for 5G amounted to SEK 8.7 million in the quarter, compared to SEK 9.6 million the previous year. The previous year's third quarter included higher revenues linked to delivery of the existing product. Pending the launch of the new product (Zyntai) at the end of the year, revenue from the existing product is decreasing. As mentioned earlier, however, we can state that the order backlog is growing ahead of the official launch at the end of the year.

Net sales for the six-month period of 2023 amounted to SEK 369.9 (350.1) million, an increase of 13.4%. In comparable currencies, sales increased by 7.2%.

Growth within the media business during the period January – September amounted to 16.7% year-on-year, 10.1% in comparable currencies. Revenue from 5G time synchronization during the first nine months of the year amounted to SEK 26.1 million, compared to SEK 32.3 million the previous year. The decrease in sales compared to the previous year is, as previously mentioned, a consequence of broad commercial delivery of the new product by end of 2023.

The company has no direct seasonal variation, however there is a certain variation in revenue between quarters due to the concentration of larger deals in certain quarters.

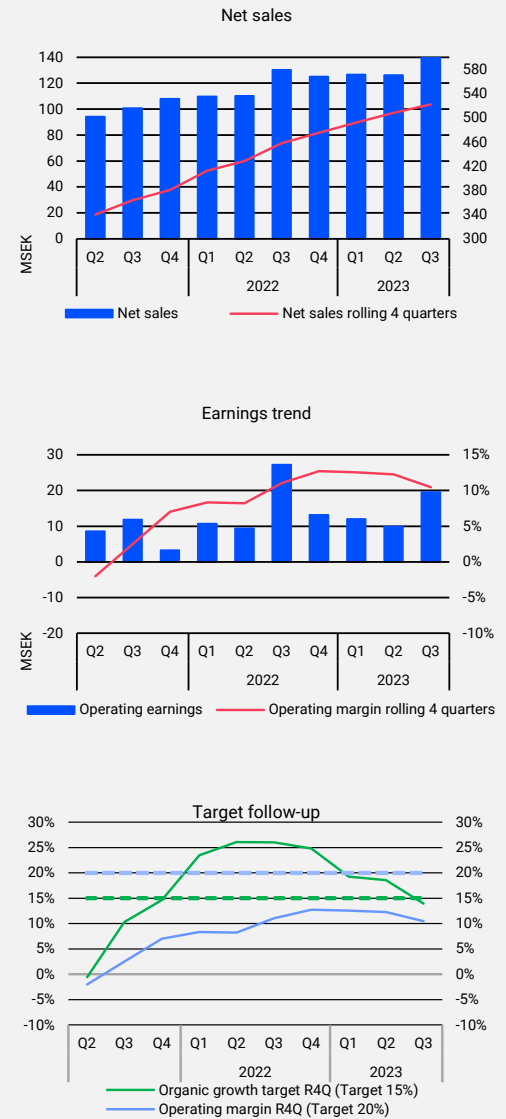
EARNINGS

July-September

Gross profit for the third quarter was SEK 86.0 (85.1) million, an increase by 1.1%. The increase is driven by the increased revenue. Gross profit included amortization of capitalized development expenditure of SEK -14.4 (-11.5) million. Gross margin excluding and including amortization of capitalized development expenditure was 69.7% (74.1%) and 59.7% (65.3%) respectively. The lower margin compared to the previous year is partly due to a very favorable customer and product mix in the comparison period, partly since we in the period had costs of SEK -2.5 million related to previously secured access to components where the need is now estimated to be lower. However, the gross margin in the quarter is only marginally lower than the average gross margin for the period January-September.

Operating expenses in the third quarter of SEK -64.7 (-57.1) million, an increase of 13.2% year-on-year. The increase is driven by strengthening of the organization (primarily in time synchronization for 5G). The increase is also due to cost increases driven by inflation, increased sales costs linked to the increased sales and the weakening of the Swedish Krona. Last year's operating expenses included costs for restructuring of SEK -1.2 million. Operating costs in the quarter are also affected by costs related to the implementation of a new ERP system as of October 1. Operating costs in the previous year included costs in connection with restructuring of -1.2 MSEK.

Sales and marketing expenses were SEK -37.8 (-32.3) million, and administration expenses to SEK -14.5 (-12.5) million. Development expenses were SEK -12.3 (-12.3) million and the total development expenditures, i.e., before capitalization, were SEK -31.2 (-31.5) million. The increase in sales and marketing costs relates primarily to building up the organization for the offer within time synchronization for 5G as well as increased costs for customer and marketing activities. The sales and marketing costs in the quarter are also affected by a negative currency effect as a significant part of these costs are in USD. The increase in administration costs is partly due to an ongoing project regarding the implementation of a new ERP system of SEK -1.4 (-) million.



Financial targets 2023-2027:

- * an organic average annual growth of at least 15%
- * an operating margin (EBIT%) that within the period will reach 20%

Other operating income and expenses were SEK -1.8 (-0.7) million, of which foreign exchange rate differences of SEK -1.9 (0.5) million. Last year included impairment of development projects, as a result of a tighter integration of the Nimbra and Aperi platforms, of SEK -1.5 million

Strong operating earnings despite big investments, although lower than last year's record result. Operating earnings amounted to SEK 19.6 (27.3) million, corresponding to an operating margin of 13.6% (20.9%). Excluding foreign exchange rate differences of SEK -1.9 (0.5) million and items affecting comparability of SEK 0.6 (-2.7), operating earnings were SEK 21.5 (29.5) million. See also table Material profit and loss items on page 20.

EBITDA and EBITDAC (including reversal of capitalization of development expenditures, concept name changed from EBITDA-2) amounted to SEK 38.2 (43.8) million and SEK 19.3 (24.6) million, respectively, which corresponded to an EBITDA margin of 26.5% (33.6%) and an EBITDAC margin of 13.4% (18.9%).

In the third quarter, net financial items amounted to SEK 1.1 (4.4) million, of which foreign exchange rate differences of SEK -0.9 (3.6) million and net interest income of SEK 2.0 (0.7) million. The increased net interest income is due to increased interest income due to higher market interest rates.

Profit before tax was SEK 20.7 (31.6) million, and net income was SEK 16.2 (24.2) million, corresponding to a net margin of 11.2% (18.6%).

January-September

Gross profit for the first nine-month period was SEK 239.2 (220.1) million, an increase by 8.7%. The increase is due to the increased revenue and a favorable revenue mix, where a gradual increase of software-related revenue with a higher margin partially compensates for increased costs for components etc. Gross profit included amortization of capitalized development expenditure of SEK -42.2 (-34.3) million. Gross margin excluding and including amortization of capitalized development expenditure was 70.9% (72.7%) and 60.3% (62.9%) respectively. During the first nine months, the increase in license and support revenue has not fully compensated for lower event-base services revenue compared to the previous year.

Operating expenses in the first nine-month period were SEK -194.0 (-172.5) million, an increase of 12.5% year-on-year. The increase includes cost increases driven by e.g. inflation, a strengthening of the organization, increased marketing-related costs, implementation of a new ERP system and the weakening of the Swedish Krona against the USD. Last year's operating expenses included costs for restructuring of SEK -1.2 million.

Sales and marketing expenses were SEK -111.8 (-94.8) million, and administration expenses to SEK -45.8 (-39.3) million. Development expenses were SEK -36.4 (-38.5) million and the total development expenditure, i.e., before capitalization, were SEK -105.3 (-101.4) million. The increase in sales and marketing costs as well as development expenditure relates primarily to building up the organization for the offer within time synchronization for 5G as well as increased costs for customer and marketing activities. The sales and marketing costs are also affected by a negative currency effect as a significant part of these costs are in USD.

Other operating income and expenses were SEK -3.7 (-0.3) million, of which foreign exchange rate differences of SEK -4.9 (0.9) million. During the year, the parent company received a government electricity subsidy of SEK 0.6 million (-). Last year included impairment of development projects of SEK -1.5 million

Operating earnings amounted to SEK 41.5 (47.3) million, corresponding to an operating margin of 10.4% (13.5%). Excluding foreign exchange rate differences of SEK -4.9 (0.9) million and items affecting comparability of SEK 0.0 (-2.6), operating earnings were SEK 45.8 (49.1) million. See also table Material profit and loss items on page 20.

EBITDA and EBITDAC (including reversal of capitalization of development expenditures, concept name changed from EBITDA-2) amounted to SEK 96.3 (93.9) million and SEK 27.4 (31.0) million, respectively, which corresponded to an EBITDA margin of 24.3% (26.8%) and an EBITDAC margin of 6.9% (8.9%).

In the first nine-months period, net financial items amounted to SEK 6.9 (8.8) million, of which foreign exchange rate differences of SEK 1.7 (8.2) million and net interest income of SEK 5.2 (0.5) million. The increased net interest income is due to increased interest income due to higher market interest rates.

Profit before tax was SEK 48.4 (56.1) million, and net income was SEK 37.5 (44.1) million, corresponding to a net margin of 9.4% (12.6%).

Key Ratios	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Net sales, SEK millions	144.0	130.3	396.9	350.1	521.9	475.1
Net sales YoY, change in %	10.5%	29.2%	13.4%	28.3%	14.0%	24.8%
Gross earnings	86.0	85.1	239.2	220.1	316.8	297.7
Gross margin	59.7%	65.3%	60.3%	62.9%	60.7%	62.7%
Operating earnings	19.6	27.3	41.5	47.3	54.7	60.5
Operating margin	13.6%	20.9%	10.4%	13.5%	10.5%	12.7%
EBITDA	38.2	43.8	96.3	93.9	125.0	122.7
EBITDA margin	26.5%	33.6%	24.3%	26.8%	24.0%	25.8%
EBITDAC	19.3	24.6	27.4	31.0	31.5	35.1
EBITDAC margin	13.4%	18.9%	6.9%	8.9%	6.0%	7.4%

INVESTMENTS

The investments in the third quarter were SEK 19.2 (19.7) million, of which SEK 18.8 (19.2) million related to capitalization of expenditure for development. The investments in the first nine-month period were SEK 71.0 (65.3) million, of which SEK 68.9 (62.9) million related to capitalization of expenditure for development. The increase in capitalized development expenditure relates to the investment in 5G time synchronization.

Depreciation and amortization in the third quarter totaled SEK -18.6 (-16.5) million, of which SEK -14.4 (-11.5) million related to amortization of capitalized expenditure for development. Depreciation and amortization in the first nine-month period totaled SEK -54.9 (-46.6) million, of which SEK -42.2 (-34.3) million related to amortization of capitalized expenditure for development. Launches of new products have increased the amortization. The previous year also included an impairment of development projects during the third quarter, as a consequence of closer integration of the Nimbra and Aperi platforms, of -1.5 MSEK.

Net value of capitalized expenditure for development was SEK 224.9 million at end of the period, against SEK 198.2 million as of December 31, 2022.

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities in the third quarter amounted to SEK 34.8 (23.9) million and for the first nine-month period to SEK 62.1 (83.6) million. The increase in inventory during 2022 and the first six-month period of 2023 is a consequence of securing components with longer foresight than normal due to the prevailing component shortage. The continued growth, especially in the APAC region, has led to increased accounts receivable in 2022 and 2023. During the first quarter 2022, SEK 28.2 million was received for the second half the NRE (non-recurring engineering fee) from the 5G time synchronization business with Türk Telekom, a prepaid revenue that is recognized as revenue during the development of the new products for 5G synchronization.

The total cash flow for the third quarter amounted to SEK -3.6 (-36.0) million and for the first nine-month period to SEK -45.9 (-61.0) million. The increased investments in development projects during the first nine months, compared to the previous year, are offset by a reduced repurchase of own shares and exercised warrants. Excluding the cash impact from share-related transactions (repurchase of own shares and exercised warrants, see page 20), cash flow for the third quarter was SEK 18.5 (2.1) million and for the first nine-months period to SEK -10.6 (13.8) million. More information about the buyback program and warrants can be found on page 12.

Cash and cash equivalents were SEK 262.7 million at year-end, against SEK 308.3 million as of 31 December 2022.

The remaining tax loss carryforwards of SEK 12.9 million that the group companies had as of December 31, 2022, has been utilized during the year. For more information, see the section Tax on page 12.

Equity was SEK 613.8 million at end of the period, against SEK 605.1 million as of 31 December 2022. The equity/assets ratio was 73.1%, against 71.6% as of 31 December 2022. That equity did not increase in line with the earnings during the year is due to the repurchase of own shares. For information about warrants, share repurchases and share structure, see the section Contributed equity on page 12.

EMPLOYEES

The average number of employees and consultants at Net Insight during the third quarter and for the nine-month period was 194 (177) and 190 (173), respectively, of which 160 (144) and 157 (142), respectively, in the parent company Net Insight AB (publ.). The increase is primarily attributable to the investment in 5G time synchronization, which began in the last quarter of 2021.

PARENT COMPANY

Net sales for the parent company were SEK 144.0 (130.2) million in the third quarter, and net income was SEK 15.1 (24.7) million. In the third quarter, intra-group sales totaled SEK 0.0 (0.0) million, and intra-group purchases SEK -21.7 (-17.4) million.

Net sales for the parent company were SEK 396.9 (349.9) million in the first nine months, and net income was SEK 35.1 (39.4) million. Previous years' net financials included a capital loss of -4.3 MSEK when consolidating of the number of legal entities. In the first nine-months period, intra-group sales totaled SEK 0.0 (0.0) million, and intra-group purchases SEK -62.6 (-50.3) million.

Progress in the parent company during the year and its financial position largely shadowed group progress as indicated above (except for intra-group transactions).

RISK AND SENSITIVITY ANALYSIS

Net Insight's operations and results of operations are affected by a number of external and internal factors. The company conducts a continuous process to identify all risks present, and to assess how each risk should be managed.

Primarily, the risks the company is exposed to are market-related risks (including competition, technological progress, and political risks), operational risks (including product liability, intellectual property, disputes, customer dependency and contract risks) as well as financial and sustainability-related risks.

At the end of 2021, the current situation of component shortages has meant increased uncertainty. In 2021, we did not see any significant negative effects of this. During 2022 and 2023, we worked to manage the shortage situation and we estimate that the uncertainty will continue gradually decrease during 2023. The war in Ukraine that began in the first quarter 2022 has contributed to increased uncertainty and risk associated with operations and the implementation of events, especially in Ukraine, Russia, and Belarus. The company's exposure to these markets is extremely limited and the decision to comply with the sanctions in force at the time of reporting is therefore not considered to have any material impact on the company's operations, assets, or earnings. However, how the war develops is difficult to predict and the company makes ongoing evaluations of the need to take action.

Except for this, no additional critical risks and uncertainty factors, other than those reviewed in the Annual Report for 2022, arose during 2023 or are anticipated in 2023.

The risks and uncertainty factors are essentially the same for the parent company and the group as a whole.

For a comprehensive review of the company's risk and sensitivity analysis, and its risk management process, see pages 49-51, 54-55 and 72-74 of the Annual Report for 2022.

CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK thousands	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Net sales	143,986	130,265	396,894	350,101	521,911	475,118
Cost of sales	-57,966	-45,143	-157,658	-130,013	-205,099	-177,454
Gross earnings	86,021	85,122	239,237	220,088	316,813	297,664
Sales and marketing expenses	-37,795	-32,343	-111,795	-94,764	-147,052	-130,021
Administration expenses	-14,546	-12,504	-45,812	-39,308	-59,257	-52,753
Development expenses	-12,346	-12,293	-36,433	-38,457	-49,355	-51,379
Other operating income and expenses	-1,753	-725	-3,737	-251	-6,495	-3,009
Operating earnings	19,581	27,257	41,459	47,308	54,653	60,502
Net financial items	1,084	4,372	6,938	8,782	6,536	8,380
Profit before tax	20,665	31,629	48,397	56,090	61,189	68,882
Tax	-4,487	-7,419	-10,902	-11,945	-13,823	-14,866
Net Income	16,179	24,210	37,495	44,145	47,366	54,016
Net income for the period attributable to the shareholders of the parent company	16,179	24,210	37,495	44,145	47,366	54,016

Earnings per share, based on net income attributable to the parent company's shareholders during the period	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Earnings per share						
-Basic, SEK	0.05	0.07	0.11	0.12	0.13	0.15
-Diluted, SEK	0.05	0.07	0.10	0.12	0.13	0.15
Average number of outstanding shares in thousands						
-Basic	352,826	365,605	354,831	369,582	356,034	367,083
-Diluted	354,746	369,538	359,318	373,076	359,688	370,840

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Net income	16,179	24,210	37,495	44,145	47,366	54,016
Other comprehensive income						
Translation differences	-27	688	422	1,706	37	1,321
Total other comprehensive income, after tax	-27	688	422	1,706	37	1,321
Total other comprehensive income for the period	16,152	24,898	37,917	45,851	47,403	55,337
Total comprehensive income for the period attributable to the shareholders of the parent company	16,152	24,898	37,917	45,851	47,403	55,337

CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	30 Sep 2023	30 Jun 2023	31 Dec 2022
ASSETS			
Non-current assets			
Capitalized expenditure for development	224,853	220,417	198,200
Goodwill	38,751	38,751	38,751
Other intangible assets	1,208	1,360	1,673
Right-of-use assets	25,869	28,339	32,129
Equipment	13,446	14,608	16,095
Deferred tax asset	2,717	2,576	3,719
Deposits	5,137	4,911	4,902
Total non-current assets	311,981	310,962	295,469
Current assets			
Inventories	95,369	98,527	84,249
Accounts receivable	140,377	141,327	129,415
Other receivables	28,817	32,841	27,716
Cash and cash equivalents	262,669	266,279	308,347
Total current assets	527,232	538,974	549,727
TOTAL ASSETS	839,213	849,936	845,196
EQUITY AND LIABILITIES			
Equity attributable to parent company's shareholders			
Share capital	14,326	14,754	14,750
Other paid-in capital	1,198,689	1,193,031	1,192,727
Translation reserve	1,926	1,953	1,504
Accumulated deficit	-601,121	-595,682	-603,892
Total shareholders' equity	613,820	614,056	605,089
Non-current liabilities			
Lease liabilities	14,011	16,500	20,733
Other liabilities	59,136	53,335	61,307
Total non-current liabilities	73,147	69,835	82,040
Current liabilities			
Lease liabilities	11,584	11,655	11,434
Accounts payable	38,355	23,864	35,899
Other liabilities	102,307	130,526	110,734
Total current liabilities	152,246	166,045	158,067
TOTAL EQUITY AND LIABILITIES	839,213	849,936	845,196

CHANGES IN CONSOLIDATED EQUITY, IN SUMMARY

SEK thousands	Attributable to parent company's shareholders				
	Share capital	Other paid-in capital	Translation reserve	Accumulated deficit	Total shareholders' equity
January 1, 2022	15,597	1,192,727	183	-561,979	646,528
Repurchase of own shares	-	-	-	-36,662	-36,662
Warrants issued	-	-	-	1,457	1,457
Total comprehensive income	-	-	1,018	19,935	20,953
September 30, 2022	15,597	1,192,727	1,201	-577,249	632,276
January 1, 2023	14,750	1,192,727	1,504	-603,892	605,089
Transfer of quota value upon cancellation of repurchased shares	-511	-	-	511	-
Exercised warrants	87	5,962	-	-	6,049
Repurchase of own shares	-	-	-	-35,235	-35,235
Total comprehensive income	-	-	422	37,495	37,917
September 30, 2023	14,326	1,198,689	1,926	-601,121	613,820

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousands	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Ongoing activities						
Profit/loss before tax	20,665	31,629	48,397	56,090	61,189	68,882
Income tax paid	-2,937	-208	-4,870	-1,098	-5,150	-1,378
Depreciation, amortization & impairment	18,588	16,535	54,855	46,630	70,382	62,157
Other items not affecting liquidity	3,744	-38	6,556	3,501	8,257	5,202
	40,060	47,918	104,938	105,123	134,678	134,863
Changes in working capital						
Increase-/decrease+ in inventories	-201	-5,772	-16,036	-24,800	-25,066	-33,830
Increase-/decrease+ in receivables	4,386	-18,267	-12,580	-28,758	5,003	-11,175
Increase+/decrease- in liabilities	-9,468	40	-14,224	32,080	12,667	58,971
Cash flow from operating activities	34,777	23,919	62,098	83,645	127,282	148,829
Investment activities						
Capitalized expenditure	-18,832	-19,215	-68,895	-62,937	-93,531	-87,573
Investment in intangible assets	-	-	-	-302	-273	-575
Investment in tangible assets	-413	-504	-2,072	-2,098	-2,570	-2,596
Increase-/decrease+ in financial assets, net	-227	-101	-227	-101	-278	-152
Cash flow from investment activities	-19,472	-19,820	-71,194	-65,438	-96,652	-90,896
Financing activities						
Amortization leasing	-2,556	-1,958	-7,601	-5,840	-9,964	-8,203
Exercised warrants	5,741	-	6,049	-	6,049	-
Warrant premiums paid	-	-	-	1,457	104	1,561
Repurchase of own shares	-22,129	-38,162	-35,235	-74,824	-58,747	-98,336
Cash flow from financing activities	-18,944	-40,120	-36,787	-79,207	-62,558	-104,978
Net change in cash and cash equivalents	-3,639	-36,021	-45,883	-61,000	-31,928	-47,045
Exchange differences in cash and cash equivalents	29	49	205	640	94	529
Cash and cash equivalents at the beginning of the period	266,279	330,475	308,347	354,863	294,503	354,863
Cash and cash equivalents at the end of the period	262,669	294,503	262,669	294,503	262,669	308,347

DISAGGREGATION OF REVENUE

SEK thousands	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Net sales by product group						
Hardware	69,734	66,058	173,903	163,115	236,961	226,173
Software licenses	32,174	24,408	98,114	63,417	120,269	85,572
Support and Services*	42,078	39,799	124,876	123,569	164,680	163,373
Total	143,986	130,265	396,894	350,101	521,911	475,118
Net sales by region						
EMEA	84,975	55,289	217,759	190,456	291,745	264,442
AM	41,093	60,727	109,084	123,126	147,664	161,706
APAC	17,918	14,249	70,050	36,519	82,501	48,970
Total	143,986	130,265	396,894	350,101	521,911	475,118
Timing of revenue recognition						
Products and services transferred at a point in time	98,559	87,970	262,574	220,444	344,218	302,088
Products and services transferred over time*	45,428	42,295	134,320	129,657	177,693	173,030
Total	143,986	130,265	396,894	350,101	521,911	475,118

*) Of which NRE fee; SEK 7.1 (7.1) million Jul-Sep, SEK 21.2 (21.2) million. Jan-Sep and SEK 28.2 million Jan-Dec 2022.

FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category - Assets

SEK thousands	Sep 30, 2023			31 Dec 2022		
	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss
Assets in Balance Sheet						
Derivative instruments	2	-	-	2	-	-
Accounts receivable and other receivables, excluding non-financial assets		152,073			140,200	
Cash and cash equivalents		262,669			308,347	
Total		414,742	-		448,547	-

Group's financial instruments by category - Liabilities

SEK thousands	Sep 30, 2023			31 Dec 2022		
	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss
Liabilities in Balance Sheet						
Derivative instruments	2		1,535	2		787
Accounts payable and other liabilities, excluding non-financial liabilities		43,135			47,368	
Total		43,135	1,535		47,368	787

Carrying value of account receivables, other receivables, cash and cash equivalents, account payables and other liabilities makes a reasonable approximation of fair value.

Financial instruments in tier 2

The fair value of derivative instruments is measured using exchange rates of currency forwards on the reporting date.

PARENT COMPANY INCOME STATEMENT, IN SUMMARY

SEK thousands	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Net sales	143,986	130,207	396,894	349,926	521,675	474,707
Cost of sales	-57,863	-44,919	-157,438	-129,679	-205,443	-177,684
Gross earnings	86,123	85,288	239,456	220,247	316,232	297,023
Sales and marketing expenses	-38,932	-31,585	-114,377	-94,845	-150,553	-131,021
Administration expenses	-14,461	-12,431	-45,635	-39,190	-59,202	-52,757
Development expenses	-12,666	-11,637	-37,557	-38,566	-51,527	-52,536
Other income expenses	-2,221	-1,941	-4,306	-1,697	-8,047	-5,438
Operating earnings	17,843	27,694	37,581	45,949	46,903	55,271
Net financial items	1,316	4,607	7,678	5,192	10,573	8,087
Profit/loss before tax	19,158	32,301	45,258	51,141	57,475	63,358
Tax	-4,088	-7,612	-10,180	-11,762	-12,111	-13,693
Net income	15,071	24,689	35,079	39,379	45,365	49,665

PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	30 Sep 2023	31 Dec 2022	30 Sep 2022
ASSETS			
Non-current assets			
Capitalized expenditure for development	224,853	198,200	185,455
Other intangible assets	1,208	1,673	1,561
Equipment	12,395	14,670	15,793
Participations in group companies	3,173	3,173	3,173
Deferred tax asset	1,030	2,657	4,588
Deposits	4,855	4,628	4,628
Total non-current assets	247,514	225,001	215,198
Current assets			
Inventories	95,369	84,249	75,746
Accounts receivable	141,152	130,180	151,896
Receivables from group companies	346	346	-
Other receivables	30,980	30,113	26,455
Cash and cash equivalents	257,654	300,860	286,972
Total current assets	525,501	545,748	541,069
TOTAL ASSETS	773,015	770,749	756,267
EQUITY AND LIABILITIES			
Equity			
Restricted equity	314,511	277,979	261,649
Non-restricted equity	253,941	284,581	314,034
Total equity	568,452	562,560	575,683
Non-current liabilities			
Other liabilities	57,964	60,557	38,544
Total non-current liabilities	57,964	60,557	38,544
Current liabilities			
Accounts payable	38,206	35,617	22,501
Liabilities to group companies	13,012	7,504	8,515
Other liabilities	95,381	104,511	111,024
Total current liabilities	146,599	147,632	142,040
TOTAL EQUITY AND LIABILITIES	773,015	770,749	756,267

ACCOUNTING POLICIES

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations of the Swedish Annual Accounts Act. The Interim Report of the parent company complies with chapter 9 of the Swedish Annual Accounts Act, Interim Financial Reporting, and RFR 2 Accounting for Legal Entities.

Disclosures in accordance with IAS 34 are presented in the interim financial statements and the associated notes as well as elsewhere in the interim financial report.

There are no new or amended International Financial Reporting Standards (IFRS) in 2023 that have had a material impact on the Company's financial reporting.

The same accounting principles and basis of calculation as those used in the latest Annual Report have been applied to the group and parent company. For a description of these accounting principles, please refer to the Annual Report for 2022.

The preparation of the Interim Report requires management to make judgements, estimates and assumptions that affects the company's earnings and position and information presented generally. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. For a description of these estimates and assumptions, please refer to the Annual Report for 2022.

Figures in brackets in this report refer to comparison with the corresponding period or date in the previous year, if not stated otherwise. Divergences due to rounding may occur in this report.

Tax

The group reported tax of total SEK -4.5 (-7.4) million for the period July–September 2023, corresponds to an effective tax rate of -21.7 (-23.5) percent. The group reported tax of total SEK -10.9 (-11.9) million for the period January–September 2023, corresponds to an effective tax rate of -22.5 (-21.3) percent. The effective tax rate is affected by tax adjustments and the relative effects of foreign tax rates.

The remaining tax loss carryforwards of SEK 12.9 million that the group companies had as of December 31, 2022, has been utilized during the year.

Contributed equity

The repurchase program, which was decided by the board with the support of a mandate from the 2022 AGM, ran during the period July 2022 to February 2023. Within the program, the parent company repurchased a total of 12,877,000 own B shares on Nasdaq Stockholm for SEK 70.1 million, including transaction costs, of which

1,297,000 more shares for SEK 8.5 million during the period January–February 2023.

The 2023 AGM resolved to authorize the board of directors to resolve to repurchase, on one or several occasions until the next AGM, as many own shares as may be purchased without the company's holding at any time exceeding ten per cent of the total number of shares in the company. Further, the AGM resolved to authorize the board of directors to resolve on one or several occasions until the next annual general meeting, to transfer (sell) own shares.

At the Board meeting in June, the board of Directors of Net Insight AB decided to utilize the repurchase mandate given at the AGM in 2023. The repurchase program commenced on June 7, 2023, and will last until the next AGM and will amount to maximum SEK 50 million.

During June–September 2023, the parent company repurchased 6,035,000 of its own B shares on Nasdaq Stockholm for SEK 26.8 million, including transaction costs.

The 2023 AGM resolved that the company's share capital shall be reduced by SEK 511,000 for allocation to unrestricted equity through cancellation of 12,775,000 own B shares held by the company. The cancellation was completed on August 11.

At the end of the period, the parent company had a total of 6,137,000 of its own class B shares, at an average cost of SEK 4.47 per share and with a par value of SEK 0.04 per share. The shares are held as own shares. The parent company has the right to reissue these shares at a later date.

Subscription for shares in a long-term incentive program, decided by the 2020 AGM (LTI 2020 series 1), can be done during the period June 19 – September 19, 2023. A total of 2,160,000 warrants have been issued in the program and each warrant entitles the holder to subscribe for one (1) B -share against a predetermined subscription price of SEK 2.80. During June– September, 2,160,000 warrants were exercised, which resulted in the number of B shares and votes in Net Insight AB increasing by 2,160,000 and the share capital increasing by SEK 86,400.

In total, the Company has three additional ongoing warrant programs (LTI 2020 series 2 and LTI 2022 in series 1 and 2) with a total of 2,700,000 warrants. When calculating earnings per share, a dilution effect arises when the average price for the period exceeds the exercise price for the warrants. For more information about the programs and the accounting principles, see Note 7 on page 82 in the 2022 Annual Report.

All shares issued by the parent company were fully paid.

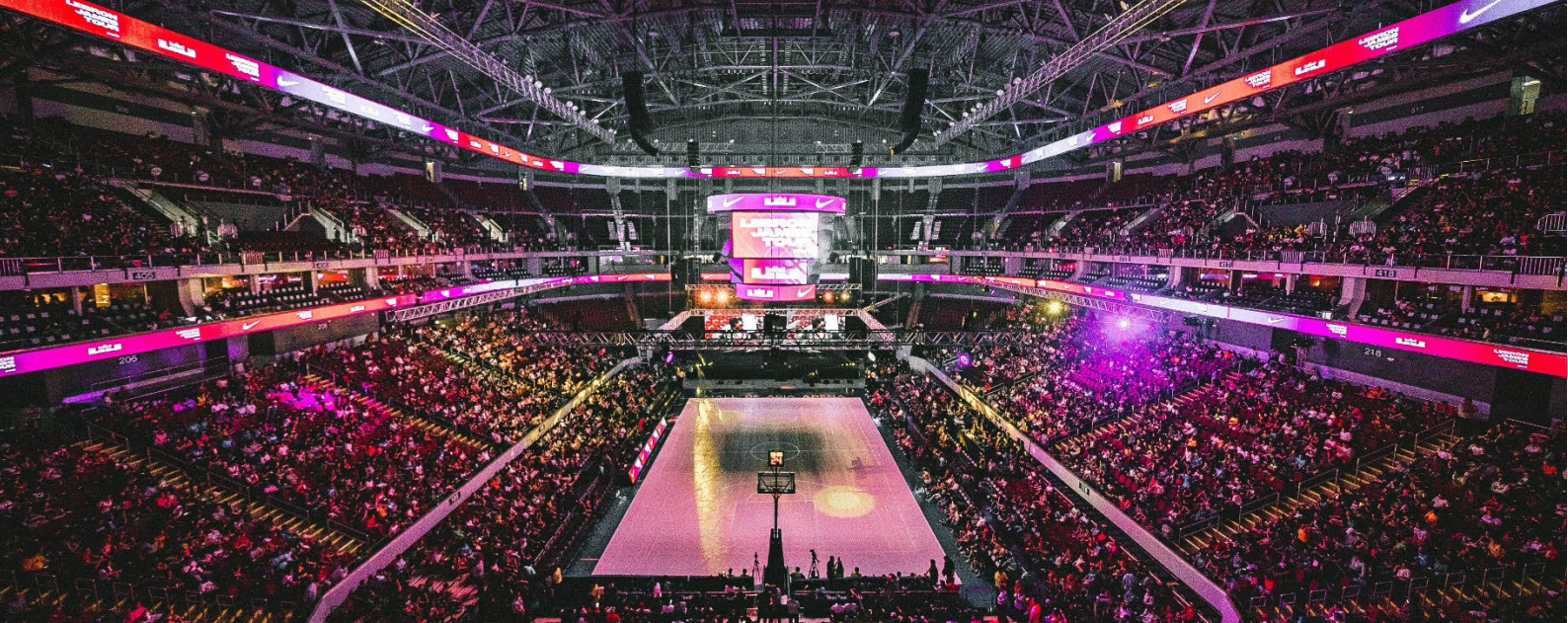
The division of shares	30 Sep, 2023			31 Dec, 2022		
	A-shares	B-shares	Total	A-shares	B-shares	Total
Outstanding shares	1,000,000	351,006,009	352,006,009	1,000,000	356,178,009	357,178,009
Repurchased own shares	-	6,137,000	6,137,000	-	11,580,000	11,580,000
Issued shares	1,000,000	357,143,009	358,143,009	1,000,000	367,758,009	368,758,009

TRANSACTIONS WITH RELATED PARTIES

During the first nine-months period, the parent company hired a member of the management team's related party company for consulting services. Charged fees during the period amounted to SEK 0.8 (-) million.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant events occurred after the end of the reporting period.



THIS IS NET INSIGHT

Business concept and model

Net Insight is defining new ways to deliver media. Net Insight is driving the transformation of video networks with open IP, virtualized and cloud solutions that enable our customers to simply and cost-effectively create live experiences.

With the product area Media Networks, Net Insight is opening up new routes for customers to produce and deliver content to viewers anywhere. Revenues are generated through sales of hardware and software solutions and services.

The 5G synchronization product area enables cost-effective, more secure and faster roll-out of 5G networks.

Strategy

Net Insight wants to set the benchmark for media transport and help broadcasters, production companies, service providers and enterprises to transform their media businesses – enabling them to benefit from new software defined, virtual and distributed media workflows, without discarding their existing hardware investments. Net Insight wants to empower customers to work smarter through remote/distributed production and flexible networks.

Net Insight is technology agnostic and has built the market's most open and cloud-ready video centric media delivery platform, allowing customers to deliver content on any network, their way.

The main strategic objective is to accelerate growth, in both existing and closely related market and customer segments. This will be achieved through a combination of leveraging our unique portfolio and our industry expertise, strengthened solutions competitiveness, and improved internal execution.

Value creators

The solutions are deployed by the world's leading media brands to keep their mission-critical media networks running smoothly. New technology is enabling these players to adopt new, more cost efficient and flexible ways to produce and deliver content. Net Insight can play an important role to support our customers making this gradual transition.

Net Insight benefits from underlying market trends like the general increase in video traffic, live streaming and file-based transfers. Other trends supporting the company's growth prospects include the broader coverage of live events, move towards remote production and increased use of Internet and cloud for media production and transport.

Reporting dates

Year-end report 2023	February 16, 2024
Interim report January – March	April 23, 2024
Annual General Meeting	May 7, 2024
Interim report January – June	July 18, 2024
Interim report January – September	November 7, 2024

Solna, Sweden, November 9, 2023

Crister Fritzson
CEO

This interim report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish interim report and the English translation the former shall have precedence.

For more information, please contact

Crister Fritzson, CEO, Net Insight AB (publ)
Phone: +46 (0)8-685 04 00
Email: crister.fritzson@netinsight.net

Joakim Schedvins, CFO, Net Insight AB (publ)
Phone: +46 (0)8-685 04 00
Email: joakim.schedvins@netinsight.net

Net Insight AB (publ), corp.id.no. 556533-4397
Box 1200, 171 23 Solna, Sweden
Phone: +46 (0)8 – 685 04 00

www.netinsight.net

This information is information that Net Insight AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 7:30 am CET on November 9, 2023.

REVIEW REPORT

Introduction

We have reviewed the condensed interim financial information (interim report) of Net Insight AB (publ.) as of 30 September 2023 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 9 November, 2023
KPMG AB

Henrik Lind
Authorized Public Accountant

Translation from the Swedish original

FINANCIAL INFORMATION

SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Earnings						
Net sales	144.0	130.3	396.9	350.1	521.9	475.1
Gross earnings	86.0	85.1	239.2	220.1	316.8	297.7
Operating expenses	64.7	57.1	194.0	172.5	255.7	234.2
Total development expenditure	31.2	31.5	105.3	101.4	142.9	139.0
EBITDA	38.2	43.8	96.3	93.9	125.0	122.7
EBITDAC	19.3	24.6	27.4	31.0	31.5	35.1
Operating earnings	19.6	27.3	41.5	47.3	54.7	60.5
Profit before tax	20.7	31.6	48.4	56.1	61.2	68.9
Net income	16.2	24.2	37.5	44.1	47.4	54.0
Balance sheet and cash flow						
Cash and cash equivalents	262.7	294.5	262.7	294.5	262.7	308.3
Working capital	121.9	96.2	114.4	72.0	113.7	76.5
Total cash flow	-3.6	-36.0	-45.9	-61.0	-31.9	-47.0
The share						
Dividend per share, SEK	-	-	-	-	-	-
Earnings per share, basic, SEK	0.05	0.07	0.11	0.12	0.13	0.15
Earnings per share, diluted, SEK	0.05	0.07	0.10	0.12	0.13	0.15
Cash flow per share, basic, SEK	-0.01	-0.10	-0.13	-0.17	-0.09	-0.13
Cash flow per share, diluted, SEK	-0.01	-0.10	-0.13	-0.16	-0.09	-0.13
Equity per share basic, SEK	1.74	1.69	1.73	1.67	1.74	1.65
Equity per share diluted, SEK	1.73	1.68	1.71	1.66	1.73	1.63
Average number of outstanding shares basic, thousands	352,826	365,605	354,831	369,582	356,034	367,083
Average number of outstanding shares diluted, thousands	354,746	369,538	359,318	373,076	359,688	370,840
Number of outstanding shares at the end of the period, basic, thousands	349,846	361,048	349,846	361,048	349,846	357,178
Number of outstanding shares at the end of the period, diluted, thousands	350,741	365,858	350,741	365,858	350,741	361,988
Share price at end of period, SEK	4.16	5.51	4.16	5.51	4.16	6.06
Employees and consultants						
Average number of employees and consultants	194	177	190	173	189	176
KPI						
Net sales YoY, change in %	10.5%	29.2%	13.4%	28.3%	14.0%	24.8%
Gross margin	59.7%	65.3%	60.3%	62.9%	60.7%	62.7%
Total development expenditure/Net sales	21.7%	24.2%	26.5%	29.0%	27.4%	29.2%
Operating margin	13.6%	20.9%	10.4%	13.5%	10.5%	12.7%
EBITDA margin	26.5%	33.6%	24.3%	26.8%	24.0%	25.8%
EBITDAC margin	13.4%	18.9%	6.9%	8.9%	6.0%	7.4%
Net margin	11.2%	18.6%	9.4%	12.6%	9.1%	11.4%
Return on capital employed	6.6%	7.5%	6.6%	7.4%	6.6%	8.9%
Equity/asset ratio	73.1%	74.8%	73.1%	74.8%	73.1%	71.6%
Return on equity	7.7%	7.4%	7.7%	7.4%	7.7%	8.7%

ALTERNATIVE PERFORMANCE MEASURES AND OTHER DEFINITIONS

Non-IFRS financial measures are presented to enhance investors and management possibility to evaluate the ongoing operating results, to aid in forecasting future periods and to facilitate meaningful comparison of result between periods. The APMs in this report may differ from similar-titled measures used by other companies. The section has also been supplemented with some other definitions.

Any key figures in text, diagrams or tables that include periods earlier than 1 April 2021, refer to continued operations, i.e. excluding the effect from divested operations. For more information, see interim reports and annual report for 2022.

Calculation of performance measures not included in IFRS framework, and some other definitions.

Performance measures	Various types of performance measures and margin measures as a percentage of sales.	
Non-IFRS performance measures	Description	Reason for use of the measure
Gross margin	Gross earnings as a percentage of net sales.	The gross margin is of major importance, showing the margin for covering the operating expenses., supplemented by the margin to cover the operating expenses as well as the cost of amortization of capitalized development expenditures.
Gross margin excl. amortization of capitalized development	Gross earnings excl. amortization of capitalized development as a percentage of net sales.	
Operating expenses	Sales and marketing expenses, administration expenses and development expenses.	Shows the company's total operating expenses. Putting them in relation to net sales shows the company's cost efficiency.
Operating expenses/net sales	Operating expenses as a percentage of net sales.	
Operating earnings (EBIT)	Calculated as operating earnings before financial items and tax.	Operating earnings provides an overall picture of earnings generated in the operating activities.
Operating margin (EBIT%)	Operating earnings as a percentage of net sales.	The operating margin is a key measure together with sales growth and capital employed for monitoring value creation.
Net sales YoY, change in %	The relation between net sales for the period and the corresponding sales for the comparative period in previous year.	The sales growth is a key measure together with operating margin and capital employed for monitoring value creation.
Change in Net sales in comparable currencies	The relation between the net sales for the period, recalculated using the foreign currency exchange rates from the comparative period, and the corresponding sales for the comparative period in previous year. Only sales from business combinations that has been part of the Group for the whole comparative period are recalculated.	This measure is of major importance for management in its monitoring of underlying sales growth driven by changes in volume, price and product mix for comparable exchange rates between different periods.
Net margin	Net Income as a percentage of net sales.	The net margin shows the remaining share of net sales after all the company's costs have been deducted.
Total development (R&D) expenditure	Development expenses and capitalized expenditures for development.	The measure is a good complement to development expenses, as it shows the company's total expenditure in development. The development expenditures effect on income, financial position, and presentation in the statement of cashflow is affected by the periods level of capitalized development expenditures.
Capitalization rate	Capitalized development expenditures as a percentage of total development expenditures.	
Total development (R&D) expenditure/net sales	Total development expenditure as percentage of net sales.	
EBITDA	Operating earnings before depreciation and amortization.	Complementing EBITDA with EBITDAC, where capitalized development expenditures are reversed, provides a good complement to operating earnings and margin as it, simplified, shows the earnings-generated cash flow in the operation and it shows operating earnings without influence of variations in the level of capitalized development expenditures in the company's development projects.
EBITDAC	Operating earnings before depreciation and amortization and capitalization of development expenditure. The performance measure EBITDA-2 has changed its conceptual name to EBITDAC, the definition is unchanged.	
EBITDA & EBITAC margin	EBITDA & EBITDAC as a percentage of net sales.	
Regions	Definition of regions for designation of revenue: <ul style="list-style-type: none"> • EMEA – Europe, the Middle East and Africa. • Americas (AM) - North and South America. • APAC – Asia and Pacific. 	Definition of regions for designation of revenue.

Change in net sales in comparable currencies SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
Net sales	144.0	130.3	396.9	350.1	475.1
Net currency effect of comparable currencies	-6.0	-17.1	-21.5	-31.1	-43.7
Net sales in comparable currencies	137.9	113.1	375.4	319.0	431.5
Change in net sales in comparable currencies	5.9%	12.3%	7.2%	16.9%	13.3%

KPI Income Statement SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2022- Sep 2023	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Net sales	144.0	130.3	396.9	350.1	521.9	475.1
Net sales YoY, change in %	10.5%	29.2%	13.4%	28.3%	14.0%	24.8%
Cost of sales ex. amortization of capitalized development	-43.6	-33.7	-115.4	-95.7	-151.0	-131.3
Gross earnings ex. amortization of capitalized development	100.4	96.6	281.5	254.4	370.9	343.8
Gross margin ex. amortization of capitalized development	69.7%	74.1%	70.9%	72.7%	71.1%	72.4%
development	-14.4	-11.5	-42.2	-34.3	-54.1	-46.2
Gross earnings	86.0	85.1	239.2	220.1	316.8	297.7
Gross margin	59.7%	65.3%	60.3%	62.9%	60.7%	62.7%
Sales and marketing expenses	-37.8	-32.3	-111.8	-94.8	-147.1	-130.0
Administration expenses	-14.5	-12.5	-45.8	-39.3	-59.3	-52.8
Development expenses	-12.3	-12.3	-36.4	-38.5	-49.4	-51.4
Operating expenses	-64.7	-57.1	-194.0	-172.5	-255.7	-234.2
Operating expenses/net sales	44.9%	43.9%	48.9%	49.3%	-49.0%	49.3%
Other operating income and expenses	-1.8	-0.7	-3.7	-0.3	-6.5	-3.0
Operating earnings	19.6	27.3	41.5	47.3	54.7	60.5
Operating margin	13.6%	20.9%	10.4%	13.5%	10.5%	12.7%
Net financial items	1.1	4.4	6.9	8.8	6.5	8.4
Profit before tax	20.7	31.6	48.4	56.1	61.2	68.9
Tax	-4.5	-7.4	-10.9	-11.9	-13.8	-14.9
Net Income	16.2	24.2	37.5	44.1	47.4	54.0
Net margin	11.2%	18.6%	9.4%	12.6%	9.1%	11.4%

EBITDA margin SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2022- Sep 2023	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Net sales	144.0	130.3	396.9	350.1	521.9	475.1
Operating earnings	19.6	27.3	41.5	47.3	54.7	60.5
Amortization of capitalized development expenditure	14.4	11.5	42.2	34.3	54.1	46.2
Other depreciation & amortization	4.2	3.6	12.6	10.9	16.2	14.5
Impairment	-	1.5	-	1.5	-	1.5
EBITDA	38.2	43.8	96.3	93.9	125.0	122.7
EBITDA margin	26.5%	33.6%	24.3%	26.8%	24.0%	25.8%
Capitalization of development expenditure	-18.8	-19.2	-68.9	-62.9	-93.5	-87.6
EBITDAC	19.3	24.6	27.4	31.0	31.5	35.1
EBITDAC margin	13.4%	18.9%	6.9%	8.9%	6.0%	7.4%

Development expenditure SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2022- Sep 2023	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Development expenses	12.3	12.3	36.4	38.5	49.4	51.4
Capitalization of development expenditure	18.8	19.2	68.9	62.9	93.5	87.6
Total development expenditure	31.2	31.5	105.3	101.4	142.9	139.0
Capitalization rate	60.4%	61.0%	65.4%	62.1%	65.5%	63.0%
Net Sales	144.0	130.3	396.9	350.1	521.9	475.1
Total development expenditure/net sales	21.7%	24.2%	26.5%	29.0%	27.4%	29.2%

CAPITAL AND RETURN MEASURES

SHOWS HOW CAPITAL IS UTILIZED AND THE COMPANY'S FINANCIAL STRENGTH. RETURN IS A FINANCIAL TERM THAT DESCRIBES HOW MUCH THE VALUE OF AN ASSET CHANGES FROM AN EARLIER POINT IN TIME.

Non-IFRS performance measure

Non-IFRS performance measure	Description	Reason for use of the measure
Working capital	Current assets less cash and cash equivalents, accounts payable and other interest-free current liabilities. The Company has no interest-bearing liabilities, excluding lease liabilities. Changes in working capital in the cash flow statement also includes adjustments for items not affecting liquidity and changes in non-current operating assets and liabilities.	This measure shows how much working capital that is tied up in the operations and can be put in relation to sales to understand how effectively tied up working capital is used.
Capital employed	The Company capital employed is calculated as an average of total assets, less total liabilities, excluding interest-bearing liabilities. The Company has no interest-bearing liabilities, excluding lease liabilities.	Return on capital employed is the central ratio for measuring the return on the capital tied up in operations.
Return on capital employed	Operating earnings plus interest income, in relation to average capital employed, rolling four quarters.	
Equity/asset ratio	Shareholders' equity divided by the balance sheet total.	A traditional measure for showing financial risk, expressing the ratio of the assets that is financed by the owners.
Return on equity	Net income as a percentage of average shareholders' equity, rolling four quarters (R4Q).	Return on equity shows the total return on shareholders' capital and reflects the effect of the company's profitability as well as the financial leverage.
Investments	Investments in intangible and tangible assets.	
Total cash flow	Change in cash and cash equivalents during the period, excluding exchange differences in cash and cash equivalents.	Definitions to rows in the cash flow statement.

Working capital SEK millions	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Current assets	533.9	551.5	537.6	548.1	539.3	548.4
Cash and cash equivalents	-264.5	-312.5	-278.9	-333.4	-282.1	-328.4
No interest-bearing short term liabilities	-147.5	-142.8	-144.2	-142.7	-143.5	-143.5
Working capital	121.9	96.2	114.4	72.0	113.7	76.5

Return on capital employed SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Capital employed						
Total balance	844.6	835.0	842.4	827.6	839.4	831.1
No interest-bearing liabilities	-203.8	-180.0	-203.9	-167.4	-198.6	-175.5
Capital employed	640.8	655.0	638.5	660.2	640.8	655.6
Operating earnings less interest income R4Q						
Operating earnings R4Q	54.7	50.6	54.7	50.6	54.7	60.5
Interest income R4Q	12.6	1.6	12.6	1.6	12.6	2.4
Operating earnings less interest income R4Q	42.1	48.9	42.1	48.9	42.1	58.1
Return on capital employed	6.6%	7.5%	6.6%	7.4%	6.6%	8.9%

Equity/asset ratio SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Equity	613.8	619.0	613.8	619.0	613.8	605.1
Total equity and liabilities	839.2	827.3	839.2	827.3	839.2	845.2
Equity/asset ratio	73.1%	74.8%	73.1%	74.8%	73.1%	71.6%

Return on equity SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Net income - R4Q	47.4	47.0	47.4	47.0	47.4	54.0
Average equity - R4Q	613.9	638.6	611.8	638.6	613.9	624.2
Return on equity	7.7%	7.4%	7.7%	7.4%	7.7%	8.7%

SHAREHOLDERS' INFORMATION

MEASURES RELATED TO THE SHARE.

Non-IFRS performance measure

Description

Reason for use of the measure

Average number of outstanding shares	Total number of shares in the Parent company, less the number of group companies' holdings of shares in the Parent company (own/treasury shares).	Definitions of IFRS performance measures. Measures showing the return of the business to the owners, per share.
Dividend per share	Dividend divided by the average number of outstanding shares during the period.	
Earnings per share (EPS)	Net income divided by the average number of outstanding shares during the period.	
Cash flow per share	Total cash flow, divided by average number of outstanding shares during the period.	Measures showing the return of the business to the owners, per share.
Equity per share	Shareholders' equity divided by number of outstanding shares at the end of the period.	

Employees

Measures related to employees.

Non-IFRS performance measure

Description

Reason for use of the measure

Average number of employees and consultants/co-workers	The average number of employees and consultants for non-temporary positions (longer than nine months) and who do not replace absent employees, in FTE (Full-time equivalent).	To supplement the number of employees with consultants gives a better measure of the Company's cost.
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Average number of employees and consultants	Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
	2023	2022	2023	2022	Sep 2023	2022
Average number of employees	148	131	144	129	143	131
Average number of consultants	46	46	46	44	46	45
consultants	194	177	190	173	189	176

MATERIAL PROFIT AND LOSS ITEMS

The group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the group:

Material profit and loss items		Jul-Sep		Jan-Sep		Oct 2022-	Jan-Dec
SEK millions	Note	2023	2022	2023	2022	Sep 2023	2022
Exchange rate differences							
Part of Other operating income & expenses		-1.9	0.5	-4.9	0.9	-7.6	-1.9
Part of Net Financial Items		-0.9	3.6	1.7	8.2	0.4	6.9
Total Exchange rate differences		-2.8	4.1	-3.2	9.1	-7.2	5.1
Government grants Covid-19							
Reduction of employee expenses		-	-	-	-	-	-
Other operating income		-	-	-	0.1	-	0.1
Total		-	-	-	0.1	-	0.1
Items affecting comparability							
Restructuring	(a)	-	-1.2	-	-1.2	-	-1.2
Government grants Covid-19, other operating income	(b)	-	-	-	0.1	-	0.1
other operating income		-	-	0.6	-	0.6	-
Impairment of intangible assets	(c)	-	-1.5	-	-1.5	-	-1.5
Total		-	-2.7	0.6	-2.6	0.6	-2.6
Operating earnings excluding items affecting comparability							
Operating earnings		19.6	27.3	41.5	47.3	54.7	60.5
Items affecting comparability, as per above		-	2.7	-0.6	2.6	-0.6	2.6
Total		19.6	30.0	40.9	49.9	54.1	63.1
Operating earnings excluding exchange rate differences							
Operating earnings		19.6	27.3	41.5	47.3	54.7	60.5
Exchange rate differences, as per above		1.9	-0.5	4.9	-0.9	7.6	1.9
Total		21.5	26.8	46.4	46.5	62.3	62.4
Operating earnings excluding exchange rate differences & items affecting comparability							
Operating earnings		19.6	27.3	41.5	47.3	54.7	60.5
Exchange rate differences, as per above		1.9	-0.5	4.9	-0.9	7.6	1.9
Items affecting comparability, as per above		-	2.7	-0.6	2.6	-0.6	2.6
Total		21.5	29.5	45.8	49.1	61.7	65.0
Cash flow excluding share-base transactions							
Net change in cash and cash equivalents	(d)	-3.6	-36.0	-45.9	-61.0	-31.9	-47.0
Repurchase of own shares		22.1	38.2	35.2	74.8	58.7	98.3
Exercised warrants		-5.7	-	-6.0	-	-6.0	-
Total		18.5	2.1	-10.6	13.8	26.8	51.3

All items in the table above effects operating earnings, except for (d) that affects cash flow.

- (a) Severance pay in due to structural changes.
- (b) Covid-19 related government grants for personnel and other resources that still contribute to creating value for the Company.
- (c) During the third quarter of 2022, a restructuring was carried out, among other things to achieve a tighter integration of the Nimbra and Aperi platforms. As a consequence, some development projects were cancelled.
- (d) Presenting the cash flow without effects from the repurchase program of own shares and exercised warrants provides a better understanding and comparison of the underlying operations' cash flow.



Net Insight AB (publ), corp.id.no. 556533-4397

Telephone: +46 (0)8 685 04 00, info@netinsight.net, www.netinsight.net

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