

Net Insight Interim Report

January – June 2022



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

April – June 2022

- Net sales amounted to SEK 110.1 (94.1) million, an increase of 17.1% year-on-year. In comparable currencies net sales increased by 8.8%.
- Operating earnings amounted to SEK 9.4 (8.6) million, corresponding to an operating margin of 8.5% (9.1%). Excluding foreign exchange rate differences of SEK -0.2 (7.8) million, operating earnings were SEK 9.5 (7.8) million.
- Net income for the period was SEK 11.8 (7.0) million.
- Earnings per share diluted was SEK 0.03 (0.02).
- Total cash flow for the Group was SEK -23.8 (16.7) million.

January – June 2022

- Net sales amounted to SEK 219.8 (172.0) million, an increase of 27.8% year-on-year. In comparable currencies net sales increased by 19.7%.
- Operating earnings amounted to SEK 20.1 (11.7) million, corresponding to an operating margin of 9.1% (6.8%). Excluding foreign exchange rate differences of SEK 0.4 (8.4) million, operating earnings were SEK 19.7 (3.3) million.
- Net income for the period was SEK 19.9 (10.9). Including discontinued operations, net income for the period was SEK 19.9 (-26.1).
- Earnings per share diluted was SEK 0.05 (0.03). Including discontinued operations, earnings per share diluted was SEK 0.05 (-0.07).
- Total cash flow, including discontinued operations, was SEK -25.0 (30.8) million. Excluding the cash impact of the divestment of operations and repurchase of own shares, cash flow was SEK 11.7 (15.7) million.

Strategic order in 5G synchronization

Crister Fritzson, CEO, Net Insight

Q2 in brief:

- Strategic order in 5G synchronization
- Increased license sales of Nimbra Edge
- High delivery level in the face of challenging component situation

Events after the quarter:

- Decision to initiate repurchase of own shares

FINANCIAL HIGHLIGHTS

SEK millions	Apr-Jun			Jan-Jun			Jul 2021-	Jan-Dec	Change
	2022	2021	Change	2022	2021	Change	Jun 2022	2021	
Continued operations									
Net sales	110.1	94.1	17.1%	219.8	172.0	27.8%	428.5	380.7	12.6%
Operating earnings	9.4	8.6	9.5%	20.1	11.7	71.7%	35.1	26.8	31.3%
Operating margin	8.5%	9.1%		9.1%	6.8%		8.2%	7.0%	
Net income	11.8	7.0	69.3%	19.9	10.9	83.4%	32.9	23.8	38.1%
EBITDA	24.6	24.0	2.6%	50.1	40.9	22.5%	93.7	84.5	10.9%
EBITDA margin	22.3%	25.5%		22.8%	23.8%		21.9%	22.2%	
EBITDA-2	1.4	10.5	-86.5%	6.4	13.1	-51.0%	21.4	28.1	-23.7%
EBITDA-2 margin	1.3%	11.2%		2.9%	7.6%		5.0%	7.4%	
Total Group, including discontinued operations									
Net Income	11.8	7.0	69.3%	19.9	-26.1		32.9	-13.1	
Total cash flow	-23.8	16.7		-25.0	30.8		15.3	71.0	-78.5%

Business area Resource Optimization was divested in March 2021 and is reported separately as discontinued operations in this report.

For definitions and calculation of KPI's, see pages 18-22.

CEO's Statement

Another solid quarter with key deals



Positive trend for our cloud solution Nimbra Edge with two new deals and increased usage by our existing customers.

Crister Fritzson, CEO Net Insight



The steady demand we saw at the beginning of the year has continued into this quarter and we once again report both growth and improved results. We have received a key order from the telecommunications operator Three Sweden for time synchronization of their 5G network and we have secured several important deals of Nimbra Edge, which strengthens our market position. We have high service reliability despite the continued tight component situation and have successfully met customer demand.

Revenue for the second quarter amounted to SEK 110.1 million. Sales in the period increased by 17.1% compared to the corresponding quarter in the previous year (in comparable currencies 8.8%). Operating earnings totaled SEK 9.4 million, compared to SEK 8.6 million in Q2 2021. The growth was driven by our strategic initiatives of launching new products in our core Media business and the new growth area 5G synchronization. The sales increase is in line with the long-term financial target (10%) while the operating margin has not yet reached the long-term target (10%) due to investments for future growth.

We have continued to maintain a high level of service to our customers despite the tough component situation. Furthermore, we have managed the situation well by planning for the long term, adapting our products, and purchasing components on the spot market. We have increased inventories during the quarter to secure future deliveries, which also resulted in some increase in costs. In addition to an increase in capital tied up in inventory, cash flow has also been negatively impacted by the fact that a large portion of the quarter's revenue was invoiced at the end of the period. We expect uncertainty to persist throughout the rest of 2022.

In the first half of the year, we successfully compensated for increased component costs and we are continuously reviewing the possibility of adjusting our prices to manage further cost increases.

As the market has opened up, we have increased the level of activity with more in-person customer visits. We also participated in the annual NAB – National Association of Broadcasters – trade show in Las Vegas, USA in April.

Order with Three Sweden in 5G synchronization

On June 30, we secured an initial order with telecommunications operator Three Sweden for time synchronization of their 5G network. The order for our current Nimbra Time Node was placed after thorough and successful testing of their network. The solution is open and can be installed in Three Sweden's existing network, reducing the cost and complexity of the 5G rollout. It is also GPS-independent – a major competitive advantage in today's uncertain geopolitical environment.

We are proud that Three Sweden selected us and we look forward to continuing to develop this business. The parties have the intention to enter into a frame agreement for a broader rollout in Three's mobile network. This is our second strategic order after Türk Telekom and confirms our ability to commercialize our technical excellence.

Increased Nimbra Edge business

I am pleased to see an increase in the usage by our existing Nimbra Edge customers, and that the number of sales of the cloud solution continues to grow. Two new customers have contributed to this positive trend this quarter.

One of them is the leading French service provider **Globecast**, which has a large installation base of Nimbra products in its global media network and has now also installed our Nimbra Edge solution.

The other is our North American partner **Stream Station**, which provides contribution and distribution services to service providers and enterprise customers in the US and worldwide. Stream Station has chosen Nimbra Edge to offer additional media services to its customers.

Market in transition

The media and telecom industries are undergoing rapid transformation, which our new products support. However, uncertainties in the external environment mean that it will be difficult to assess the market for the remainder of the year.

I would like to thank all our employees for their great commitment and determination in the challenging situation the world is currently facing.

Solna Sweden, July 20, 2022

Crister Fritzson, CEO



EXTRAORDINARY EVENTS

Divested operations

The business area Resource Optimization (ScheduALL) was divested on March 31, 2021, and is reported as discontinued operations in this report. For more information on discontinued operations, see tables on page 12.

Comments and tables in this report have reference to continuing operations, unless otherwise specified.

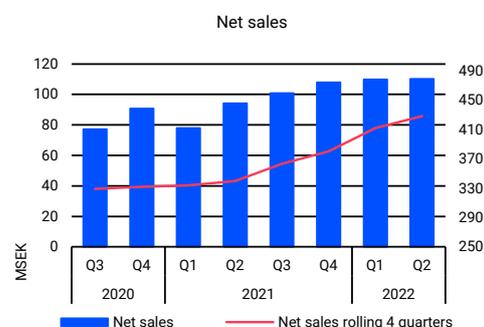
REVENUES

Net sales in the second quarter of 2022 were SEK 110.1 (94.1) million, an increase of 17.1%. In comparable currencies, sales increased by 8.8%.

Net sales for the first six months of 2022 were SEK 219.8 (172.0) million, an increase of 27.8%. In comparable currencies, sales increased by 19.7%.

The continued positive revenue development is primarily driven by a continued strong development in our core business, where we expanded our customer offering with new products and services. The new growth area, 5G synchronization also contributes to the increase in revenue. During the quarter, SEK 4.3 million of the initial order from Türk Telekom and SEK 7.1 million of the NRE fee were recognized as revenue, a total of SEK 11.4 million. In the first half of the year, SEK 8.6 million of the initial order and SEK 14.1 million of the NRE fee were recognized as income, a total of SEK 22.7 million.

During the first six months, despite increased uncertainty in the world and continued challenges with shortage of components, we have been able to complete most of our deliveries. We also seen an effect of customers placing orders to secure deliveries for future needs. Uncertainty regarding the availability of components is expected to remain high for the remainder of 2022



EARNINGS

Gross profit for the second quarter was SEK 67.0 (57.6) million, an increase by 16.3%. The increase is primarily driven by the increase in revenue compared to last year. Gross profit included amortization of capitalized development expenditure of SEK -11.6 (-11.6) million. Gross margin excluding and including amortization of capitalized development expenditure was 71.3% (73.6%) and 60.8% (61.3%) respectively. Revenues in the second quarter of last year contained a higher proportion of service revenues (with a high gross margin) in connection with major events, which this year occurred during the first quarter.

Operating expenses in the second quarter of SEK -57.5 (-50.8) million, an increase by 13.1% compared to last year. However, operating expenses are in line with the previous quarter.

Sales and marketing expenses were SEK -31.4 (-24.8) million, and administration expenses to SEK -13.3 (-13.1). Development expenses were SEK -12.8 (-12.9) million and the total development expenditure, i.e. before capitalization, were SEK -36.0 (-26.3) million. The increase in sales and marketing costs as well as development expenses is attributable to the investment in 5G synchronization, which began in the last quarter of 2021.

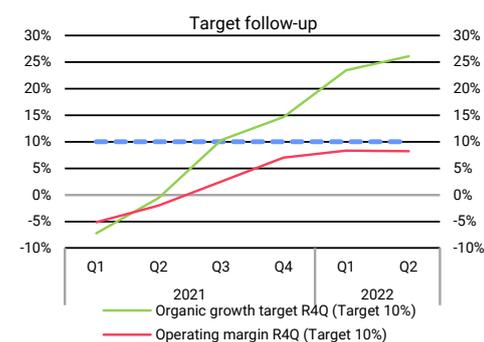
Other operating income and expenses were SEK -0.1 (1.8) million, of which foreign exchange rate differences of SEK -0.2 (0.8) million.

Operating earnings were SEK 9.4 (8.6) million, corresponding to an operating margin of 8.5% (9.1%). Excluding foreign exchange rate differences of SEK -0.2 (0.8) million, operating profit amounted to SEK 9.5 (7.8) million. See also table Material profit and loss items on page 22.

The definition of EBITDA was changed from the beginning of the year, so that capitalization of development expenditures is no longer reversed. EBITDA 2 corresponds to previous years' definition, where the capitalization of development expenditures is reversed, see also pages 18-19. EBITDA and EBITDA-2 amounted to SEK 24.6 (24.0) million and SEK 1.4 (10.5) million, respectively, which corresponded to an EBITDA margin of 22.3% (25.5%) and an EBITDA-2 margin of 1.3% (11.2). The decrease in EBITDA-2 is primary attributable to the investment in 5G synchronization.

In the second quarter, net financial items amounted to SEK 4.5 (-1.0) million, of which foreign exchange rate differences of SEK 4.7 (-1.1) million.

Profit before tax was SEK 13.9 (7.5) million, and net income was SEK 11.8 (7.0) million, corresponding to a net margin of 10.7% (7.4%).



Target follow-up

Financial targets 2021-2025:

* an average annual organic growth of at least 10%

* an average annual EBIT margin (operating margin) of at least 10%

Gross profit for the first six months was SEK 135.0 (102.7) million. The increase is primarily driven by the increase in revenue compared to last year. Gross profit included amortization of capitalized development expenditure of SEK -22.8 (-21.5) million. Gross margin excluding and including amortization of capitalized development expenditure was 71.8% (72.2%) and 61.4% (59.7%) respectively. Revenues in the second quarter of last year contained a higher proportion of service revenues (with a high gross margin) in connection with major events, which this year occurred during the first quarter.

Operating expenses in the second quarter of SEK -115.4 (-100.7) million increased as a result of the establishment within 5G synchronization and increased travel in connection with customer events, participation in trade fairs etc.

Other operating income and expenses were SEK 0.5 (9.6) million, of which foreign exchange rate differences of SEK 0.4 (8.4) million.

Operating earnings were SEK 20.1 (11.7) million, corresponding to an operating margin of 9.1% (6.8%). Excluding foreign exchange rate differences of SEK 0.4 (8.4) million, operating profit amounted to SEK 19.7 (3.7) million.

EBITDA and EBITDA-2 amounted to SEK 50.1 (40.9) million and SEK 6.4 (13.1) million, respectively, which corresponded to an EBITDA margin of 22.8% (23.8%) and an EBITDA-2 margin of 2.9% (7.6). The increase in EBITDA is primarily attributable to increased sales. The increased investments, attributable to the investment in 5G synchronization, lead to a decreased EBITDA-2.

For the first six months, net financial items amounted to SEK 4.4 (0.5) million, of which foreign exchange rate differences of SEK 4.6 (0.7) million.

Profit before tax was SEK 24.5 (12.2) million, and net income was SEK 19.9 (10.9) million, corresponding to a net margin of 9.1% (6.3%). Including Discontinued operations, net income was SEK 19.9 (-26.1) million, where the previous year includes capital loss on disposal for discontinued operations.

Key Ratios continued operations	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Net sales, SEK millions	110.1	94.1	219.8	172.0	428.5	380.7
Net sales YoY, change in %	17.1%	6.5%	27.8%	4.7%	26.1%	14.6%
Gross earnings	67.0	57.6	135.0	102.7	260.6	228.4
Gross margin	60.8%	61.3%	61.4%	59.7%	60.8%	60.0%
Operating earnings	9.4	8.6	20.1	11.7	35.1	26.8
Operating margin	8.5%	9.1%	9.1%	6.8%	8.2%	7.0%
EBITDA	24.6	24.0	50.1	40.9	93.7	84.5
EBITDA margin	22.3%	25.5%	22.8%	23.8%	21.9%	22.2%
EBITDA-2	1.4	10.5	6.4	13.1	21.4	28.1
EBITDA-2 margin	1.3%	11.2%	2.9%	7.6%	5.0%	7.4%

INVESTMENTS

Second quarter investments were SEK 24.2 (14.3) million, of which SEK 23.2 (13.5) million related to capitalization of expenditure for development. The increase in capitalized development expenditure relates to the investment in 5G synchronization, which began in the last quarter of 2021. Depreciation and amortization in the second quarter totaled SEK -15.2 (-15.4) million, of which SEK -11.6 (-11.6) million related to amortization of capitalized expenditure for development.

Investments during the first six months were SEK 45.6 (29.2) million, of which SEK 43.7 (27.8) million related to capitalization of expenditure for development. The increase in capitalized development expenditure relates to the investment in 5G synchronization, which began in the last quarter of 2021. Depreciation and amortization for the first six months totaled SEK -30.1 (-29.3) million, of which SEK -22.8 (-21.5) million related to amortization of capitalized expenditure for development.

At the end of the period, net value of capitalized expenditure for development was SEK 179.2 million, against SEK 158.3 million as of December 31, 2021.

Including discontinued operations, the investments for the first six months 2021 were SEK 32.4 million, of which SEK 31.0 million related to capitalization of expenditure for development. Depreciation and amortization during the first six months 2021 totaled SEK -31.6 million, of which SEK -22.9 million related to amortization of capitalized expenditure for development.

CASH FLOW AND FINANCIAL POSITION

From April 2021, only the continued operations (business area Media Networks) are included in the cash flow. Discontinued operations (business area Resource Optimization) was included in previous periods' cash flow and its impact on cash flow is presented in table on page 12.

Cash flow from operating activities in the second quarter was SEK 0.9 (32.9) million. Total cash flow was SEK -23.8 (16.7) million. The negative cash flow in the quarter is mainly caused by increased capital tied up in inventories and accounts receivable. The increase in inventory is a consequence of the fact that we have secured components with a longer lead time than normal due to the prevailing component shortage. The increase in accounts receivable is a consequence of that a large proportion of the quarter's invoicing took place late in the period.

Cash flow from operating activities for the first six months was SEK 59.7 (52,1) million. Total cash flow was SEK -24.8 (30.8) million. The above-mentioned increased capital tied up in inventories and accounts receivable also has a negative impact on the first six months cash flow. The cash flow effect of the investment in 5G synchronization, primarily in the form of increased investments, has been partially offset by the NRE fee and advances received from the customer.

During the first quarter, a major repurchase program of own shares was completed, which had negative affected on cash flow of SEK -36.7 (-) million. During the first quarter of 2021 included a net cash effect from the divestment of the Resource Optimization business area of SEK 15.1 million. More information about discontinued operations can be found in tables on page 12 and more information about the repurchase program can be found on page 14. Excluding the cash impact of the divestment of operations and repurchase of own shares, cash flow was SEK 11.7 (15.7) million.

Cash and cash equivalents were SEK 330.5 million at the end of the period, against SEK 354.9 million as of 31 December 2021.

Remaining tax loss carry-forwards for group companies amounted to SEK 59.2 million at the end of the period, compared to SEK 79.4 million as of December 31, 2021. Deferred tax has been recognized for the tax loss carry-forwards. For more information, see the section Tax on page 14.

Equity was SEK 632.3 million at the end of the period, against SEK 646.5 million as of 31 December 2021. The equity/assets ratio was 75.0%, against 78.0% as of 31 December 2021. The fact that equity decreased despite a positive result 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 14.

EMPLOYEES

The average number of employees and consultants at Net Insight during the second quarter and for the six months period was 177 (150) and 172 (151), respectively, of which 143 (122) and 140 (123), respectively, in the parent company Net Insight AB (publ).

PARENT COMPANY

Parent company net sales were SEK 110.1 (94.0) million in the second quarter, and net income was SEK 7.2 (1.7) million. The net financials included result from participation in group companies of SEK -4.3 (0.4) million, attributable to intra-group restructuring. In the first quarter, intra-group sales totaled SEK 0.0 (0.0) million, and intra-group purchases SEK -17.3 (-12.3) million.

For the six-month period, the parent company net sales were SEK 219.8 (171.9) million, and net income was SEK 14.7 (-65.6) million. The net financials included result from participation in group companies of SEK -4.3 (-69.8) million, attributable to intra-group restructuring and previous year attributable to capital loss from divestment of subsidiaries. For the six-month period, intra-group sales totaled SEK 0.0 (0.0) million, and intra-group purchases SEK -32.9 (-24.3) million.

Progress in the parent company in the second quarter and for the first six month largely shadowed Group progress as indicated above (except for the effect of the sale of operations/subsidiaries).

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, but we see a continued uncertainty in 2022. The war in Ukraine that began in the first quarter 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 2021, arose during the period or are anticipated in 2022.

For a complete review of the company's risk and sensitivity analysis, and its risk management process, see pages 46-47, 48-49 and 67-68 of the Annual Report for 2021.

SEASONALITY

In the past three calendar years, average seasonality has been fairly modest. However, there is a certain variation in revenue between the quarters due to the fact that in some quarters there is a concentration of large business.

CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK thousands	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Continued operations						
Net sales	110,123	94,063	219,836	172,001	428,522	380,687
Cost of sales	-43,147	-36,439	-84,870	-69,279	-167,894	-152,303
Gross earnings	66,976	57,624	134,966	102,722	260,628	228,384
Sales and marketing expenses	-31,402	-24,824	-62,421	-47,839	-118,890	-104,308
Administration expenses	-13,270	-13,134	-26,804	-26,226	-52,455	-51,877
Development expenses	-12,824	-12,881	-26,164	-26,597	-52,530	-52,963
Other operating income and expenses	-118	1,768	474	9,618	-1,606	7,538
Operating earnings	9,362	8,553	20,051	11,678	35,147	26,774
Net financial items	4,541	-1,024	4,410	512	5,832	1,934
Profit before tax	13,903	7,529	24,461	12,190	40,979	28,708
Tax	-2,126	-572	-4,526	-1,320	-8,112	-4,906
Net income continued operations	11,777	6,957	19,935	10,870	32,867	23,802
Discontinued operations, net after tax	-	-	-	-36,926	-	-36,926
Net Income	11,777	6,957	19,935	-26,056	32,867	-13,124
Net income for the period attributable to the shareholders of the parent company	11,777	6,957	19,935	-26,056	32,867	-13,124

Earnings per share, based on net income attributable to the parent company's shareholders during the period	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Earnings per share from continued operations						
-Basic, SEK	0.03	0.02	0.05	0.03	0.09	0.06
-Diluted, SEK	0.03	0.02	0.05	0.03	0.09	0.06
Earnings per share including discontinued operations						
-Basic, SEK	0.03	0.02	0.05	-0.07	0.09	-0.03
-Diluted, SEK	0.03	0.02	0.05	-0.07	0.09	-0.03
Average number of outstanding shares in thousands						
-Basic	368,758	382,758	371,737	382,758	376,646	382,162
-Diluted	371,813	384,733	374,792	384,075	379,701	384,174

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Net income	11,777	6,957	19,935	-26,056	32,867	-13,124
Other comprehensive income						
<i>Items that may be reclassified subsequently to the income statement</i>						
Translation differences	827	-68	1,018	12	1,456	450
Total other comprehensive income, after tax	827	-68	1,018	12	1,456	450
Total other comprehensive income for the period	12,604	6,889	20,953	-26,044	34,323	-12,674
Total comprehensive income for the period attributable to the shareholders of the parent company	12,604	6,889	20,953	-26,044	34,323	-12,674

CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	30 Jun 2022	31 Mar 2022	31 Dec 2021
ASSETS			
Non-current assets			
Capitalized expenditure for development	179,169	167,573	158,263
Goodwill	38,751	38,751	38,751
Other intangible assets	1,750	1,705	1,950
Right-of-use assets	29,808	31,711	33,614
Equipment	18,103	18,679	19,293
Deferred tax asset	13,238	14,693	16,888
Deposits	4,736	4,729	4,784
Total non-current assets	285,555	277,841	273,543
Current assets			
Inventories	70,060	52,157	53,712
Accounts receivable	129,588	89,447	106,069
Other receivables	27,022	38,960	40,436
Cash and cash equivalents	330,475	353,660	354,863
Total current assets	557,145	534,224	555,080
TOTAL ASSETS	842,700	812,065	828,623
EQUITY AND LIABILITIES			
Equity attributable to parent company's shareholders			
Share capital	15,597	15,597	15,597
Other paid-in capital	1,192,727	1,192,727	1,192,727
Translation reserve	1,201	374	183
Accumulated deficit	-577,249	-590,483	-561,979
Total shareholders' equity	632,276	618,215	646,528
Non-current liabilities			
Lease liabilities	20,913	22,920	24,914
Other liabilities	35,192	12,867	11,378
Total non-current liabilities	56,105	35,787	36,292
Current liabilities			
Lease liabilities	9,405	9,345	9,286
Accounts payable	25,201	15,499	36,588
Other liabilities	119,713	133,219	99,929
Total current liabilities	154,319	158,063	145,803
TOTAL EQUITY AND LIABILITIES	842,700	812,065	828,623

CHANGES IN CONSOLIDATED EQUITY, IN SUMMARY

SEK thousands	Attributable to parent company's shareholders				Total shareholders' equity
	Share capital	Other paid-in capital	Translation reserve	Accumulated deficit	
January 1, 2021	15,597	1,192,727	-267	-515,441	692,616
Repurchase of own shares	-	-	-	-33,414	-33,414
Total comprehensive income	-	-	450	-13,124	-12,674
December 31, 2021	15,597	1,192,727	183	-561,979	646,528
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
June 30, 2022	15,597	1,192,727	1,201	-577,249	632,276

CONSOLIDATED STATEMENT OF CASH FLOWS INCLUDING DISCONTINUED OPERATIONS

SEK thousands	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Ongoing activities						
Profit/loss before tax	13,903	7,529	24,461	-24,804	40,979	-8,286
Income tax paid	-771	-193	-890	-193	-1,479	-782
Depreciation & amortization	15,214	15,408	30,095	31,576	58,580	60,061
Other items not affecting liquidity	2,482	755	3,539	28,351	9,787	34,599
Cash flow from operating activities before changes in working capital	30,828	23,499	57,205	34,930	107,867	85,592
Changes in working capital						
Increase-/decrease+ in inventories	-19,400	8,206	-19,028	3,561	-27,206	-4,617
Increase-/decrease+ in receivables	-28,475	5,194	-10,491	1,703	-50,861	-38,667
Increase+/-decrease- in liabilities	17,973	-4,021	32,040	11,953	81,495	61,408
Cash flow from operating activities	926	32,878	59,726	52,147	111,295	103,716
Investment activities						
Capitalized expenditure	-23,161	-13,452	-43,722	-31,015	-72,292	-59,585
Investment in intangible assets	-302	-	-302	-	-302	-
Investment in tangible assets	-767	-826	-1,594	-1,378	-2,341	-2,125
Disposal of subsidiary, net effect on cash	-	-	-	15,129	55,213	70,342
Cash flow from investment activities	-24,230	-14,278	-45,618	-17,264	-19,722	8,632
Financing activities						
Amortization leasing	-1,947	-1,889	-3,882	-4,079	-7,694	-7,891
Warrant premiums paid	1,457	-	1,457	-	1,457	-
Repurchase of own shares	-	-	-36,662	-	-70,076	-33,414
Cash flow from financing activities	-490	-1,889	-39,087	-4,079	-76,313	-41,305
Net change in cash and cash equivalents	-23,794	16,711	-24,979	30,804	15,260	71,043
Exchange differences in cash and cash equivalents	609	-470	591	558	669	636
Cash and cash equivalents at the beginning of the period	353,660	298,305	354,863	283,184	314,546	283,184
Cash and cash equivalents at the end of the period	330,475	314,546	330,475	314,546	330,475	354,863

DISAGGREGATION OF REVENUE

SEK thousands	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Net sales by product group						
Hardware	52,174	42,794	97,057	77,649	186,832	167,424
Software licenses	21,088	18,268	39,009	33,582	82,357	76,930
Support and Services*	36,861	33,001	83,770	60,770	159,333	136,333
Total	110,123	94,063	219,836	172,001	428,522	380,687
Net sales by region**						
EMEA	74,818	56,911	135,885	102,603	260,718	227,436
AM	24,421	26,579	62,399	51,897	127,418	116,916
APAC	10,884	10,573	21,552	17,501	40,386	36,335
Total	110,123	94,063	219,836	172,001	428,522	380,687
Timing of revenue recognition						
Products and services transferred at a point in time	73,285	61,067	136,097	111,268	269,244	244,415
Services transferred over time*	36,839	32,996	83,739	60,733	159,278	136,272
Total	110,123	94,063	219,836	172,001	428,522	380,687

*) Of which NRE fee; Apr-Jun, SEK 7.1 (-) million, Jan-Jun SEK 14.1 (-) million, and SEK 4.7 million in Q4 2021.

**) The regional follow-up was changed on 1 January 2022. Comparative periods have been recalculated.

FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category - Assets	Jun 30, 2022			31 Dec 2021		
	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
SEK thousands						
Assets in Balance Sheet						
Derivative instruments	2		-	2		-
Accounts receivable and other receivables, excluding non-financial assets		140,270			116,705	
Cash and cash equivalents		330,475			354,863	
Total		470,745	-		471,568	-

Group's financial instruments by category - Liabilities	Jun 30, 2022			31 Dec 2021		
	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
SEK thousands						
Liabilities in Balance Sheet						
Derivative instruments	2		4,192	2		2,104
Accounts payable and other liabilities, excluding non-financial liabilities		34,361			41,964	
Lease liabilities		30,318			34,200	
Total		64,678	4,192		76,164	2,104

Financial instruments in tier 2

The fair value of derivative instruments is measured using exchange rates of currency forwards on the reporting date. The closing balance for synthetic options represents the total assessed value of a number of outstanding options, which has been measured on the basis of accepted market principles and are based on Net Insight's share price.

INCOME FROM DISCONTINUED OPERATIONS

SEK thousands	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Revenues	-	-	-	15,101	-	15,101
Expenses	-	-	-	-16,176	-	-16,176
Capital loss on disposal of discontinued operations	-	-	-	-35,919	-	-35,919
Loss before tax	-	-	-	-36,994	-	-36,994
Tax	-	-	-	68	-	68
Net income discontinued operations	-	-	-	-36,926	-	-36,926

ASSETS HELD FOR SALE

SEK thousands	Jan-Jun 2021	Jan-Dec 2021
Disposed assets and liabilities		
Capitalized expenditure for development	70,198	70,198
Goodwill	22,932	22,932
Other intangible assets	3,642	3,642
Right-of-use assets	3,617	3,617
Equipment	2,688	2,688
Deferred tax asset	6,261	6,261
Deposits	407	407
Accounts receivable	7,916	7,916
Other receivables	1,859	1,859
Cash and cash equivalents	2,274	2,274
Lease liabilities, non-current	-2,593	-2,593
Other liabilities, non-current	-5,862	-5,862
Lease liabilities	-1,291	-1,291
Accounts payable	-1,702	-1,702
Other liabilities	-32,596	-32,596
Net assets and liabilities	77,750	77,750
Cash consideration	49,538	49,538
Less: Escrow	-24,428	-24,428
Less: Cash and cash equivalents in discontinued operations	-2,274	-2,274
Less: Transaction costs	-7,707	-7,707
Effect on group's cash and cash equivalents	15,129	15,129
Final settlements	-	55,213
Disposal of subsidiary, net effect on cash	15,129	70,342

CASHFLOW FROM DISCONTINUED OPERATIONS

SEK thousands	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Cash flow from discontinued operations, net						
Cash flow from operating activities	-	-	-	899	-	899
Cash flow from investment activities	-	-	-	11,960	55,213	67,173
Cash flow from financing activities	-	-	-	-	-	-
Cash flow from discontinued operations, net	-	-	-	12,859	55,213	68,072

PARENT COMPANY INCOME STATEMENT, IN SUMMARY

SEK thousands	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Net sales	110,064	94,005	219,719	171,884	428,288	380,453
Cost of sales	-43,071	-35,368	-84,760	-67,136	-169,638	-152,014
Gross earnings	66,993	58,637	134,959	104,748	258,650	228,439
Sales and marketing expenses	-31,660	-30,120	-63,260	-58,531	-111,931	-107,202
Administration expenses	-13,166	-12,878	-26,759	-26,156	-52,082	-51,479
Development expenses	-12,954	-9,771	-26,929	-20,184	-60,883	-54,138
Other income expenses	-488	-3,425	244	4,342	-2,188	1,910
Operating earnings	8,725	2,443	18,255	4,219	31,566	17,530
Net financial items	456	-390	585	-68,664	2,634	-66,615
Profit/loss before tax	9,181	2,053	18,840	-64,445	34,200	-49,085
Tax	-1,984	-403	-4,150	-1,111	-7,607	-4,568
Net income	7,197	1,650	14,690	-65,556	26,593	-53,653

PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	30 Jun 2022	31 Mar 2022	31 Dec 2021
ASSETS			
Non-current assets			
Capitalized expenditure for development	179,169	167,573	158,263
Other intangible assets	1,750	1,705	1,950
Equipment	16,652	17,232	17,686
Participations in group companies	3,173	174,895	174,895
Deferred tax asset	12,201	14,185	16,350
Deposits	4,628	4,628	4,686
Total non-current assets	217,573	380,218	373,830
Current assets			
Inventories	70,060	52,157	53,712
Accounts receivable	130,444	90,029	106,676
Other receivables	28,936	41,092	42,680
Cash and cash equivalents	321,236	341,390	350,422
Total current assets	550,676	524,668	553,490
TOTAL ASSETS	768,249	904,886	927,320
EQUITY AND LIABILITIES			
Equity			
Restricted equity	250,827	234,838	221,277
Non-restricted equity	338,329	345,664	388,394
Total equity	589,156	580,502	609,671
Non-current liabilities			
Other liabilities	34,723	12,539	11,190
Total non-current liabilities	34,723	12,539	11,190
Current liabilities			
Accounts payable	24,963	15,273	36,376
Liabilities to group companies	2,153	166,870	173,810
Other liabilities	117,254	129,702	96,273
Total current liabilities	144,370	311,845	306,459
TOTAL EQUITY AND LIABILITIES	768,249	904,886	927,320

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) 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 2021.

The preparation of the Interim Report requires management to make judgements, estimates and assumptions that affect 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 2021.

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 -2.1 (-0.6) million for the period April–June 2022, corresponds to an effective tax rate of -15.3 (-7.6). For the period January–June 2022, the group reported tax of total SEK -4.5 (-1.3) million of which SEK -4.5 (-1.3) million relates to continuing operations. Reported tax corresponds to an effective tax rate of -18.5 (5.0) percent and -18.5 (10.8) percent, respectively. In 2021, the group recognized a capital loss/gain from discontinued operations of SEK -35.9 million, which is a non-taxable income. The effective tax rate is also affected by the relative effects of foreign tax rates and temporary differences.

Remaining tax loss carry-forwards for group companies amounted to SEK 59.2 million at the end of the period, compared to SEK 79.4 million as of December 31, 2021. Deferred tax has been recognized for the tax loss carry-forwards.

CONTRIBUTED EQUITY

The 2022 AGM resolved to authorize the board of directors to resolve to repurchase, on one or several occasions until the next annual general meeting, 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 on July 19, the board of Directors of Net Insight AB decided to utilize the repurchase mandate given at the AGM on May 13, 2022, and begin repurchasing own shares. The repurchase program will commence in on July 22, 2022, and last until the AGM on May 12, 2023, and will amount to maximum SEK 70 million.

During January-March 2022, the parent company acquired 8,550,000 of its own class B shares through purchases on Nasdaq Stockholm for a total amount of SEK 36.7 million, which also corresponds to a total of repurchased shares during the year.

At the end of the reporting period, the parent company had a total of 21,175,000 of its own class B shares, at an average cost of SEK 4.81 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.

The 2022 AGM resolved that the company's share capital shall be reduced by SEK 847,000 for allocation to unrestricted equity through cancellation of 21,175,000 own B shares held by the company.

All shares issued by the parent company were fully paid. The case is ongoing with the Swedish Companies Registration Office.

In accordance with the warrant program approved by the 2022 Annual General Meeting, management and key personnel in June acquired a total of 1,755,000 warrants for a market premium of a total of SEK 1,456,650. The warrants have a vesting period of three years, after which the holder has the right to exercise the warrants for subscription of B shares in the parent company for a period of three months at an exercise price of SEK 5.1.

In total, the Company has three ongoing warrant programs with a total of 4,810,000 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 77 in the 2021 Annual Report.

The division of shares	30 Jun, 2022			31 Dec, 2021		
	A-shares	B-shares	Total	A-shares	B-shares	Total
Outstanding shares	1,000,000	367,758,009	368,758,009	1,000,000	376,308,009	377,308,009
Repurchased own shares	-	21,175,000	21,175,000	-	12,625,000	12,625,000
Issued shares	1,000,000	388,933,009	389,933,009	1,000,000	388,933,009	389,933,009

TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties during the period.

AUDITORS' REVIEW

This Report has not been reviewed by the company's auditors.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

At the Board meeting on July 19, the board of Directors of Net Insight AB decided to utilize the repurchase mandate given at the AGM on May 13, 2022, and begin repurchasing own shares. The repurchase program will commence in on July 22, 2022, and last until the AGM on May 12, 2023, and will amount to maximum SEK 70 million.

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

Interim report January – September

November 8, 2022

For more information, please contact:

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CERTIFICATION BY THE BOARD OF DIRECTORS AND CEO

The Board of Directors and the CEO certify that the Interim report for the period January – June 20212 gives a true and fair overview of the Parent Company Net Insight AB (publ) and the Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Solna, July 20, 2022

Gunilla Fransson
Chairman

Jan Barchan
Board member

Mathias Berg
Board member

Charlotta Falvin
Board member

Cecilia de Leeuw
Board member

Torbjörn Wingårdh
Board member

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.

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 CEST on July 20, 2022.

FINANCIAL INFORMATION

SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Earnings continued operations						
Net sales	110.1	94.1	219.8	172.0	428.5	380.7
Gross earnings	67.0	57.6	135.0	102.7	260.6	228.4
Operating expenses	57.5	50.8	115.4	100.7	223.9	209.1
Total development expenditure	36.0	26.3	69.9	54.4	124.8	109.4
EBITDA	24.6	24.0	50.1	40.9	93.7	84.5
EBITDA-2	1.4	10.5	6.4	13.1	21.4	28.1
Operating earnings	9.4	8.6	20.1	11.7	35.1	26.8
Profit before tax	13.9	7.5	24.5	12.2	41.0	28.7
Net income	11.8	7.0	19.9	10.9	32.9	23.8
Balance sheet and cash flow including discontinued operations						
Cash and cash equivalents	330.5	314.5	330.5	314.5	330.5	354.9
Working capital	56.8	73.3	59.1	70.6	67.3	73.1
Total cash flow	-23.8	16.7	-25.0	30.8	15.3	71.0
The share						
Dividend per share, SEK	-	-	-	-	-	-
Earnings per share, basic continued operations, SEK	0.03	0.02	0.05	0.03	0.09	0.06
Earnings per share, diluted continued operations, SEK	0.03	0.02	0.05	0.03	0.09	0.06
Earnings per share including discontinued operations, basic, SEK	0.03	0.02	0.05	-0.07	0.09	-0.03
Earnings per share including discontinued operations, diluted, SEK	0.03	0.02	0.05	-0.07	0.09	-0.03
Cash flow per share, basic, SEK	-0.06	0.04	-0.07	0.08	0.04	0.19
Cash flow per share, diluted, SEK	-0.06	0.04	-0.07	0.08	0.04	0.18
Equity per share basic, SEK	1.71	1.74	1.70	1.74	1.71	1.69
Equity per share diluted, SEK	1.70	1.73	1.69	1.74	1.70	1.68
Average number of outstanding shares basic, thousands	368,758	382,758	371,737	382,758	376,646	382,162
Average number of outstanding shares diluted, thousands	371,813	384,733	374,792	384,075	379,701	384,174
Number of outstanding shares at the end of the period, basic, thousands	368,758	382,758	368,758	382,758	368,758	377,308
Number of outstanding shares at the end of the period, diluted, thousands	371,813	385,813	371,813	385,813	371,813	380,363
Share price at end of period, SEK	3.65	2.94	3.65	2.94	3.65	6.62
Employees and consultants continued operations						
Average number of employees and consultants	177	150	172.3	151	165	154
KPI continued operations						
Net sales YoY, change in %	17.1%	6.5%	27.8%	4.7%	26.1%	14.6%
Gross margin	60.8%	61.3%	61.4%	59.7%	60.8%	60.0%
Total development expenditure/Net sales	32.7%	28.0%	31.8%	31.7%	29.1%	28.7%
Operating margin	8.5%	9.1%	9.1%	6.8%	8.2%	7.0%
EBITDA margin	22.3%	25.5%	22.8%	23.8%	21.9%	22.2%
EBITDA-2 margin	1.3%	11.2%	2.9%	7.6%	5.0%	7.4%
Net margin	10.7%	7.4%	9.1%	6.3%	7.7%	6.3%
KPI Group including discontinued operations						
Return on capital employed	5.2%	-0.2%	5.1%	-0.2%	5.0%	3.9%
Equity/asset ratio	75.0%	83.2%	76.1%	83.2%	75.0%	78.0%
Return on equity	5.1%	-5.6%	5.1%	-5.6%	5.1%	-2.0%

ALTERNATIVE PERFORMANCE MEASURES AND OTHER DEFINITIONS

Non-IFRS financial measures are presented to enhance an 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. APMs regarding to the income statement are calculated on continuing operations unless otherwise stated. APMs regarding the balance sheet are calculated on the whole group including discontinuing operations, unless otherwise stated.

Calculation of performance measures not included in IFRS framework

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.			
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.				
Operating expenses/net sales	Operating expenses as a percentage of net sales.	Used in charts to illustrate trend.			
Operating earnings	Calculated as operating earnings before financial items and tax.	Operating earnings provides an overall picture of earnings generated in the operating activities.			
Operating margin	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 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 currency 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 EBITDA-2, 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.			
EBITDA-2	Operating earnings before depreciation and amortization and capitalization of development expenditure.				
EBITDA & EBITA-2 margin	EBITDA & EBITDA-2 as a percentage of net sales.				
Regions	Regions. <ul style="list-style-type: none"> • EMEA – Europe, the Middle East and Africa. • Americas (AM) - North and South America. • APAC – Asia and Pacific. 	The regional follow-up was changed on 1 January 2022. Comparative periods have been recalculated.			

Change in net sales in comparable currencies SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jan-Dec
	2022	2021	2022	2021	2021
Net sales	110.1	94.1	219.8	172.0	380.7
Net currency effect of comparable currencies	-7.7	5.9	-14.0	12.7	14.9
Net sales in comparable currencies	102.4	99.9	205.8	184.7	395.6
Change in net sales in comparable currencies	8.8%	13.2%	19.7%	12.5%	19.1%

KPI Income Statement SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Continued operations						
Net sales	110.1	94.1	219.8	172.0	428.5	380.7
Net sales YoY, change in %	17.1%	6.5%	27.8%	4.7%	26.1%	14.6%
Cost of sales ex. amortization of capitalized development	-31.6	-24.8	-62.1	-47.8	-123.6	-109.4
Gross earnings ex. amortization of capitalized development	78.5	69.2	157.8	124.2	304.9	271.3
Gross margin ex. amortization of capitalized development	71.3%	73.6%	71.8%	72.2%	71.2%	71.3%
development	-11.6	-11.6	-22.8	-21.5	-44.3	-42.9
Gross earnings	67.0	57.6	135.0	102.7	260.6	228.4
Gross margin	60.8%	61.3%	61.4%	59.7%	60.8%	60.0%
Sales and marketing expenses	-31.4	-24.8	-62.4	-47.8	-118.9	-104.3
Administration expenses	-13.3	-13.1	-26.8	-26.2	-52.5	-51.9
Development expenses	-12.8	-12.9	-26.2	-26.6	-52.5	-53.0
Operating expenses	-57.5	-50.8	-115.4	-100.7	-223.9	-209.1
Operating expenses/net sales	52.2%	54.0%	52.5%	58.5%	-52.2%	54.9%
Other operating income and expenses	-0.1	1.8	0.5	9.6	-1.6	7.5
Operating earnings	9.4	8.6	20.1	11.7	35.1	26.8
Operating margin	8.5%	9.1%	9.1%	6.8%	8.2%	7.0%
Net financial items	4.5	-1.0	4.4	0.5	5.8	1.9
Profit before tax	13.9	7.5	24.5	12.2	41.0	28.7
Tax	-2.1	-0.6	-4.5	-1.3	-8.1	-4.9
Net income continued operations	11.8	7.0	19.9	10.9	32.9	23.8
Net margin continued operations	10.7%	7.4%	9.1%	6.3%	7.7%	6.3%
Discontinued operations, net after tax	-	-	-	-36.9	-	-36.9
Net income	11.8	7.0	19.9	-26.1	32.9	-13.1

EBITDA margin continued operations SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Net sales	110.1	94.1	219.8	172.0	428.5	380.7
Operating earnings	9.4	8.6	20.1	11.7	35.1	26.8
Amortization of capitalized development expenditure	11.6	11.6	22.8	21.5	44.3	42.9
Other depreciation, amortization & impairment	3.6	3.8	7.3	7.8	14.3	14.8
EBITDA	24.6	24.0	50.1	40.9	93.7	84.5
EBITDA margin	22.3%	25.5%	22.8%	23.8%	21.9%	22.2%
Capitalization of development expenditure	-23.2	-13.5	-43.7	-27.8	-72.3	-56.4
EBITDA-2	1.4	10.5	6.4	13.1	21.4	28.1
EBITDA-2 margin	1.3%	11.2%	2.9%	7.6%	5.0%	7.4%

Development expenditure continued operations SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Development expenses	12.8	12.9	26.2	26.6	52.5	53.0
Capitalization of development expenditure	23.2	13.5	43.7	27.8	72.3	56.4
Total development expenditure	36.0	26.3	69.9	54.4	124.8	109.4
Capitalization rate	64.4%	51.1%	62.6%	51.1%	57.9%	51.6%
Net Sales	110.1	94.1	219.8	172.0	428.5	380.7
Total development expenditure/net sales	32.7%	28.0%	31.8%	31.7%	29.1%	28.7%

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	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. The measure is primarily used to analyze shareholder profitability over time.
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.	

Working capital SEK millions	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Current assets	545.7	468.0	548.8	463.4	526.0	491.7
Cash and cash equivalents	-342.1	-306.4	-346.3	-298.7	-338.6	-318.1
No interest-bearing short term liabilities	-146.8	-88.2	-143.4	-94.1	-120.1	-100.5
Working capital	56.8	73.3	59.1	70.6	67.3	73.1

Return on capital employed including discontinued operations SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
<i>Capital employed</i>						
Total balance	827.4	801.2	827.7	821.5	818.4	820.1
No interest-bearing liabilities	-170.8	-99.1	-163.2	-107.4	-136.2	-112.9
Capital employed	656.5	702.1	664.5	714.1	682.2	707.1
<i>Operating earnings less interest income R4Q</i>						
Operating earnings R4Q	35.1	-0.8	35.1	-0.8	35.1	28.7
Interest income R4Q	1.0	0.6	1.0	0.6	1.0	1.1
Operating earnings less interest income R4Q	34.1	-1.3	34.1	-1.3	34.1	27.6
Return on capital employed	5.2%	-0.2%	5.1%	-0.2%	5.0%	3.9%

Equity/asset ratio SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Equity	632.3	666.6	632.3	666.6	632.3	646.5
Total equity and liabilities	842.7	801.6	812.1	801.6	842.7	828.6
Equity/asset ratio	75.0%	83.2%	76.1%	83.2%	75.0%	78.0%

Return on equity including discontinued operations SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2021- Jun 2022	Jan-Dec 2021
	2022	2021	2022	2021		
Net income - R4Q	32.9	-38.8	32.9	-38.8	32.9	-13.1
Average equity - R4Q	648.1	688.0	648.1	688.0	648.1	668.5
Return on equity	5.1%	-5.6%	5.1%	-5.6%	5.1%	-2.0%

Shareholders' information		Measures related to the share.	
Non-IFRS performance measure	Description	Reason for use of the measure	
Dividend per share	Dividend divided by the average number of outstanding shares during the period.	Measures showing the return of the business to the owners, per share.	
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.		
Equity per share	Shareholders' equity divided by number of outstanding shares at the end of the period.		
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).		

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.	

Average number of employees and consultants	Apr-Jun		Jan-Jun		Jul 2021- Jun 2022	Jan-Dec 2021
	2022	2021	2022	2021		
Average number of employees	130	129	129	150	129	139
Average number of consultants	47	21	43	24	36	26
Total average number of employees and consultants	177	150	172	174	165	165
Average number of employees and consultants discontinued operations	-	-	-	-23	-	-11
Net Average number of employees and consultants continued operations	177	150	172	151	165	154

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, continued							
operations		Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
SEK millions	Note	2022	2021	2022	2021	Jun 2022	2021
Effects of the Net Insight share price development during the period							
Share-based benefits	(a)	-0.5	0.0	-0.3	-0.1	-0.6	-0.4
Synthetic options, change in value	(b)	-	-	-	-	-0.6	-0.6
Total		-0.5	0.0	-0.3	-0.1	-1.2	-1.1
Exchange rate differences							
Part of Other operating income & expenses		-0.2	0.8	0.4	8.4	-1.4	6.6
Part of Net Financial Items		4.7	-1.1	4.6	0.7	6.6	2.7
Total Exchange rate differences		4.5	-0.3	5.0	9.1	5.2	9.3
Government grants Covid-19							
Reduction of employee expenses		-	-	-	0.8	-	0.8
Other operating income		0.1	0.1	0.1	0.2	-0.3	-0.2
Total		0.1	0.1	0.1	1.0	-0.3	0.6
Items affecting comparability							
Restructuring	(c)	-	-	-	-	-0.8	-0.8
Government grants Covid-19, other operating income	(d)	0.1	0.1	0.1	0.2	-0.3	-0.2
Adjustment cost for advisory services disposal of discontinued operations	(e)	-	0.4	-	0.4	-	0.4
Total		0.1	0.5	0.1	0.6	-1.1	-0.7
Operating earnings excluding items affecting comparability							
Operating earnings		9.4	8.6	20.1	11.7	35.1	26.8
Items affecting comparability, as per above		-0.1	-0.5	-0.1	-0.6	1.1	0.7
Total		9.3	8.1	19.9	11.1	36.3	27.4
Operating earnings excluding exchange rate differences							
Operating earnings		9.4	8.6	20.1	11.7	35.1	26.8
Exchange rate differences, as per above		0.2	-0.8	-0.4	-8.4	1.4	-6.6
Total		9.5	7.8	19.7	3.3	36.5	20.2
Operating earnings excluding exchange rate differences & items affecting comparability							
Operating earnings		9.4	8.6	20.1	11.7	35.1	26.8
Exchange rate differences, as per above		0.2	-0.8	-0.4	-8.4	1.4	-6.6
Items affecting comparability, as per above		-0.1	-0.5	-0.1	-0.6	1.1	0.7
Total		9.4	7.3	19.6	2.7	37.7	20.8
Cash Flow excluding disposal of subsidiary, net effect on cash, and repurchase of own shares							
Net change in cash and cash equivalents	(f)	-23.8	16.7	-25.0	30.8	15.3	71.0
Disposal of subsidiary, net effect on cash		-	-	-	-15.1	-55.2	-70.3
Repurchase of own shares		-	-	36.7	-	70.1	33.4
Total		-23.8	16.7	11.7	15.7	30.1	34.1

All items in the table above effects operating earnings, except for (b) that effects net financial items and (f) that effects cash flow.

- (a) Share-based benefits are value changes in amounts held in escrow for participation in the synthetic share program.
- (b) During 2015-2019, Net Insight issued synthetic option programs. The synthetic options are revaluated on a current basis to fair value by applying an options valuation model. The changes in value during the term of the options, 3 years, are presented as a financial item. To financially hedge future cash flow effects of the company's commitments in the synthetic option programs, if the share price would exceed the strike price, the parent company has repurchased its own shares. The repurchased of own shares is deducted from equity, retained earnings, and are not revaluated to fair value on a current basis.
- (c) Severance pay in due to structural changes.
- (d) Covid-19 related government grants for personnel and other resources that still contribute to creating value for the Company.
- (e) During the second quarter of 2021, the final costs for advisory services in connection with the divestment of business area Resource Optimization (ScheduALL), which is presented as other operating income.

Presenting the cash flow without effects from divestments of the Resource Optimization (ScheduALL operations) and Streaming Solutions (Sye operations) business areas and the repurchase program of own shares provides a better understanding and comparison of the underlying operations' cash flow.

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