Net Insight
Annual Report 2021

netinsight

Table of content

Synchronization for 5G creates new opportunities

Net Insight's strong competencies and unique solutions in time synchronization create new opportunities as demands on the 5G networks increase.

14

A clear compass in a changeable world

Net Insight believes in active employeeship with extensive personal responsibility for the individual's professional role and business progress.

16

Strong vision for the future for IP and cloud solutions

Net Insight's broad product portfolio in Media transport creates a strong position in the transformation the media sector is facing.

18

Introduction

This is Net Insight

For 25 years, Net Insight has developed and offered open solutions for media transport to globally leading media companies. Our solutions are used by hundreds of customers in over 70 countries to ensure that their mission-critical media networks work seamlessly and without interruption, so that they can offer the best possible experience to their customers – the viewers. With cutting-edge technology, robust platforms and leading-edge competencies we deliver to the biggest live events in sports, news and entertainment around the world.

We enable customers to make the most of the mix of virtualized and physical technology that suits them best, and offer a broad product portfolio for fiber, IP and cloudbased media transport that supports all major industry standards and protocols. We handle all forms of media flows, our solutions are easy to use, and we help customers to utilize their existing infrastructure investments by adding new functionality when the need arises.

We work with service providers such as Eurovision, Tata Communications and The Switch, with broadcasters such as TV Globo and SVT, and with production companies such as NEP. We are proud to be a partner that our customers can trust – every day, every broadcast.

25

years' experience
of the biggest live events

381

SEK million in revenue

500

More than 500 customers

70

Global presence with customers in more than 70 countries

The year in brief

Growth and increased profit

In 2021, revenue increased by 14.6% compared to the previous year, a strong recovery compared to 2020, which was characterized by the pandemic. Operating earnings (EBIT) increased in the year, and operating margin was 7.0%. Net Insight applied for and received furlough support. This ended on March 31, 2021, and the support has been recognized in the Income Statement and Balance Sheet.

Capitalized development expenses attributable to remaining operations were SEK 158.3 million (144.8) and the average number of employees was 129 (124) in the year.

Net Insight has a strong financial position and cash and cash equivalents of SEK 354.9 million. Positive cash flow in the year strengthened the net cash position and the company initiated a share buy-back program towards the end of 2021.

Financial targets and performance

Our long-term goal is to create value for shareholders and deliver profitable growth. A strong financial position is an important prerequisite for the investments needed to support the successful implementation of the strategy.

KPI[1]	2021	2020	2019
Continued Operations			
Net sales per business area, SEK millions			
Media Networks	380.7	332.1	377.8
Resource Optimization (Discontinued)	15.1	66.9	70.8
Streaming Solutions (Discontinued)	-	-0.4	9.5
Discontinued operations	-15.1	-66.5	-80.3
Net sales	**380.7**	**332.1**	**377.8**
Operating earnings, SEK millions	26.8	-15.3	15.4
Operating earnings, adjusted, SEK millions	27.4	-15.1	43.2
Net income, SEK millions	23.8	-14.7	20.8
Earnings per share, diluted, SEK	0.06	-0.04	0.05
Average number of employees	129	124	116
Total, including discontinued operations			
Net income, SEK millions	-13.1	237.4	-32.2
Earnings per share, diluted, SEK	-0.03	0.62	-0.08
Average number of employees	139	168	183
Total cash flow, SEK millions	71.0	232.6	-41.2
Equity/asset ratio, %	*78.0%*	*80.3%*	*67.6%*
Equity per share diluted, SEK	1.68	1.81	1.21

14.6%
Sales growth

7.0%
Operating margin

71.0 **SEK million**
Cash Flow

The financial targets are as follows:

- Organic growth - in the period 2021–2025 Net Insight shall achieve annual average organic growth of at least 10%.
- Operating margin - in the period 2021–2025 Net Insight shall achieve annual average operating margin of at least 10%.

Dividend policy

Decisions relating to dividend payments will be made annually on the basis of Net Insight's financial position, future growth potential, profitability, M&A opportunities and liquidity.

[1] For more key ratios, definitions and reconciliations, see pages 114-124..

Significant events

Agreement in 5G synch worth SEK 220 million

In November, Net Insight signed an agreement with Turkish telecom operator Türk Telekom relating to 5G synchronization. Once more, Net Insight demonstrated its ability to commercialize its leading edge technology know-how. The agreement represents a milestone for the company and opens up a major new market estimated to be worth USD 1 Bn annually.

”This is our single largest order received to date and a significant milestone in the company’s history. We are developing a new offering with a new product chosen by one of Europe’s largest telecoms operators.”

Crister Fritzson, CEO Net Insight

Media Networks transactions

Several important transactions were completed in the year, including Red Bee Media, NEP Connect, Arqiva, Swisscom Broadcast and RTVE of Spain who all chose to upgrade their networks with Nimbra products. Furthermore, The Switch in North American launched its cloudbased service MIMiC Transmission entirely based on Net Insight’s Nimbra Edge, and Swiss TV broadcaster SRF chose the company’s cloud solution to broadcast the Alpine World Championships. In the second quarter, Net Insight won a key order from the North American network operator Astound Business Solutions.

”I am proud of our growth and how we as an organization have developed over the past year and delivered value to existing and new customers.”

Mårten Blixt, CCO Net Insight

Winner of CSI Awards

During the fall, Net Insight's cloudbased Nimbra Edge solution won the Best Network Delivery Technology category at the prestigious CSI Awards. The award, and the fact that the product is operational with customers, are clear signs that the company's market-leading equipment is robust, reliable and delivers in a demanding environment.

CSI AWARDS 2021 WINNER

Financial targets

During the year, Net Insight set two external financial targets, to achieve average annual organic growth of at least 10% in the period 2021–2025, and average annual EBIT of at least 10%.

Divestment of ScheduALL

As an important part of Net Insight's strategy of streamlining the operations in order to return profitable growth, ScheduALL (Resource Optimization business area) was divested at the beginning of the year.

Component shortages disrupt supply chain

The global shortage of semiconductors and other components continued to impact supply chains and generate to longer lead times. Net Insight proactively sought to secure components for its deliveries to customers. The components shortages continue to generate uncertainty, and although this previously only had a marginal impact on our customer deliveries, this effect increased in the fourth quarter.

On location at the summer games

Once more, Net Insight was a part of the solution that enabled live broadcasts from the summer games in Tokyo in July–August 2021. The company provided high-quality international links between Tokyo and several broadcasting sites as well as on-location support, both before and during the games.

Comments from the CEO

Following a cautious start to the year, the numbers started to head up. This is no coincidence; hard work and dedicated colleagues are behind the improved results. With our clear strategy as a guide, we have systematically sought to meet our targets, one by one. Although we have not crossed the finishing line yet, we are well on the way. The pandemic continues to generate challenges that have tried us from time to time, but which we have learned to navigate. The ongoing development of the product portfolio in combination with the market's and our customers' needs create value for all parties.

Progress in the year

2021 was a strong and profitable year. Despite the continued impact of the pandemic, growth compared to 2020 was slightly above our financial target. This was due to strong progress in the media business, in combination with the Türk Telekom agreement signed towards the end of the year. The operating margin is slightly below the long-term target, due to our investments in IP, cloud and synchronization, initiatives that will strengthen our margin in coming years.

We achieved sales growth in the core business Media Networks, where increased demand for media experiences, coupled with high demands on quality, are some of the growth drivers. Our sales curves in both IP and cloud are heading up, and we have taken a strong position with Nimbra Edge in cloudbased solutions. Aperi's strength in transport of video streams over IP networks coupled with our powerful Nimbra 1060 have provided us with a broad and strong product portfolio in open IP transport.

Historical 5G agreement

The historical agreement in synchronization signed with Türk Telekom at the end of 2021 opens up the possibility of establishing a new customer offering in the sharply expanding area of 5G. The agreement provides us with a strong position in synchronization and the opportunity to manage a major investment through the partial financing of product development. The solution is based on our in-depth competencies in time synchronization and our unique synch technology which has been used in digital TV networks for over 15 years. Once again, we are demonstrating our ability to transform leading edge technology into attractive global products.

Market position

The media industry is undergoing extensive transformation. The biggest trend is the rapid transition towards IP and cloudbased workflows at the same time as the need for remote and distributed production is growing. This creates new opportunities as customers need to upgrade or replace their infrastructure.

Net Insight is well-known for delivering secure and high-quality video solutions. Through its focus on Nimbra Edge, Net Insight has created a strong position for effectively utilizing the cloud for video streams, from arenas and content owners to playout sites. These broad competencies – managing the world's largest events and high-speed remote productions via the cloud – make us unique and well positioned in the growth segments the transformation is producing.

The roll-out of 5G also creates new opportunities as 5G networks require more precise synchronization than the 3G/4G networks. Our GPS-independent synch solution over existing IP networks significantly reduces telecom operators' costs and helps to speed up the roll-out.

Strategy focused on long-term growth

The strategy work we started in 2020 focused on establishing our internal foundation and focus, developing the core business and achieving long-term profitable growth, plus expansion into adjacent market segments. This work has progressed well, with the main emphasis on the second part.

We have focused on the core business by divesting ScheduALL, strengthening our product portfolio and expanding in IP and cloud services. In addition, we have benefited from our extensive competencies in synchronization during the launch of our existing synch product on the rapidly expanding 5G market.

For a long time, Net Insight has generated substantial revenue streams from support agreements, and in 2021 we launched a pricing model for recurring revenue for all our products. This is attracting interest from the market and our customers, and I am convinced that this model will grow over time.

An eventful year

2021 was an eventful year in many ways. I am proud that we managed to secure the biggest deal in Net Insight's history, that we have taken major steps towards developing and strengthening our market position, and that our sales curves in IP and cloud services are clearly heading up. This has required extraordinary efforts, but the rewards have by far compensated for all the hard work.

I want to thank all my amazing colleagues for their incredible tenacity and commitment that have led to such a strong year.

Solna, Sweden, March 2022

Crister Fritzson
CEO

”We can now see the results of our strategic work focused on growth and development of the core business.”

Strategy

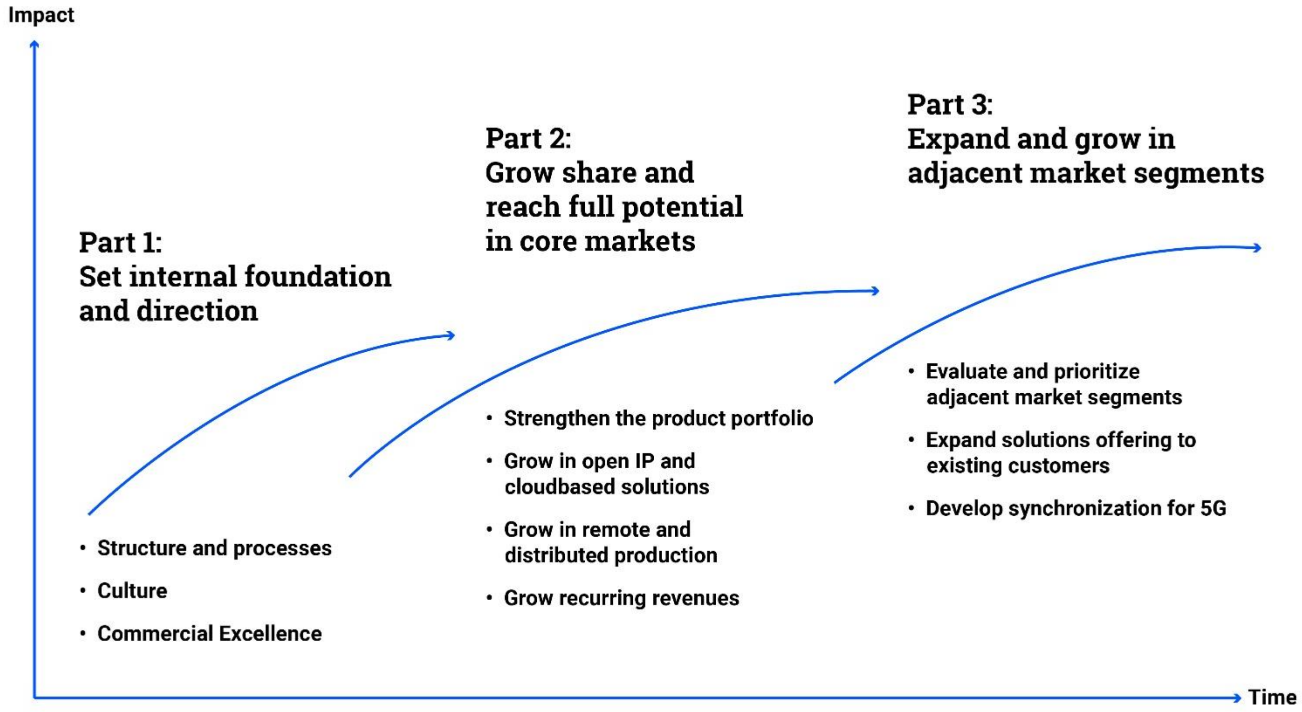
The strategy was set in 2020 and can be divided into three parts, where the first relates to establishing the internal foundation, the second to developing core operations and achieving long-term profitable growth, and the third to expansion in new market segments.

The first part relates to developing and increasing the efficiency of the internal organization through IT support processes and a new management structure. Net Insight has restructured its sales regions to strengthen and focus sales in each area. This part includes developing the internal culture and external market communication with the digital presence in focus. The changes are being made to follow the market transformation, but also to increase Net Insight's attractiveness as an employer, which is particularly important as the company is expanding.

The market is undergoing a major transition towards IP and cloudbased media solutions. Alongside the transition to new video formats such as 4K and 8K, this also drives extensive network upgrades where product portfolios are being extended to include IP Gateway and cloud products. These trends have been accelerated by the pandemic, which has required new solutions for network-based remote production and opens up for major long-term growth areas in the existing media business.

Part two includes investment and a sharpened focus in these growth areas. It also includes new business and pricing models aimed at increasing the proportion of recurring revenue.

The third part involves Net Insight evaluating new growth areas for its existing technology and leading-edge competencies, a process that has been underway for some time. This includes time synchronization where the company has a unique GPS-independent solution for synchronizing national digital TV networks. During the year, this resulted in an initial major deal in synchronization of 5G networks with Turkish telecom operator Türk Telekom. The agreement opens up a new market for Net Insight at the same time as the company retains its sharp focus and investment rate in the existing media business.



Increased competitiveness in IP

As a step in Net Insight's strategy of growing its core business in Media Networks, the Aperi products increase competitiveness in IP, which is a valuable contribution to the ecosystem alongside the Nimbra products. During summer 2021, Net Insight won the first major Aperi order from a leading North American network operator. This indicated a high degree of competitiveness in the customer offering. Aperi is also an important component of Net Insight's strategy of offering open, automated and standardized IP solutions for all types of networks.

Growth in cloudbased solutions

There is strong growth in cloudbased media solutions, both in production and primary distribution. With its open software-based cloud solution Nimbra Edge, Net Insight has taken a strong position in supporting these solutions in both public and private clouds. During the year, the company continued to invest and further strengthen the Nimbra Edge offering, and launched several important partnerships aimed at broadening the solution towards cloud production and live events.

Increase share of recurring revenues

There is a general shift away from hardware towards software, from products towards solutions, from large one-off payments towards recurring annual licensing revenue, and this process is something the company intends to capitalize on. Recurring revenue streams generate security for Net Insight and make it easier for customers to invest in line with business growth. Net Insight has strong annual support revenues and has introduced a new flexible pricing model with a continuous payment structure. This shift from capital expenditure towards operating expenditure is one of the steps on Net Insight's growth journey.

Strengthened sales organization

The changing media networks market creates new opportunities, but also new challenges. In order to satisfy the market's demands, Net Insight is focusing on four strategic initiatives: increasing the number of customer segments, strengthening its local presence in sales regions, introducing a new partner program, and adding resources in the form of specialists for the company's cloud and IP Gateway solutions.

The combination of the indirect and direct business model – where approximately one third of sales take place through distributors and approximately two thirds through direct sales using Net Insight's own sales teams – provides the company with excellent local market coverage. This also results in shorter lead times and faster sales processes.

As a step in increasing its local presence and impact, from 2022 Net Insight is restructuring its competencies and replacing the current regions Americas, WE (Western Europe) and ROW (Rest Of World) with Americas, EMEA and APAC.

Develop synchronization for 5G networks

Net Insight has tested the synch solution in mobile customer networks and optimized it for mobile 5G networks in close collaboration with its customers. This led to the signing of a major breakthrough agreement worth SEK 220 million with Türk Telekom in November. Under the terms of the agreement, Net Insight will deliver a large number of nodes based on existing Nimbra products, but also develop an entirely new synchronization product for 5G with delivery scheduled for 2023. This initiative opens up new opportunities and market segments. Analysts AT Kearney assesses that the market for synch will reach a value of USD 1 Bn in 2026. The initiative is part of the strategy of increasing growth potential by expanding into new and adjacent market segments. Net Insight also strengthened patent protection in the area, where the company already has several patent families.

» Purpose

To offer open, automated and standardized IP solutions to all types of networks including cloudbased

Investment case:

Three reasons to invest in Net Insight

Net Insight has a strong position on the rapidly expanding market for media transport over IP and cloudbased solutions, a proven ability to commercialize leading-edge technology and a strong financial position that provides the company with the freedom to act when required. The company is active on a global market, has a well-established brand and employees with broad and deep competencies in media solutions.

1

Strong position on a growing market

For 25 years, the largest sports, news and entertainment events have been delivered to audiences around the world using Net Insight's secure and reliable media transport technology. The market is now undergoing a major shift towards open IP and cloudbased solutions, in a rapid process that generates significant potential. Net Insight has the most complete product portfolio on the market and offers solutions for fiber, IP and cloudbased media transport, which makes the company well positioned in the media industry transformation.

2

Proven ability to commercialize leading-edge technology

Innovation has been a recurring theme throughout Net Insight's history. The company has continuously developed new products and solutions, ranging from the underlying technology of the Nimbra platforms to GPS-independent synchronization of TV networks, and the proprietary platform Sye which was sold to Amazon in 2020. The most recent example is the development of an entirely new product for GPS-independent time synchronization in 5G networks, where Net Insight won a breakthrough order worth some SEK 220 million in the year.

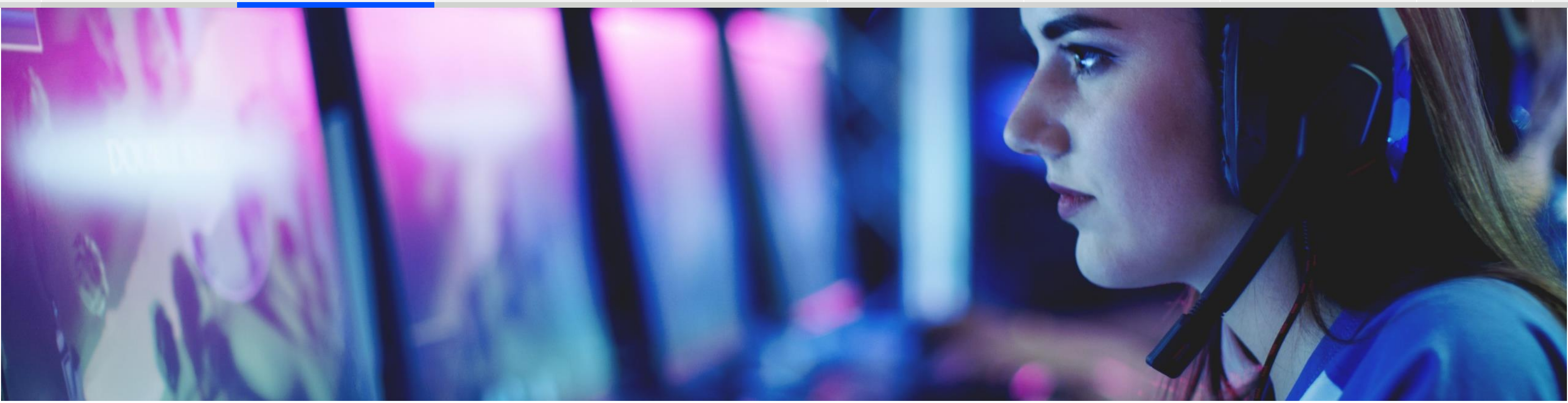
3

Strong financial position and growth

Net Insight has a strong financial position which ensures the right conditions for planned investments in tech development and sustainable growth. Increased sales and a higher proportion of recurring revenue from license-based customer offerings stabilizes sales and reduces sensitivity to individual transactions.

Net Insight's long-term financial target is annual average organic growth of 10% alongside a long-term operating margin of at least 10%.

Operations



Market and trends

The media industry is undergoing extensive transformation. The transition towards IP and the cloud is progressing rapidly at the same time as the need for remote and distributed production increases. End consumers are driving increased bandwidth and new video formats in the networks. Over time, mobile 5G networks will transform many industries and also create new media opportunities. 5G networks require precise synchronization, which has opened up new market potential for Net Insight's solution for time synchronization over existing IP networks, including a major first order in the year.

Transition to IP and cloudbased services continues

The biggest trend is the extensive transition towards IP and cloudbased services, where distributed production flows with open, standardized solutions for both TV and production companies continues to grow. The transition towards IP is also taking place in the studio with the aim of increasing flexibility and streamlining the entire flow from camera to end consumer. This migration requires new investments by companies active in media production and video transport, which opens up new opportunities for Net Insight.

According to sector organization IABM's latest Adoption Trends Report on the Cloud from September 2021, use of cloud services by TV and media companies has accelerated even further over the past year: from the first half-year 2021, 47% of the companies surveyed have already implemented some form of cloud technology while 45% have indicated that they are likely to do so.

Increased need for remote and distributed production

Driven by the pandemic, the need for flexible and efficient remote production increased in the year. Net Insight is seeing growing demand from media operators and satellite operators, as well as TV companies, production companies and content providers. Media company investments are accelerating, where drivers such as increased flexibility, reduced costs and decreased environmental impact are the most important. With its extensive experience and strengths in remote production, Net Insight is well positioned on the market.

Need for increased bandwidth and new video formats

Increasing demands on image quality, where 4K and 8K represent the next technology step, are important drivers, both for infrastructure upgrades in production flows and increased demand for bandwidth in media networks, which requires new investments by customers. Live events and major sporting rights remain critical for content providers to differentiate themselves and charge a premium.

Secure transport of media streams increasingly important

Security is another aspect that is becoming increasingly important at a pace with developments in IP and cloudbased solutions. Net Insight's solution IP Media Trust Boundary addresses this challenge adapted to media networks requiring ultralow latency and high capacity.

From satellite to the cloud

A majority of primary distribution and a large proportion of contribution from events still takes place via satellite and other traffic via media-specific networks. In the foreseeable future, today's media transports via satellite will start to move to the cloud, both because of the cost benefits but also due to scalability. Net Insight assesses that this trend will continue, which implies significant growth potential for the company.

5G a carrier for media services

5G has significant advantages related to speed, latency and high-speed connectivity, which creates new opportunities in the media industry, both for operators and media companies. For major live events, where demands on high bandwidth and low latency are high, there are many advantages associated with using 5G to complement fiber. This can be used inside arenas, or to connect when fiber is not available.

Increased demand in 5G networks creates new business opportunities

5G has also opened up a new market for Net Insight's solution for time synchronization. The company has strong competencies in this area and has developed a unique solution for time synchronization that has been used in over 15 countries to build national digital TV networks. During the year, customers tested and evaluated the solution for use in synchronization of 5G mobile base stations. The work led to an initial breakthrough agreement worth SEK 220 million with Türk Telekom relating to use of the synch solution in their 5G roll-out. The demands on time synchronization in 5G networks are 20 times higher compared to 3G and 4G networks, and time synch is extremely critical to 5G networks.

Outlook

The major transformation to new formats and IP and cloudbased workflows that is underway creates new opportunities as existing customers need to upgrade and replace infrastructure, at the same time as new production companies and content owners need to build new solutions.

Net Insight is well positioned on the market and is known for delivering video streams securely and at the highest quality over both national and global IP networks. Net Insight has worked with cloudbased video solutions since 2015, and the work with Nimbra Edge has provided the company with a strong position ahead effectively utilizing the cloud for video streams from arenas and content owners to playout sites. These broad and strong competencies in video transport, from managing the world's largest events to fast remote production via the cloud, makes the company unique and well positioned in media market growth segments generated by the transformation.

> ”Our ability to quickly transition to IP and cloud and help our customers in the current media industry transformation ensures an attractive market position for Net Insight”
>
> Per Lindgren, CTO Net Insight

Employees

Net Insight's employees are a critical resource for the company in an industry where competition over the top talent is intense. We have been lucky to be able to recruit and retain so many competent people. Net Insight works towards the goal that everyone should be challenged and allowed to develop in an inclusive environment. We believe in active employeeship with extensive personal responsibility for the individual's professional role and business progress.

A clear compass in a changeable world

We are living in a continuously changing world. In this context, it is critical to Net Insight's success to have access to committed, goal-oriented and driven employees. In order to meet new market demand, Net Insight has developed its product portfolio to become one of the industry's broadest in the year. The company won the largest deal in its history and has entered an entirely new market segment. These changes have not passed unnoticed. The focus is on guiding staff and managers towards the goal in the best way possible.

An agile and fleet-footed company

Net Insight is a company with a large global footprint. By being a small and fast-moving organization, we can be both agile and flexible. The ability to shift gear quickly is one of the keys to the accelerating growth we have seen in the year. This has allowed us to handle the pandemic

in a positive manner, and all working methods and follow-up of R&D projects are fully digitalized.

Learning organization

Net Insight has extensive leading-edge competencies with many specialists. The shortest decision paths provide each individual with the opportunity to influence their situation and role in the company. The corporate culture is characterized by openness, safety and transparency, where knowledge is shared between individuals and teams, both in Sweden and internationally. This creates the right conditions for innovation, which is a recurring theme in Net Insight's history and an important basis for the company's success.

Search for top talent intensifies

As Net Insight is a growth company, it is important to be able to attract top talent and to develop and retain these members of staff after recruitment. During the year, the company completed an Employer Branding campaign which spotlighted employees from different parts of the organization. A People Board has been appointed to promote dialog between management and the employees, and the company was included in Universum's top 100 list in the survey "Sweden's Top Employers 2021" which measures internal Employer Brand.

Well-being in focus

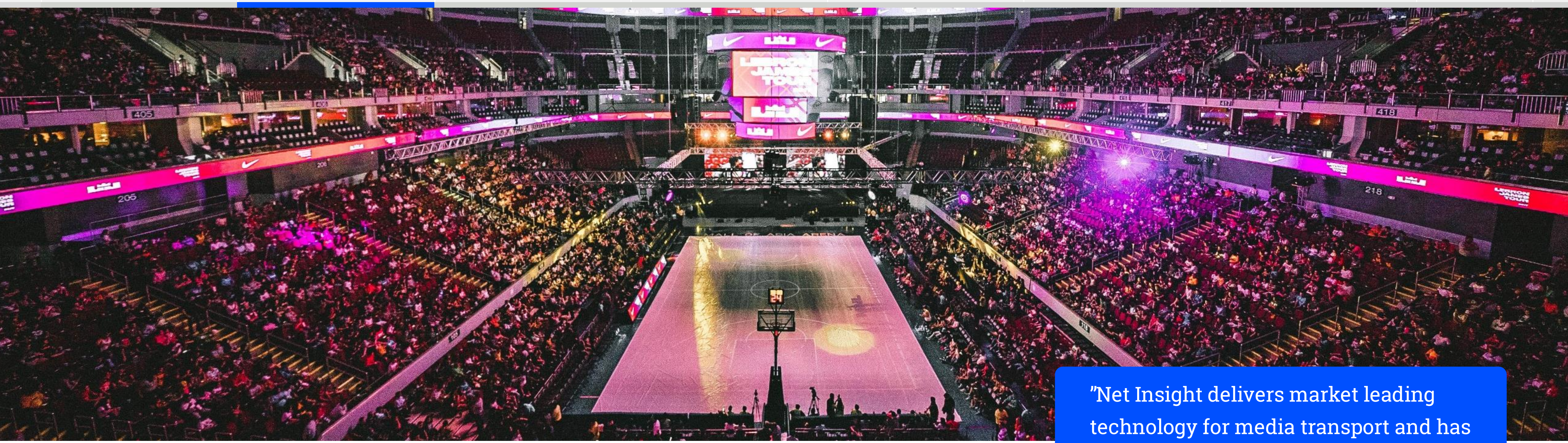
Although the definition of what constitutes a sustainable working environment has varied over time, a healthy balance between work and leisure remains important for well-being. Net Insight offers a generous wellness allowance and a range of health-positive activities, including ia digital exercise app that benefits overall health as well as team spirit. In order to make everyday life a little easier, we offer a flexible workplace where it is possible to combine working remotely with working in the office, which is something that our employees appreciate. The company is inclusive, which allows new employees to become part of the team quickly.

Challenges with remote working

The accelerating digitalization has resulted in an increase in working from home, something which places new demands on staff, but also on managers and leaders. The way we work with our corporate culture and values has changed, as well as how we carry out social activities. During periods with tough restrictions, Net Insight systematically organized digital breakfasts, after work get-togethers, meetings and conferences, something which has been experienced as positive by the company's staff. We continuously measure our teams' well-being, engagement and challenges in the pulse measurement tool Winningtemp, and take rapid and focused action when required.

"I felt very welcome when I joined Net Insight. There is a strong team spirit and loyalty that I appreciate. Learning is a strong driver and an integrated part of the team's development work. Every individual has broad responsibility, and the ability to influence operations strengthens the learning culture."

Eva Sandén Westberg
Manager Nimbra Applications 1 & Edge



"Net Insight delivers market leading technology for media transport and has unique competencies in transporting media content during live broadcasts."

Christer Bohm,
VP Product Management
Net Insight

Media Networks

With a strong forward-looking vision for IP and cloud solutions, Net Insight helps the world's leading media companies to simply and cost-effectively produce and deliver content for viewers – regardless of where they are located. Net Insight's powerful portfolio with Nimbra and Aperi products offers exceptional breadth in terms of managing fiber, IP and cloudbased media transport, which means that the company is well positioned in the ongoing media industry transformation.

Broad offering leads to additional sales

Net Insight has one of the industry's broadest product portfolios divided into the three product areas IP Gateways, Nimbra MSR (Media Switch Routers) and Cloud. The increased investments in IP Gateway expand the company's addressable market with new offerings. Several areas of use often apply to a single customer, which means that additional sales can be made to existing and new customers.

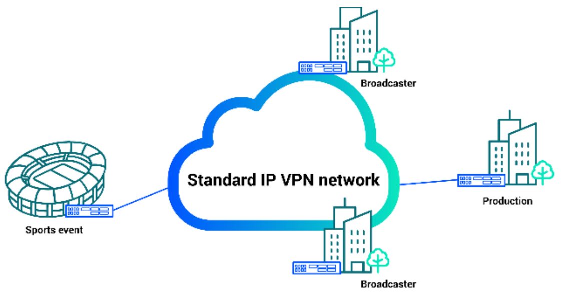
Synergies reduce costs

In product development, synergies can be found between the different areas, mainly IP Gateway and Nimbra MSR. For example, software functions are developed in the software that can be used in the same hardware to create an IP Gateway or Nimbra MSR. Net Insight also reconfigures the hardware for different areas of use, which increases flexibility and reduces the cost to the client.

Open solutions support industry protocols

The entire industry is moving towards standard solutions that create flexibility and avoid locking in a particular product or standard. This means that Net Insight supports all major standards in cloud transport such as RIST, SRT and Zixi, and in IP Gateway and Nimbra MSR the company has focused on JPEG XS, ST 2110 and ST 2022.

IP Gateways

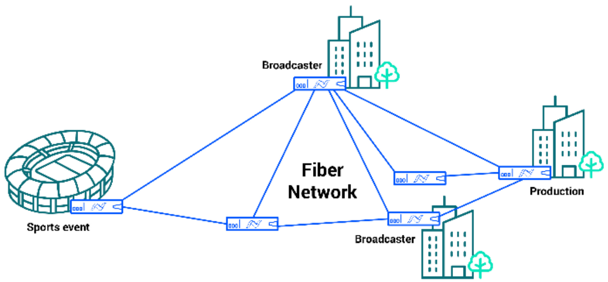


Secure and flexible solutions with IP Gateways

IP Gateways are solutions built to be used in IP networks. Net Insight offers two types of IP Gateways: The Aperi 1100 series for smaller events and Nimbra 1060 for larger events. Both have embedded IP Gateway functionality with very high performance, and the products complement each other well. The products convert data from one media format to another and transport the information over open IP networks and compress and monitor traffic. The customers are service providers and broadcasters such as Telstra and Orange.

Service providers and broadcasters can also use general data networks for advanced media traffic. The increased use of IT solutions generates synergies between live and non-live production and other parts of media company operations, which speeds up production processes and reduces costs.

Media Switch Routers



Robust Nimbra MSR delivers in demanding environments

Net Insight's Nimbra MSR (Media Switch Routers) have the same functionality as an IP Gateway, but also include embedded network technology for guaranteed transport over IP based networks. There are two versions: Nimbra 1060 with high capacity and the Nimbra 600 series with lower capacity. Both are known for their reliability, flexibility and ease of use, mainly for transport solutions of the most sought-after live events which are particularly demanding.

Nimbra MSR is used by broadcasters and production companies such as TV Globo, WDR and SVT, who build dedicated networks with a high proportion of live traffic and that require easy-to-use total solutions. They are also sold to major service providers of live TV such as Eurovision Services, The Switch and Tata Communications.

Net Insight's Nimbra MSR has met these advanced transport requirements for decades. The products have a unique opportunity to retain and control quality over various types of fiber network and also contain a patented method for managing time synchronization in networks.

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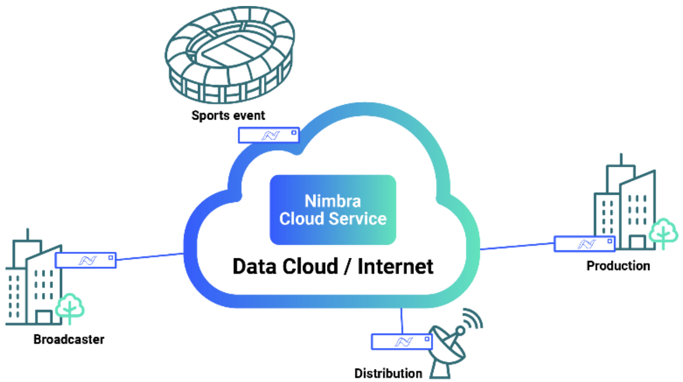
Cloud



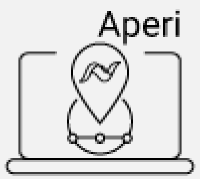
Cloud transport continues to grow

Net Insight offers two products in cloud and Internet transport. The Emmy® Award winning Nimbra 400 that adapts live video signals for transport over the internet, and Nimbra Edge, an open, scalable and software-based cloud product that directs and controls live video traffic in a simple manner. The latter is known for being the industry's most open and easy-to-use cloud solution system, and won the "Best Network Delivery Technology" category at the CSI Awards in 2021.

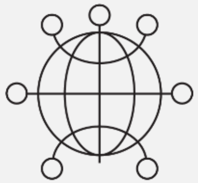
Internet and streaming services have opened up new forms of live events in sports, music and internal or external corporate events, for example. Productions with a lower budget aimed directly at consumers have grown explosively, and it is now possible to view everything from lower-division leagues to minor sports and local events on internet TV. Net Insight offers solutions for transporting live video, from arenas to production clouds, via TV channels or streaming services out to the end customer via cable or internet TV.

Significant events in 2021

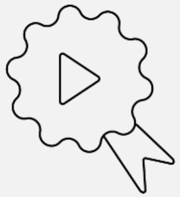
Launch of JPEG XS for video compression



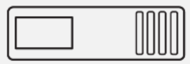
New Aperi customers, e.g. Astound Business Solutions



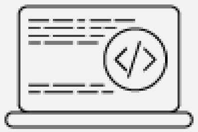
Launch of IP Media Trust Boundary & Media Pro App



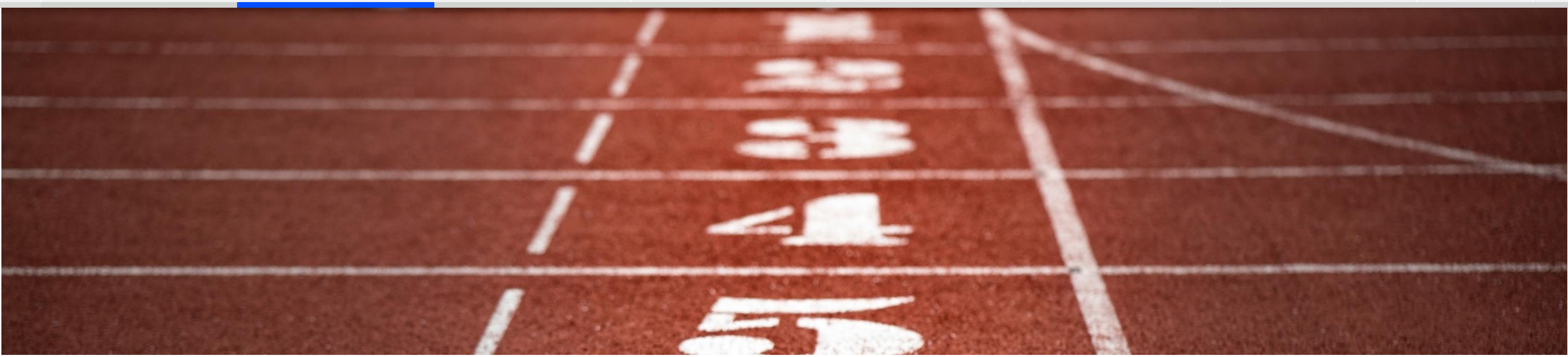
Winner of CSI Award 2021 with Nimbra Edge



Commercial installations of Nimbra Edge



Investment in development of ST 2110 technology



New flexible pricing model

Net Insight has introduced new flexible pricing models to facilitate the shift from an investment-based model to a more flexible operations-based model. A high proportion of the company's income is already derived from recurring revenue streams relating to support services.

Investment-based pricing means that the customer pays for software licenses in exchange for the right to use the acquired function over the product's lifespan.

Operations-based (opex) pricing has been introduced as an option for all software Net Insight sells. This can be divided into two types

1. Subscription-based licensing used for MSR and IP Gateway solutions, which is based on specific hardware.
2. User-based licensing is used for cloud solutions such as Nimbra Edge.

Operations-based pricing provides customers with more flexibility in terms of costs and allows Net Insight to charge for software over a longer period and independently of the hardware.

» Revenue model

Net Insight's customers frequently extend their media networks in several stages. Customers start with a limited number of locations, and gradually extend their networks to include other regions and countries, or by establishing a presence on new markets. As customers introduce new media transport services in their networks, more equipment is needed to support progress. These services are offered as software licenses for an installed base, or alternatively as new hardware. Net Insight generates revenue from sales of hardware, software licenses, and support and consulting services.

Customers

Value chain for live content

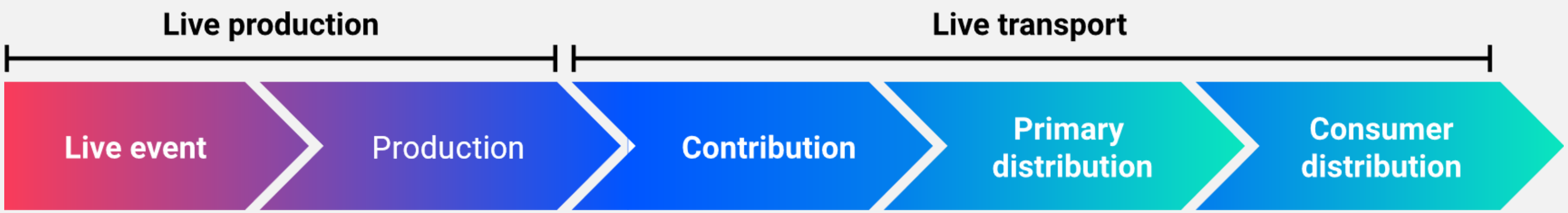
Net Insight are experts in transporting moving images in connection with large-scale events broadcast live on television. The entire industry has been active in developing services that contribute to creating the right experience for end consumers – regardless of where they are located.

In the world of sport, everything starts with the owners of the **event**, e.g. a soccer tournament. They influence decisions relating to the type of **production** used, the content to be sold, and to whom. In the next step, they choose who will assume responsibility for production. Traditionally, TV production has been handled in large OB vans at the arenas, although this model has increasingly been replaced by remote production which is handled at a central location.

Content has then been transported to content owners in a process known as **contribution**, which is often handled by service providers with regional or global networks. The content owners' top priority is quality and security, with the aim of minimizing potential disruptions to live broadcasts, and ensuring secure content transport. Net Insight offers robust solutions for automatic switching between redundant networks, and for ensuring that packet loss in IP networks can be corrected without viewers noticing.

Primary distribution is when TV and streaming companies have received the content and make the final adjustments in their channel to subsequently distribute it to cable TV, IPTV or distributors of internet TV (OTT), who then distribute it on to TV viewers in a process known as **consumer distribution**.

Value Chain



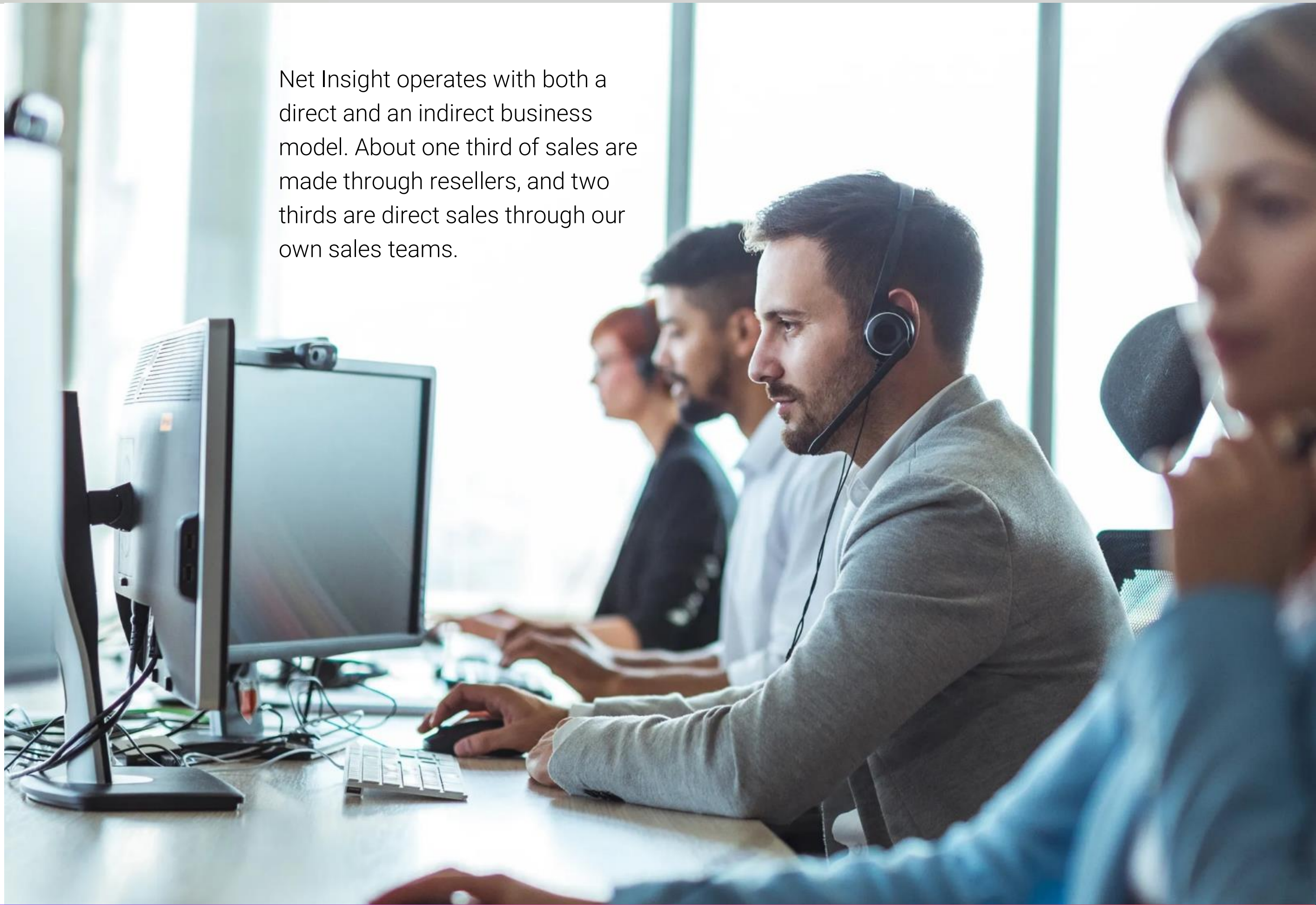
Customer types

Net Insight's customer base has primarily consisted of customers that benefit from our extensive experience in contribution, such as providers focused on media services, e.g. Tata Communications, Eurovision and The Switch. At a pace with the global media transformation, the company has been able to develop its offering for new customer types and solutions aimed at both broadcasters and production companies.

In future, the most advanced solutions will be used in remote production. The TV producers and production companies that control the production process will become more involved in network decisions, and thereby become an increasingly important customer group for Net Insight, a process the company is well-equipped for due to its developed product offering.

The best support on the market

Net Insight's sales are largely based on industry trust and providing the market's best customer support, which has been repeatedly evidenced in our customer surveys. These show that customers appreciate Net Insight's solid technology competence in media transport, as well as its highly-skilled support and problem-solving ability.



Net Insight operates with both a direct and an indirect business model. About one third of sales are made through resellers, and two thirds are direct sales through our own sales teams.

"I am proud of how we have managed to broaden our service offering by launching new solutions and platforms in a short space of time. Given the progress we are making in our partner programs and pricing model, we are well positioned for the future."

Mårten Blixt, CCO Net Insight

Increased customer value and strengthened sales organization

The changing media networks market creates new opportunities, but also gives rise to challenges. The company has started to expand its historically strong position in contribution to also include new customers in production and primary distribution. In order to meet the demands of the market, we have introduced three strategic focus areas.

1 Addressing more customer segments

In order to increase Net Insight's chances of winning additional market share, for example by broadening its product portfolio, the company has started to address more customer segments. The company's position in contribution in particular has proven to be an excellent starting point in the transition towards supporting new customers in production, but also in primary distribution – a long-term and important shift.

2 Stronger local presence in sales regions

In order to strengthen local leadership, increase regional impact and optimize relations with both customers and partners, Net Insight is carrying out a far-reaching reorganization of its competencies, as well as recruiting new staff. From 2022 onwards, the regional segments Americas, WE (Western Europe) and ROW (Rest Of World) will be replaced by three new regions: Americas, EMEA and APAC. The company is focusing sharply on the strong regional media hub in Asia, which offers positive growth potential over time. In order to strengthen its local presence further, Net Insight is also developing a new partner program.

3 New recruitment in Cloud & IP Gateway

Net Insight's third large-scale initiative is aimed at accelerating the company's competence curve, add further resources in IP and Cloud, and approach new customer segments. To achieve this, Net Insight has recruited key competencies and sales specialists in cloud and IP Gateway solutions.

"It was an excellent collaboration that worked really well from day one, we had very good access to their R&D team and we were able to help them by providing real world examples of workflow and systems in our video networks for them to build and develop against."

Robert Luggar, Head of Playout Engineering & Platform på Red Bee

Customer case: Red Bee

Next generation IP media services

Leading global media services company Red Bee Media provides innovative solutions and a number of different services to TV companies and sporting leagues etc. and delivers content to millions of viewers. In 2021, Red Bee and Net Insight together created an innovative solution that supports IP-based workflows in line with industry standards.

Red Bee wants to improve flexibility and scalability for its customers, and by implementing a solution for uncompressed video between broadcasting sites in the UK, the company would be able to continue to deliver a highly flexible, qualitative distribution and monitoring for large public and commercial broadcast customers.

The challenge was to refresh the technology while simultaneously keeping costs down. Alongside selected customers, the company developed a modular, uncompressed and cost-effective design solution.

Red Bee wanted to use application functionality and switch to IP-based production rather than the traditional SDI technology, and build on future-proof technology based on open standards. By combining the different elements optimally, the company achieved a basic infrastructure for securing real flexibility and access to continuous innovation.

Net Insight and Red Bee designed the functionality required in collaboration, specifically relating to support for their internal IP-based control system which is a fundamental cornerstone of the working processes. Net Insight developed the functionality and then carried out testing alongside Red Bee to secure interoperability with other suppliers' production systems.

Red Bee was the first customer to implement Net Insight's Media Pro Application, a fully programmable, adaptable and scalable platform for handling large volumes of video, audio and data for demanding live events and production flows, according to IP standards such as ST 2022 and ST 2110.

In March 2021, Net Insight announced the successful implementation of the world's first solution known as IP Media Trust Boundary, a software application that handles adaptation between the studio network and long-distance networks for Red Bee, where Net Insight's Nimbra product provides the reliable backbone in a new 100GE IP network between Red Bee's key playout management locations in London and Manchester.

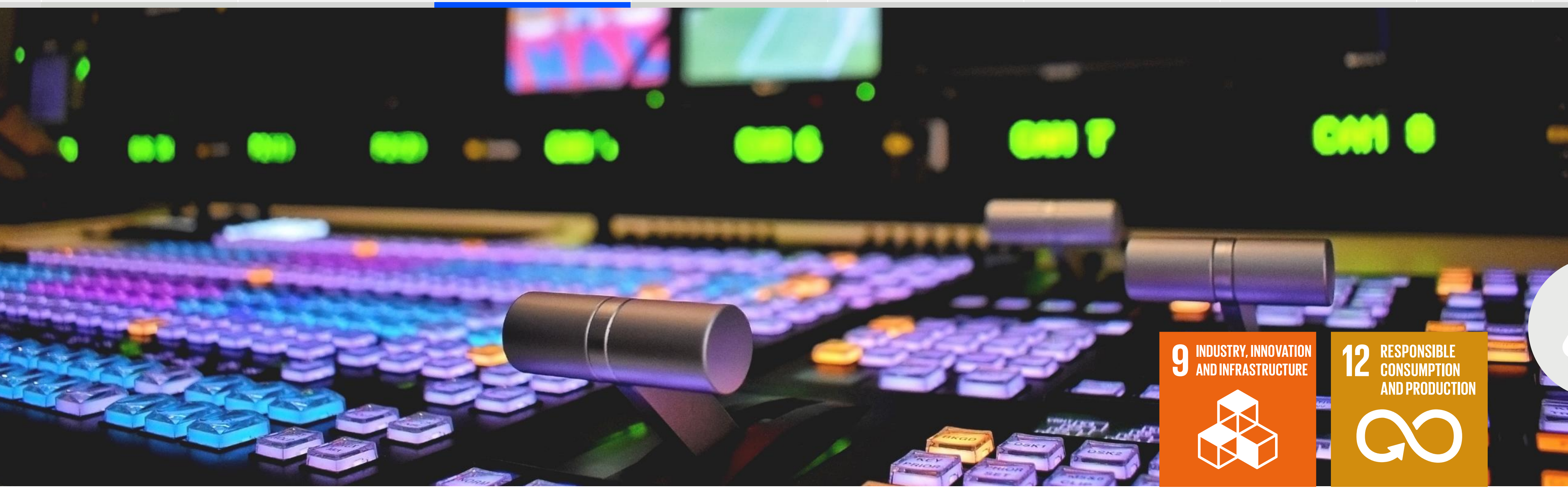

Sustainability Report

Sustainability Report

The Materiality Analysis that governs Net Insight's sustainability work has been developed by clarifying that the work now proceeds from the UN's Agenda 2030 and its 17 global sustainable development goals. Net Insight's sustainability work focuses on 6 of these goals, which influence a better physical environment, increased equality, decent working conditions and economic growth, decreased inequality and peaceful and inclusive communities. The 6 goals have been divided into three overarching topics, in line with previous Sustainability Reports: environment, employees and social environment, ethics, responsibility and human rights.

About the sustainability work

The Board of Directors has overall responsibility for Net Insight's corporate governance, including the sustainability work. The Board of Directors is responsible for the guidelines governing many of the sustainability areas in this report, and the Board has been informed about the results of the materiality analysis. Further information on the Board's work in the year can be found in the Corporate Governance Report on pages 35–39. The CEO, with the support of management, is responsible for ensuring that all employees understand and comply with applicable legislation and the company's policies and guidelines. The Sustainability Report has been produced to satisfy the requirements of the Swedish Annual Accounts Act.



Environment

The UN's global goal no. 9 relates to sustainable industry, where infrastructure is highlighted as a prerequisite for successful societies, while innovation and technological advances are required for ensuring a functional infrastructure. Goal 12 relates to sustainable consumption and production.

Net Insight develops and sells products and solutions to the global media industry that enable live media transport of very high quality. Net Insight creates the right conditions for the media industry to make the transition towards remote production, which generates significant benefits in terms of travel and on-site logistics. The previously commonplace OB vans(Outside Broadcasting) are being replaced by small camera teams on location, with production taking place in centrally located premises. This is taking place on a global scale and generates substantial savings in terms of the resources used as well as significantly reducing the climate footprint. Our assessment is that increased remote production has also limited the spread of infection during the pandemic, and generally improves working conditions for production companies, as well as improving the quality of productions, resulting in a better experience for end consumers.

The media industry's increased use of media streaming services also means that the economy as a whole is moving away from consumption of physical objects towards consumption of media experiences, something which also reduces the environmental impact. One view is that improved and cost-effective solutions for remote production and live streaming will accelerate the growth of a more resource-efficient global experience economy.

Limited transports

As a result of the pandemic, Net Insight reduced physical travel and intends to continue to limit travel and replace it with digital meetings where this is a viable option.

The company's Remote Working Policy applies from April 1, 2022 and contains new guidelines for working from home. Allowing employees to work from home part of the time creates value as it reduces the need for travel, which in turn reduces the climate impact and improves the conditions for achieving a healthy balance between work and leisure.

With regard to delivery to its customers, Net Insight uses road freight instead of air transport provided transport is not extremely time-critical. The couriers used (DHL and FedEx) have their own policies that ensure that delivery takes place in a long-term sustainable manner.

Product responsibility, recycling and reuse

Net Insight is actively working towards an increased proportion of software and support services and less hardware in the company's solutions, which increases flexibility for its customers as well as reducing physical manufacture and transports. Suppliers are monitored and are required to have ISO 4001 environmental certification and comply with restrictions relating to hazardous substances in electronic products ensuing from the EU's RoHS directive (Restriction of the use of certain Hazardous Substances in electrical and electronic equipment).

Small amounts of gold and pewter are included in Net Insight's products, and there may be a risk that the material is derived from places where human rights of metals finance irregular warfare. Suppliers are required to provide evidence that they do not use conflict minerals themselves or through subcontractors. Net Insight adopts the framework developed by the major companies included in the coalition CFSI (Conflict-Free Sourcing Initiative) and the reporting template known as CMR (Conflict Minerals Reporting Template). The company controls that suppliers comply with the framework, including when product specifications are changed.

Plastic as a packaging material has been phased out and replaced by cardboard and other paper-based packaging made from recycled materials.

The products' environmental impact during operation is also significant and the goal is that Net Insight's solutions and products will consume at least 10% less energy than competitors' equivalent offering. For example, the new Nimbra 1060 platform has half the energy consumption compared to previous generations.

Continued development work results in a continuous reduction in the environmental impact.

When products are scrapped, recycling is an important factor and Net Insight has developed a system for repair and recovery of obsolete products. This means that a high proportion of products are recycled and components used for repairs.

Premises with a reduced environmental impact

An important factor when relocating to the company's new premises in Sweden was to keep energy consumption down in the office environment and in server halls. This was successful and the office is one of Sweden's most energy-efficient, with environmental classification according to BREEM-SE, an international standard with high demands on economical use of water, energy and waste. A free cooling system uses cool outdoor air to cool the server halls and surplus heat is used for other parts of the premises.

Employees and social environment

The UN's sustainability goal no. 5 relates to equality and the autonomy of all women and girls. Goal 8 is about working towards sustainable economic growth with full and productive employment and decent working conditions. Goal 10 demonstrates the value of reducing inequalities, within and between nations.

Net Insight is a member of the employer organization Almega and is party to collective agreement, which guarantees good and equal terms of employment in accordance with Swedish labor market practice. The internal work has been characterized by the transition to the collective agreement's standards, although ongoing salary reviews have also taken place, and an action plan has been drawn up to ensure that equal pay for equal work becomes a reality.

Moving towards a more even distribution between the sexes

Net Insight is active in the tech industry which has traditionally employed more men than women. This is noticeable as the proportion of women of total headcount is around 20 percent, and the proportion of female managers is approximately the same.

The Management team currently does not include any female members while the Board is comprised of 1/3 women (including the Chairman). Part of Net Insight's post-pandemic work will be to strive for a more even balance between the sexes by actively seeking to attract women to Net Insight, to ensure they stay with the company and to support them in their career. This work is based on the conviction that a more even balance between the sexes creates a more pleasant and creative workplace which, considering the need to continuously develop new solutions and sell them on an increasingly demanding market, should be a profitable endeavor.

Diversity

Net Insight is a multinational company with employees that operate all over the world and will increasingly seek to work in multicultural teams in order to reach all potential customers and customer groups. In order to facilitate recruitment from many different groups, all internal communication is available in English.

The company applies its Net Insight Equality, Diversity and Inclusion Policy and its Policy Against Harassment and Offensive Treatment with associated action plans.

Ethics, responsibility and human rights

The UN's sustainability goal no. 16 relates to the importance of creating a legally secure world with effective institutions and transactions free from all forms of corruption.

Net Insight's business ethics policy includes principles that guide all the company's employees, and includes the company's distribution of responsibilities and governance models. The business ethics policy is the overarching framework for the company's business methods, and aims to ensure that the company always acts within applicable laws and regulations, pursues sound competition, does not act disloyally and builds relations with customers and partners on the basis of strictly commercial considerations. Net Insight has also adopted internal guidelines for employees regarding appropriate gifts and entertainment.

Anti corruption and work against unethical behavior

Net Insight's anti-corruption work is regulated in the anti-corruption policy which, alongside the company's instructions, protects the company from behavior that is or can be considered inappropriate. The company applies a zero tolerance attitude to bribes or other forms of corruption. The policy encompasses all employees and certain business partners, such as distributors, agents and suppliers.

The company's insider policy includes detailed instructions for trading in the company's shares and outlines responsibilities for ensuring compliance with the policy and how responsibility for compliance is distributed. The demands included in the policy are, in some respects, more stringent than existing legislation.

As is apparent in the chapter on the environment, Net Insight makes demands on suppliers and others included in the supply chain, included ensuring that input goods are not derived from conflict regions or places where human rights are systematically abused.

Training and whistleblowers

Training in business ethics is provided continuously and is also included in the electronic Onboarding Course that all new members of staff are required to complete and which is part of all employment contracts. Because all employees in Sweden signed new employment contracts in 2020 in connection with Net Insight's inclusion in collective agreement, the company has provided all staff with updated information about the company's policies. These policies will be reviewed and renewed as part of Net Insight's ongoing sustainability work.

If actions are taken that can be considered to be in breach of the company's policies employees can anonymously, and with protection against reprisals, report these in an internal whistleblower function in accordance with the company's whistleblower policy. All matters are handled confidentially and by independent agencies external to Net Insight's Legal and Human Resources departments.

Corporate Governance Report

Board of Directors

Gunilla Fransson

Chairman of the Board since 2018 and Board member since 2008.

Born: 1960. Gunilla Fransson holds a Licentiate of Technology in Nuclear Chemistry from KTH Royal Institute of Technology in Stockholm. Up until 2016, Gunilla was a member of Saab AB's group management. She possesses over 20 years' experience of the telecom sector, formerly holding several senior positions in the Ericsson group. Gunilla is a Board member of Securitas AB, Trelleborg AB, Nederman AB, Eltel AB and some unlisted companies, including Board member of Dunkerstiftelserna. Independent of the company and management, independent of the company's major shareholders.

Shareholding in Net Insight: 142,000 class B shares.

Attendance at Board Meetings in 2021: 11/11

Kjell Arvidsson

Board member since 2020.

Born: 1961. Kjell Arvidsson is an engineer and holds a Diploma in Business Administration. He has a background as founder and head of Ericsson IPX, co-founder and CEO of CLX Networks and CEO of Symsoft. Kjell is a Board member of Coach and Capital Nordic 1 AB and P&CS Invest. Independent of the company and management, independent of the company's major shareholders.

Shareholding in Net Insight: 600,000 class B shares.

Attendance at Board Meetings in 2021: 11/11

Jan Barchan

Board member since 2015.

Born: 1946. Jan Barchan holds a B.Sc. in Business Administration and is CEO of Briban Invest AB, Chairman of the Board of nok9 AB. Board member of Studsvik AB, Västraby Energi AB and Anbace invest AB. Independent of the company and management, dependent of the largest shareholder Briban Invest AB.

Shareholding in Net Insight, through Briban Invest AB: 53,152,568 class B shares.

Attendance at Board Meetings in 2021: 11/11

Mathias Berg

Board member since 2018.

Born: 1975. Mathias Berg holds a B.Sc. in Business Administration from Stockholm School of Economics. Mathias is Deputy CEO and Head of Advertising Nordic at TV4 Media, part of Telia Corporation. He brings more than 20 years of experience from companies in the telecom and media industry, such as TDC, MTG and multiple positions within the TV4 Group. Independent of the company and management, independent of the company's major shareholders.

Shareholding in Net Insight: 30,000 class B shares.

Attendance at Board Meetings in 2021: 11/11

Charlotta Falvin

Board member since 2016.

Born: 1966. Charlotta Falvin holds a B.Sc. in Business Administration with 20 years' experience in different senior positions in IT and telecom focusing on international business and organizational development. Charlotta Falvin is a Board member of listed companies Bure Equity, Boule Diagnostics, Invisio, Tobii AB, Tobii Dynavox, NEL ASA in Norway. Independent of the company and management, independent of the company's major shareholders.

Shareholding in Net Insight: 0 shares.

Attendance at Board Meetings in 2021: 11/11

Anders Harrysson

Board member since 2010.

Born: 1959. Anders Harrysson holds an M.Sc. in Engineering Physics from Linköping Institute of Technology. Anders Harrysson was previously CEO of Birdstep Technology ASA. Anders has more than 30 years' international experience from senior positions in the IT industry, including 14 years at IBM with several years at the European Headquarters in Paris and the group's headquarters in the US. Between 1998 and 2010, he was Vice President at Sun Microsystems with responsibility for its activities in Northern Europe. Anders is Board member of Hermes Medical Solutions AB. Independent of the company and management, independent of the company's major shareholders.

Shareholding in Net Insight: 8,000 class B shares.

Attendance at Board Meetings in 2021: 11/11

Stina Barchan

Personal deputy for Jan Barchan

Board member since 2017.

Born: 1977. Stina Barchan has studied at the University of Lund and University College in London and holds a Ph.D. Stina has many years of experience from board work, and also has experience from nomination committee work from listed companies. Currently, she is a Board member of Briban Invest AB and Stiftelsen Momentum Malmö. Independent of the company and management, dependent of the largest shareholder Briban Invest AB.

Shareholding in Net Insight: 0 shares.

Executive Management

Crister Fritzson

CEO

Born: 1961. Crister Fritzson holds a Diploma in Business Administration and assumed the position as CEO of Net Insight in April 2020 after being a Board member since 2013. Crister has more than 15 years of experience from the telecom industry and 10 years from the media industry and was formerly CEO and President of Teracom Group and CEO of Boxer. Most recently CEO and President of SJ AB for 8 years. Crister is a Board member of Green Cargo AB and Chairman of the Board of Giwt Holding Oy.

Shareholding in Net Insight:
11,732,000 class B shares, whereof 11,715,000 class B shares through Wilda Go AB.

Warrants:
400,000.

Joakim Schedvins

CFO

Born: 1976. Joakim Schedvins has a Master's degree in Business Administration and Management, Finance from Luleå University. He joined Net Insight in October 2020. Joakim has held a number of CFO positions in various industries and comes most recently from Cramo.

Shareholding in Net Insight:
0 shares.

Warrants:
300,000.

Mårten Blixt

CCO

Born: 1975. Mårten Blixt has more than 20 years of experience from leading international CEO and sales roles in the software and IT industry. Most recently as regional manager for the Nordic region for Questback, a market-leading SaaS supplier. Prior to that, he was the Nordic CEO of the global software and IT company Insight Technology Solutions. Mårten joined Net Insight in August 2020.

Shareholding in Net Insight:
0 shares.

Warrants:
300,000.

Christer Bohm

Vice President Product Management

Born: 1966. Christer Bohm holds a Ph.D. in Telecommunications from KTH, Royal Institute of Technology in Stockholm. Christer has over 20 years of experience from various roles in media, telecom and datacom and is one of the cofounders of Net Insight, employed since 1997.

Shareholding in Net Insight:
0 shares.

Warrants:
300,000.

Per Lindgren

CTO

Born: 1967. Per Lindgren holds a Ph.D. in Telecommunications from KTH Royal Institute of Technology in Stockholm. As a co-founder of Net Insight, Per has been an employee since 1997. Previous experience includes Associate Professor at KTH, Royal Institute of Technology in Stockholm.

Shareholding in Net Insight:
400,000 class A shares
1,300,000 class B shares.

Warrants:
300,000

Ulrik Rohne

COO

Born: 1967. Ulrik Rohne holds an M.Sc. in Electrical Engineering from KTH, Royal Institute of Technology in Stockholm. Employed at Net Insight since 2012 and has extensive experience from a variety of roles within product development, mainly within the telecom and mobile industry. Ulrik has held various management positions within Ericsson and most recently from Sony Ericsson, where he was Head of Software Development in Stockholm

Shareholding in Net Insight:
100,000 class B shares.

Warrants:
300,000

Corporate Governance Report

This Corporate Governance Report has been prepared by the Company's Board and presents the corporate governance for the financial year 2021. The Corporate Governance Report is presented in accordance with the Swedish Annual Reports Act and the Swedish Code of Corporate Governance. The Corporate Governance Report has been reviewed by the Company's Auditor Deloitte, and the Auditor's Statement can be found on page 112.

Corporate Governance at Net Insight

Net Insight AB is a Swedish public limited company with its registered office in Solna, Sweden. The Company's Class B-shares are listed on Nasdaq Stockholm. Corporate governance, management and control is divided between the shareholders, the Board of Directors, the CEO and management in accordance with applicable legislation, regulations and recommendations, Nasdaq Stockholm's Rules for Issuers, the Swedish Code of Corporate Governance and internal control documents such as the Articles of Association, policies and guidelines.

The Annual General Meeting is the Company's highest decision-making body and the forum where shareholders exercise their voting rights. The Board and Chairman are elected by the Annual General Meeting based on a proposal by the Nomination Committee. The Board appoints the CEO. The Board's and CEO's management and the Company's financial reporting are reviewed by the external Auditor appointed by the Annual General Meeting. In order to streamline and broaden the work relating to certain issues, the Board has established an Audit Committee and a Remuneration Committee.

Net Insight applies the Swedish Code of Corporate Governance (the "Code", available at www.bolagsstyrning.se), and there were two deviations from the Code in the year: Deviation from the Code 4.2: a personal deputy was appointed for Board member Jan Barchan (Briban Invest) for reasons of continuity; deviation from the Code 2.4: Board member Jan Barchan was elected Chairman of the Nomination Committee due to the Company's ownership structure.

The Articles of Association are the Company's overarching internal control document. The Annual General Meeting makes decisions relating to changes to the Articles of Association. The applicable Articles of Association were adopted by the Annual General Meeting on May 8, 2018 and can be found on the Company's website: https://netinsight.net/investors/corporate-governance/.

The Company did not contravene Nasdaq Stockholm's Rules for Issuers in 2021.

Shareholders

Net Insight has issued two share classes: Class A and Class B shares. Each Class A share confers the right to 10 votes and each Class B share to 1 vote. All shares have equal right to participation in the Company's profit and assets.

Distribution of shares as of 31 Dec 2021	
Number of shareholders:	12 984
Number of Class A shares:	1 000 000
Number of Class B shares:	388 933 009
Total number of shares:	389 933 009
of which Class B shares held in Treasury:	12 625 000
Number of votes:	398 933 009

The three largest shareholders at the end of 2021 were Briban Invest with 13.3 percent of the votes, Avanza Pension with 6.1 percent of the votes and Nordnet Pension with 4.2 percent of the votes.

Annual General Meeting

The Annual General Meeting is the Company's highest decision-making body and the forum where shareholders are entitled to decide on matters relating to the Company. Net Insight's Annual General Meeting is held once annually at the beginning of May. The Notice convening the Annual General Meeting is published in a press release and in the Official Swedish Gazette (Sw. Post-och Inrikes Tidningar) and on netinsight.net. An announcement stating that the AGM has been convened is published in Swedish broadsheet Svenska Dagbladet.

Net Insight's Annual General Meeting 2021 was held on May 7, 2021 through advance ballot with no physical participation by shareholders due to the Covid-19 pandemic.

The following main decisions were reached:

Board Chairman Gunilla Fransson was elected Chairman of the AGM

The Parent Company Balance Sheet and Income Statement were adopted.

The Company's earnings were carried forward. No dividends were paid to shareholders.

The Board members and CEO were discharged from liability for the financial year 2020.

• The number of Board members should be six with one deputy.

Gunilla Fransson, Kjell Arvidsson, Jan Barchan, Mathias Berg, Charlotta Falvin and Anders Harrysson were re-elected as Board members. Stina Barchan was re-elected as personal deputy for Jan Barchan. Gunilla Fransson was re-elected Chairman of the Board.

It was decided that the fees for Board work should amount to SEK 2,315,000, allocated as follows: SEK 700,000 to the Chairman, SEK 250,000 to each Board member, SEK 125,000 to the Board deputy, an additional SEK 100,000 to the Chairman of the Audit Committee, an additional SEK 50,000 to members of the Audit Committee, an additional SEK 50,000 to the Chairman of the Remuneration Committee and an additional SEK 40,000 to members of the Remuneration Committee.

Deloitte AB was re-elected as the Company's Auditor, with Therese Kjellberg as Auditor in Charge. Remuneration to the auditor, to be on approved account.

It was resolved to approve the Board of Directors' proposal regarding new guidelines for remuneration and other terms of employment for senior executives.

It was decided to adopt the Nomination Committee's proposal for new instructions to the Nomination Committee.

The AGM decided to authorize the Board of Directors to, in the period until the next AGM is held, repurchase shares totaling up to 10 percent of all the shares in the Company.

The complete minutes of the AGM, as well as the supporting documentation, are available at https://investors.netinsight.net/ corporate-governance/.

Nomination Committee

In accordance with the instructions for the nomination committee that have been adopted at the AGM, Net Insight's Nomination Committee consists of the Chairman of the Board of Net Insight AB and the Company's three largest shareholders as of the last banking day each August, and on other reliable information obtained by the Company. Each one of these shareholders are entitled to appoint a member of the Nomination Committee.

The composition of the Nomination Committee ahead of the Annual General Meeting 2022 was announced on October 4, 2021 when it consisted of Jan Barchan (Briban Invest), Martin Wallin (Lannebo Fonder), Lars Gauffin and Chairman of the Board Gunilla Fransson. Martin Wallin resigned from his assignment after the Board review had been completed in December 2021, since Lannebo Fonder had reduced its holding in Net Insight. After this, the next largest shareholders in terms of the number of votes were asked, and on February 25, 2022 Lars Bergkvist was appointed new member of the Nomination Committee by shareholder Johanna Lindner.

The Nomination Committee appointed Jan Barchan (Briban Invest) as its Chairman. The Nomination Committee held five meetings where minutes were kept in preparation for the AGM 2022, prior to the signing of the Annual Report. In order to assess the degree to which the current Board satisfies the requirements made on the Board as a result of the Company's position and future focus, the Nomination Committee has discussed the size and composition of the Board in terms of sector experience, competencies and diversity. The Board applies the Swedish Code of Corporate Governance 4.1 as its diversity policy, which means that the Board shall have an expedient composition in relation to the Company's operations, stage of development and conditions otherwise, characterized by versatility and breadth relating to the Bord members' competencies, experience and background. An even distribution between the sexes shall be sought.

Auditor

According to the Articles of Association, Net Insight shall appoint one to two Auditors with or without Deputy Auditors. The stipulated term of office for Auditors is one year. The Company's Auditors, Deloitte AB was re-elected at the AGM 2021 to serve in the period until the AGM 2022. Therese Kjellberg was appointed Auditor in Charge.

Board of Directors

The Board of Directors governs the Company's affairs in the interests of the Company and all of its shareholders. The size and composition of the Board ensures its ability to govern the Company's affairs effectively and with integrity.

The Board's duties include establishing business goals and strategies, deciding on acquisitions and divestitures, capitalization of the Company, appointing, appraising, and determining compensation to the CEO, ensuring that there are effective systems to monitor and control the Company's business, ensuring that the necessary ethical guidelines for the Company's conduct are established, and appraising the Board's work. The

Board's rules of procedure are established annually at the Board Meeting following election, or as required. In addition to the above duties, the rules of procedure stipulate items including Board meeting procedures, instructions for the Company's CEO, decision making procedures within the Company, division of responsibilities, and the disclosure of information between the Company and the Board. The Board monitors and appraises the CEO's performance, including implementation of the Board's decisions and guidelines annually.

Work of the Board

The Board held 11 meetings during the year where minutes were kept. At these meetings, the Board considered standing agenda items for each Board meeting such as the state of the business, year-end and interim reports, budgets, business goals, risks, compensation issue to management with principles for variable salary portions, as well as monitoring these issues and audit matters. The rules of procedure for the Board and the Board's instructions to the CEO were addressed and adopted at the constituent board meeting.

Each year, the Chairman of the Board initiates an evaluation of the Board's work. The evaluation for 2021 has taken place through a written survey that has been compiled and presented to the Nomination Committee and by the Nomination Committee meeting with a number of Board members to interview them about the Board's work. The Nomination Committee carried out its own evaluation based on this.

The Board of Directors continuously evaluates the CEO on the basis of specific targets. A formal review is carried out once annually.

Independence of the Board

Net Insight's Board of Directors is considered to satisfy the Code's standard of independence: All Board members are independent of the Company and management. All Board members, apart from Jan Barchan and Stina Barchan, are independent of the Company's largest owners.

For more information on Board members and the CEO, see pages 33– 34.

Remuneration Committee

The Board has instituted a Remuneration Committee tasked with preparing matters concerning salaries, compensation and other terms of employment for the CEO, as well as compensation programs of a broader nature, such as option programs, for final decision by the Board. The Remuneration Committee decides on issues regarding salaries and compensation and other terms of employment for all direct reports to the CEO, and follows up that the guidelines for remuneration to senior executives are followed. The Committee reports to the Board on a continuous basis.

The Remuneration Committee members for 2021 were Gunilla Fransson, chair, and Jan Barchan. During the year, the Committee held three meetings where minutes were kept.

Audit Committee

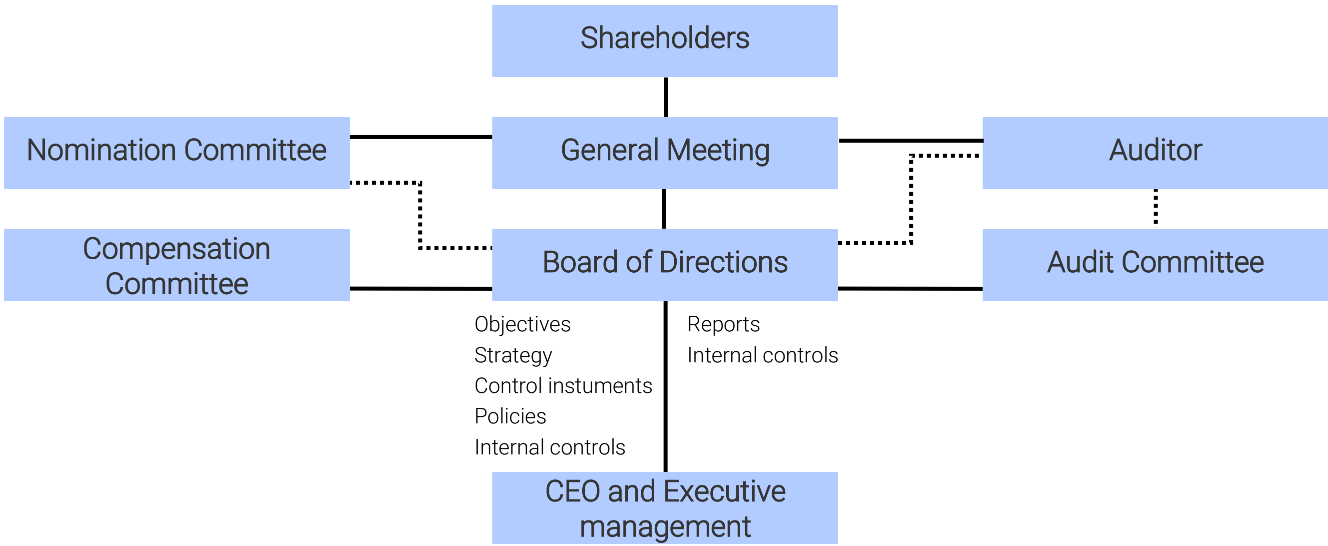
Net Insight's Board of Directors has instituted an Audit Committee, tasked with providing depth and efficiency in respect of the Board's overseeing responsibility of internal controls, audit, internal audit, risk assessment, accounting and financial reporting. The Audit Committee shall also provide matters relating to tendering for auditing and for other audit-related services. In addition, the Committee is responsible for preparing accounting and audit questions that need the attention of the Board. For 2021, the Audit Committee consisted of Charlotta Falvin, chair, and Kjell Arvidsson (part of the year) and Anders Harrysson (part of the year). In connection with the Annual General Meeting 2021, Kjell Arvidsson resigned as member of the Audit Committee and was replaced by Anders Harrysson. Net Insight's CFO and, at some instances, the auditors are co-opted to the Committee's meetings. The Board has set the rules of procedure which formalizes the work of the Audit Committee. The Audit Committee held seven meetings in 2021. The auditors participated at three meetings. Oral and written reports are continuously handed over from the Committee to the Board, as well as suggestions in relation to questions that require the Board's attention.

Attendance in 2021

Attendance by each Board member at meetings when minutes were kept is presented below.

Name	Attendance at Board meetings	Remuneration Committee	Audit Committee
Gunilla Fransson	11/11	3/3	
Jan Barchan	11/11	3/3	
Mathias Berg	11/11		
Charlotta Falvin	11/11		7/7
Kjell Arvidsson*	11/11		3/3
Anders Harrysson*	11/11		4/4

*Anders Harrysson replaced Kjell Arvidsson in the audit committee from the meeting in May.



The CEO and the Executive Management Team

The CEO leads the company in accordance with the Board's instructions to the CEO and reports on a monthly and quarterly basis to the Board of Directors in respect of financial and operational progress against financial and operational objectives set by the Board of Directors. The CEO attends Board meetings and provides the Board of Directors with the necessary information and decision-basis. The Company is organized into functions, with each Head of Function included in the Executive Management Team. The Executive Management Team holds regular meetings with a standing agenda and, in between these, does weekly debriefs. Additional meetings are furthermore held when required.

For more information on the CEO and members of the Executive Management Team, see page 34..

The Board's report on internal controls

Purpose of internal controls

The purpose of Net Insight's work with internal controls is to:

Ensure satisfactory compliance with applicable laws, rules and regulations.

Ensure that financial reporting gives a fair and true view of the Company's financial situation and gives accurate decision-basis for shareholders, the Board and management.

Ensure the Company's operations are organized and managed so financial and operational objectives are met and that significant risks are dealt with in a timely and appropriate manner.

Responsibility

Net Insight's Board is responsible for ensuring that the Company has due internal control and that it meets the standards of the Swedish Companies Act and Swedish Code of Corporate Governance. Internal control of financial reporting is an integral part of corporate governance within Net Insight. These controls contain processes and methods to safeguard the Group's assets and the accuracy in the financial reporting, for the purpose of protecting owners' investments in the Company.

On an annual basis, the Board adopts rules of procedure to formalize the work of the Board and the management of board matters. The Board issues instructions to the CEO, which stipulate for what matters the CEO may exercise authority to act on behalf of the Company after the Board's authorization or approval. These instructions are revised annually. The Board also issues instructions to the CEO regarding financial reporting. In accordance with these instructions, the CEO is responsible for reviewing and ensuring the quality of all financial reporting, as well as ensuring that the Board receives any other report that is necessary for the Board to continually assess the Group's financial position and risks. The Board of Directors adopts important policies, such as the Company's Finance Policy, codes for business ethics and the Whistleblower Policy.

Risk identification and follow-up

Net Insight's overarching risk assessment, i.e. the identification and evaluation of risk of not reaching business targets, is carried out as part of the Company's strategy process where probabilities and measures are discussed with the Board of Directors. This process is repeated in connection with the budget process. These risks are also evaluated and managed in the Company's line organization on an ongoing basis. In its reporting to the Board of Directors, the executive management regularly presents significant risk areas that have been identified, such as the Company’s competitive situation, credit risk and technology trends. For an overview of the Company’s risks and risk management, see pages 46-47 in the Administration Report and the Sustainability Notes on pages 48-49.

The Board, the Audit Committee, the CEO, the Executive Management Team and the Finance Department are responsible for follow-up to ensure the effectiveness of internal control of financial reporting. The follow-up includes continuous quality checks of monthly financial reporting, continuous follow-up of central financial processes, and a review of Net Insight’s external Audit reports..

External reporting

The Board monitors and evaluates the quality of financial reporting through quarterly reports on the Company's business and earnings trends, and by considering the Group's financial situation at each scheduled Board meeting.

Risks are assessed continuously as part of day-to-day processes within Net Insight. The Finance Department evaluates the risk of material error in the financial reporting annually, and establishes action plans to mitigate identified risks. The focus lies on material Income Statement and Balance Sheet items, which are associated with relatively higher risk depending on complexity, or where the effects of potential errors are at risk of becoming extensive because values are significant. The results of the analysis in respect of the risk of errors in financial reporting for 2021 have been presented to and discussed with the Audit Committee. The risk assessment forms the foundation for the work of ensuring the reliability of financial reporting. This is an important part of the Audit Committee’s decisions regarding which identified risks should be prioritized. Proposed improvements are identified and implemented continuously.

To support the accuracy of external reporting and risk management, the internal reporting and control system builds upon annual financial planning, monthly reports and daily monitoring of key financial ratios. The group's finance department inspects and monitors reporting, as well as compliance with internal and external regulations. In addition to laws and regulations, the Finance Policy is incorporated into internal rules and guidelines, authorization instructions, a financial handbook, credit and accounting principles and routine descriptions. These policies and guidelines are updated regularly. Identified risks concerning financial reporting are managed through the Company's control activities. For example, the ERP system has automated controls that manage authorities and authorization rights, as well as manual controls such as duality in both regular bookkeeping and closing entries. The business-specific controls are supplemented by detailed financial analyses of the company's results and follow-ups against budget and forecasts, which provide an overall confirmation of the quality of reporting.

On one occasion each year, the Company's auditor attends a Board meeting to present the outcome of the full year audit review. On this occasion the Auditor also presents any changes to accounting policies that affect the Company. In connection with the presentation of the full-year audit and without the presence from the executive management, the auditor also states its view on the adequacy of the organization and competence of the finance function,.

See also the Audit Committee paragraph above..

Internal audit

Each year, the Board evaluates whether there is a need to create a dedicated internal audit function. The Board judged that there was no such need in 2021. In its reasoning, the Board stated that internal control is primarily exercised through:

The central accounting function

The Executive Management's supervisory controls

The Audit Committee

On the basis of these factors combined with the Company's size and limited complexity, the Board considers that an additional function is not financially justifiable at present.

The Share

Net Insight had its initial public offering in 1999 and has been listed on Nasdaq Stockholm (NETI B) since July 1, 2007.

Ownership

The company had 12,984 shareholders on December 31, 2021, compared to 9,673 in the previous year. As of December 31, 2021, the 20 largest shareholders accounted for 42.8 percent of the capital and 43.2 percent of the votes. Foreign ownership represented 18.9 percent of capital, compared to 14.4 percent in the previous year.

Share price performance

The share price increased by 319 percent throughout the year from SEK 1.58 to SEK 6.62. The high in the financial year, of SEK 7.18, was set on December 30, 2021, and the low, of SEK 1.52, was set on Januari 20. Net Insight's total market capitalization was SEK 2.57 billion on December 31, 2021, up by 319 percent on the previous year, when market capitalization was SEK 0.61 billion.

Trading volume

A total of 655 million shares were turned over for a total value of almost SEK 2.82 billion, corresponding to a turnover rate of 109 percent, in 2021. In 2021, 83 percent of the trading volume was on Nasdaq Stockholm and 17 percent on other marketplaces.

An average of some 2.59 million shares were traded per trading day in the financial year, an increase of 36 percent on the previous year.

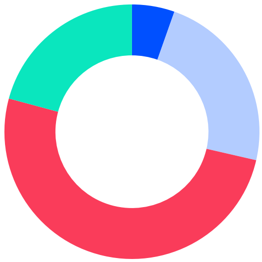
Share capital

Share capital was SEK 15,597,320 as of December 31, 2021. There were 1,000,000 class A shares and 388,933,009 class B shares, a total of 389,933,009 shares.

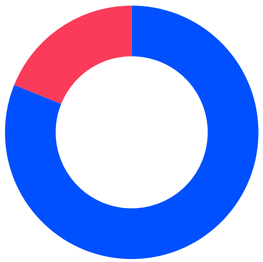
The parent company's holding of own B shares as of December 31, 2021 amounted to 12,625,000 shares

There were 1,000,000 class A shares and 381,758,009 class B shares, a total of 377,308,009, shares outstanding as of December 31, 2021. For more information, see The share and sharheholders note 24 on page 100.

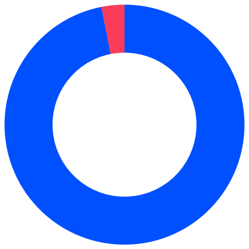
Ownership structure (capital, %)



Proportion of owners (capital, %)



Proportion of owners (%)



20 largest owners as of December 31, 2021

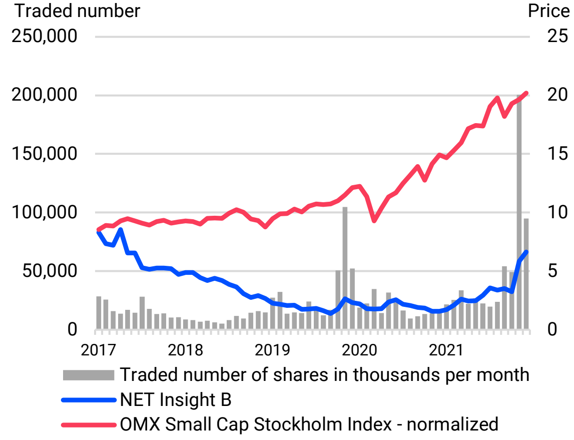
	Name	Class A shares	Class B shares	Holdings (%)	Votes (%)	Market value SEK thousands
1	Briban Invest AB[1]		53,152,568	13.6%	13.3%	351,870
2	Avanza Pension		24,322,195	6.2%	6.1%	161,013
3	Nordnet Pensionsförsäkring		16,810,730	4.3%	4.2%	111,287
4	Net Insight AB		12,625,000	3.2%	3.2%	83,578
5	Wilda Go AB[2]		11,715,000	3.0%	2.9%	77,553
6	Dimensional Fund Advisors		5,654,802	1.5%	1.4%	37,435
7	Nordea Liv & Pension		5,641,848	1.4%	1.4%	37,349
8	Handelsbanken Fonder		5,103,133	1.3%	1.3%	33,783
9	Rafi Barsum		4,538,000	1.2%	1.1%	30,042
10	Hans Mathias Johansson		3,815,000	1.0%	1.0%	25,255
11	Edgar Sesemann		3,255,000	0.8%	0.8%	21,548
12	Bajram Nuhi		3,000,000	0.8%	0.8%	19,860
13	Mikael Hägg		2,500,000	0.6%	0.6%	16,550
14	Marcus Liljeqvist		2,499,980	0.6%	0.6%	16,550
15	Abboud Malkoun		2,382,236	0.6%	0.6%	15,770
16	SEB Fonder		2,176,602	0.6%	0.5%	14,409
17	Lars Gauffin	600,000	1,469,930	0.5%	1.9%	9,731
18	Andra AP-fonden		1,932,738	0.5%	0.5%	12,795
19	Roland Glasfors		1,921,524	0.5%	0.5%	12,720
20	Fredrik Sundling		1,900,000	0.5%	0.5%	12,578
Total of the 20 largest owners		**600,000**	**166,416,286**	**42.8%**	**43.2%**	**1,101,676**
Total other owners		400,000	222,516,723	57.2%	56.8%	1,473,061
Total		**1,000,000**	**388,933,009**	**100.0%**	**100.0%**	**2,574,737**

1) Indirect holding by Board member Jan Barchan. 2) Indirect holding by CEO Crister Fritzson.

Distribution of share capital

Year	Transaction	shares	shares	shares	Par value (SEK)	Share Capital (SEK)
2011		1,150,000	388,783,009	389,933,009	0.04	15,597,320
2012		1,150,000	388,783,009	389,933,009	0.04	15,597,320
2013		1,150,000	388,783,009	389,933,009	0.04	15,597,320
2014		1,150,000	388,783,009	389,933,009	0.04	15,597,320
2015	Conversion of Class A share to Class B	1,000,000	388,933,009	389,933,009	0.04	15,597,320
2016		1,000,000	388,933,009	389,933,009	0.04	15,597,320
2017		1,000,000	388,933,009	389,933,009	0.04	15,597,320
2018		1,000,000	388,933,009	389,933,009	0.04	15,597,320
2019		1,000,000	388,933,009	389,933,009	0.04	15,597,320
2020		1,000,000	388,933,009	389,933,009	0.04	15,597,320
2021		1,000,000	388,933,009	389,933,009	0.04	15,597,320

Share price movements 2016-2021



Ownership structure as of December 31, 2021

Shareholding, Number of Shares	Known share-holders, %	Share capital, %
1-1000	56.1	0.6
1001-10000	31.5	4.0
10001-15000	2.5	1.0
15001-20000	1.9	1.2
20001+	8.0	77.5
Anonymous	-	15.8
Total	**100.0**	**100.0**

Class of shares as of December 31, 2021

Class of stock	Shares	Votes	Equity %	Votes%
A	1,000,000	10,000,000	0.3	2.5
B	388,933,009	388,933,009	99.7	97.5
	389,933,009	**398,933,009**	**100.0**	**100.0**

Administration Report

Administration Report

Net Insight AB (publ) org.nr. 556533–4397

The Board of Directors and Chief Executive Officer of Net Insight AB (publ), corporate identity number 556533– 4397, with its registered office in Solna, Sweden, hereby present the annual accounts of the Parent Company and Group for the financial year 2021. Numerical information stated in brackets in these annual accounts are comparative figures with the financial year 2020 or the reporting date of 12/31/2020. Rounding deviations may occur in these annual accounts.

Significant events in 2021

JANUARY-MARCH

+ **Divestment** of the Resource Optimization (ScheduALL) business area
+ **Positive outcome in the time synchronization study of real time** critical networks completed alongside Vinnova and the Royal Institute of Technology.

APRIL-JUNE

+ **Increased patent protection** for time synchronization
+ **Continued growth trend**

JULY-SEPTEMBER

+ **Strongest quarter since Q2 2019 in terms of earnings**
+ **Large order for Aperi products**

OCTOBER-DECEMBER

+ **Signing of historic agreement in 5G synchronization.**

Divested Operations

The business area Resource Optimization (ScheduALL) was divested on March 31, 2021 and has been included as discontinued operations in this report. The purchase consideration amounted to SEK 52.3 million on a cash and debt free basis, including normalized working capital. The divestment generated capital losses of SEK -35.9 million, and affects liquidity (less transaction expenses) by SEK 38.8 million. For more information about divested operations, see tables in Note 15.

During the year, the Parent Company also received the final settlement from the divestment of the Streaming Solutions (Sye) business area, totaling SEK 31.6 million.The divestments of the business areas were fully settled as of December 31, 2021.Comments in this report relate to continuing operations unless otherwise specified.

Operations

Net Insight develops and supplies products and services for media transport and delivery, and is also 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. Net Insight enables customers to produce and deliver content in new ways regardless of where viewers are located. Revenues are generated through sales of hardware and software solutions and services.

Net Insight has more than 500 customers in over 70 countries. The Company was founded in 1997 and had an average of 154 (152) employees and consultants in the year, mainly based in its offices in Stockholm, Camarillo (California), London and Singapore. Net Insight sells its products and services through its own sales force and the Company's partner network. The Company is listed (NETI B) on Nasdaq Stockholm..

Organizational Progress

A number of organizational changes were introduced at the beginning of 2021. The Corporate Development division was integrated in the sales and marketing organization, when VP Corporate Development & Communication Marcus Sandberg left management and the Company. Furthermore, responsibility for HR was transferred to the CFO, and VP People Katarina Dufvenmark left management and the Company at the same time. In connection with the divestment of ScheduALL, the VP for Resource Optimization also left management and the Company.

The purpose of the changes was to focus and streamline operations, and thus improve the conditions to execute the strategy. The pandemic has led to an extended period of working from home, and towards the end of 2021 staff gradually started to return to the office, where the focus has been on finding a way forward that contributes to the well-being of our employees. For more information, see Employees and social environment on page 16- 17.

Tech development

Much of Net Insight's competitiveness is founded on its innovative technology which offers unique benefits in real-time image processing, secure data transmission and GPS-independent time synchronization. As of December 31, 2021, Net Insight had 46 patents and patent applications in 16 patent families, of which 10 have registered patents in one or more countries. In 2022, the Company submitted applications for four new patent families, mainly in synchronization. Patents were also expanded to include more countries.

Net Insight's development primarily focuses on the following strategic segments:

1. Virtualized software solutions and video processing in the Nimbra family and standardized and open interfaces for transport over IP.
2. Time synchronization of real time critical networks
3. Solutions for video distribution over the Internet and in cloud environments.

Net Insights utveckling bedrivs i Stockholm och Camarillo (Kalifornien). De totala utvecklingsutgifterna uppgick till 109.4 MSEK (106.4), varav 53.0 MSEK (55.9) redovisats som utvecklingskostnader och 56.4 MSEK (50.5) som aktiverade utvecklingsutgifter.

Sustainability

For more details, see the Company's Sustainability Report on pages 26-34 and sustainability notes on pages 48-49.

Corporate Governance Report

For the Company's Corporate Governance Report see pages 35-39.

The share and shareholders

Share capital was SEK 15,597,320 as of December 31, 2021. There were 1,000,000 class A shares and 388,933,009 class B shares, a total of 389,933,009 shares.

The AGM 2021 resolved to authorize the Board of Directors to repurchase shares in the Company, on one or several occasions until the next Annual General Meeting, subject to a maximum of 10% of the total number of shares in the Company at any time. The AGM also resolved to authorize the Board of Directors to resolve on one or several occasions in the period until the next Annual General Meeting, to transfer (sell) shares in the Company.

At the Board meeting on November 8, the Board of Directors of Net Insight AB decided to utilize the repurchase mandate issued at the AGM to start to repurchase shares in the Company. The repurchase program commenced on November 11, 2021, and will last until the AGM on May 13, 2022, encompassing a maximum of 16 million shares or SEK 70 million. In 2021, the Parent Company repurchased 5,450,000 Class B shares in the Company on Nasdaq Stockholm for SEK 33.4 million.

The Parent Company's holding of Class B shares in the Company as of December 31, 2021 amounted to 12,625,000 (corresponding to 3.2 percent of the total number of shares), at an average acquisition price of SEK 5.17 per share and with a quotient value of SEK 0.04 per share.

There were 1,000,000 Class A shares and 377,308,009 Class B shares, a total of 378,308,009, shares outstanding as of, December 31, 2021. For more information, see note 24 on page 100.

The Board intends to seek the authorization of the Annual General Meeting to cancel previously repurchased shares, and a new mandate to repurchase Treasury shares. For information about the Company's major shareholders and the share, see pages 40 - 41.

Stock options

The Company has two warrants programs from 2020 where management and key personnel acquired a total of 3,055,000 warrants at a market premium. The warrants have a vesting period of three years, after which the holder has the right to exercise the warrants for subscription of Class B shares in the Parent Company for a period of three months at an exercise price of SEK 2.80 and SEK 2.00 respectively. 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, see note 7 on pages 77-79.

Dividend policy

Decisions relating to dividend payments will be made annually on the basis of Net Insight's financial position, future growth potential, profitability, M&A opportunities and liquidity.

Net Sales and Results of Operations

The Group's net sales were SEK 380.7 million (332.1) in 2021, this was an increase of 14.6%. The sales increase is a result of the strategic measures implemented that have led to strong sales in Europe, growth amongst our largest customers, and initial sales of 5G synch products. Our customers' willingness to invest in order to meet growing demand and higher quality requirements also increased during the year.

On November 1, Net Insight signed an agreement with Turkish telecom operator Türk Telekom relating to 5G synchronization. The agreement is the first of its kind for Net Insight, and opens up a big new market, worth some SEK 220 million. In the first phase, Net Insight will receive an initial order worth SEK 25 million for existing products and approximately SEK 55 million in NRE (non-recurring engineering) fees, in the form of royalty paid to Türk Telekom in connection with future sales of the new product for 5G synchronization to other customers. The NRE fee is non-refundable and will be recognized at a pace with development over the two-year development period. SEK 8.5 million of the initial order and SEK 4.7 million of the NRE fee was recognized in the year, totaling SEK 13.1 million. The remaining two thirds of the initial order are expected to be delivered in 2022. The remaining orders for an entirely new product for 5G will be delivered towards the end of 2023, with delivery completed in 2026.

Gross earnings for the full-year period were SEK 228.4 (202.2) million. Gross earnings included amortization of capitalized development expenditure of SEK -42.9 (-31.4) million. Gross margin excluding and including amortization of capitalized development expenditure was 71.3% (70.3%) and 60.0% (60.9%) respectively.

Operating expenses were SEK -209.1 (-202.5) million. The increased operating expenses were due to increased sales and marketing expenses linked to the sharp increase in revenue and costs associated with the start-up of the Türk Telekom deal.

Operating earnings for the full year were SEK 26.8 million (-15.3), corresponding to an operating margin of 7.0 % (-4.6) percent. The sales increase was the main reason for the improved operating profit. The retained gross margin and positive exchange rate effects also contributed to the increased operating margin. Excluding exchange rate differences of SEK 6.6 million (-16.0), operating earnings were SEK 20.3 million (0.7), see also table on page 124.

Net income for remaining operations was SEK 23.8 (-14.7) million in the period. Net income for the year, including divested operations, was SEK -13.1 (237.4) million. This includes capital losses of SEK -35.9 million (246.4) relating to divested operations in the first quarter.

Covid-19 and impact on business operations

The pandemic's negative financial impact on the entire ecosystem for live sports (clubs, content owners, distributors etc.) gradually decreased during the year. It is however positive that market operators have adjusted well to the new conditions, which resulted in continued demand for cloud solutions and remote production. For our staff in Sweden, the limitation to hours worked under government job retention schemes ended in the first quarter. The components shortages that arose as a result of the pandemic increased in the second half of 2021 and the uncertainty is expected to continue into the first half of 2022.

Operating earnings for the full year were positively affected by SEK 0.6 million (4.1) in government support relating to the Covid-19 pandemic, of which SEK 0.8 million (3.4) relates to support in Sweden..

Cash flow and investments including discontinued operations

Total cash flow amounted to SEK 71.0 million (232.6). The divestment of the Resource Optimization and Streaming Solutions business areas affected total cash flow by SEK 70.3 million (302.3). In the fourth quarter, the Parent Company initiated a major share repurchasing program, which generated a negative impact on cash flow of SEK -33.4 million (-). Excluding the impact on liquidity from the divestments and share repurchases, total cash flow amounted to SEK 34.1 million (-69.7).

Full year investments for 2021 were SEK 61.7 (77.4) million, of which SEK 59.6 (71.9) million related to capitalization of development expenditure. Depreciation and amortization was SEK -60.1 (-59.9) million, of which SEK -44.3 (-38.5) million related to amortization of capitalized development expenditure. For continuing operations (Media Networks business area), capitalized development expenditure amounted to SEK 56.4 (50.5) million for the year, and amortization to SEK -42.9 (-31.4) million.

The net value of capitalized development expenditure at the end of the period was SEK 158.3 million. The net value of capitalized development expenditure as of 31 December 2020 was SEK 144.8 million for remaining operations and SEK 208.9 million for the Group, including divested operations.

Capitalization principles are described in note 1.7 A.

Cash and cash equivalents and financial position, including discontinued operations

At year-end, cash and cash equivalents were SEK 354.9 million (283.2). Equity was SEK 646.5 million (692.6), with an equity/assets ratio 78.0 (80.3) percent.

Parent Company

In 2021, Parent Company net sales were SEK 380.5 million (340.7) and net income was SEK -53.7 million (174.3). Net financial items include earnings from shares in subsidiaries of SEK -69.8 million (199.5), capital gains from sales of subsidiaries SEK -69.8 million (-197.2) and dividends from subsidiaries SEK 0.0 million (2.2).

The progress of the Parent Company essentially mirrors the Group's progress presented above.

During the year, the Parent Company had an average of 125 (127) employees and consultants.

Seasonality

In the past three calendar years, average seasonality has been fairly modest. Net sales per quarter is approximately 25 percent of yearly sales.

Risk and sensitivity analysis

Since a number of external and internal factors influence Net Insight's operations and earnings, the Company relies on a continuous process of identifying existing risks and assessing how each risk should be managed. The risks the Company is exposed to include market-related risks and operational risks connected to sustainability and financial risks. Sustainability risks are described in the sustainability notes on pages 48-49 and financial risks can be found under the accounting policies section and in the notes.

Covid-19 effect and component shortages

The Covid-19 pandemic initially led to increased cautiousness and reduced willingness to invest amongst our customers, which negatively affected sales in 2020 and the early part of 2021. These effects were handled by measures including cost cuts (such as furlough schemes). In 2021, a strong recovery generated positive sales growth, and as of the reporting date our assessment is that Covid-19 has not had, and is not expected to have, any material impact on the Company's assets. The furlough schemes were concluded in Q1 and the Company has the capacity to handle the increased sales. In the wake of the pandemic, the components shortages in the year gave rise to new challenges that have been handled effectively with only marginal impact on deliveries. However, the negative impact was slightly greater in Q4 and the Company expects uncertainty to increase in the first half of 2022.

The war in the Ukraine which started in February 2022 contributed to increased uncertainty and business risk, including relating to sporting and other events in the Ukraine, Russia and Belarus. The Company's exposure to these markets is very limited and the decision to comply with the sanctions as of the reporting date is not expected to have any material impact on the Company's operations, assets or profit. However, the outcome of the war is difficult to predict and the Company continuously monitors the need to take further measures.

Market-related risks

Competition and technology

Net Insight operates in a dynamic industry characterized by rapid technological progress and intense competition. Failing to keep pace with technological progress or making incorrect technological investments would exert a negative impact on revenues and profit.

The risk of an unexpected forward leap in technology rendering the Company's products obsolete is considered low. The risk of making erroneous technological investments is also considered low in the areas where the Company has been active for some time. In areas where there is new technology on a new market, the risk is higher. The skills and competence of Net Insight's development staff, combined with market research, competitor monitoring, and close collaborations with large customers, help keep Net Insight well informed and up to date on relevant technology and market trends.

Political risks and international exposure

Net Insight has customers in more than 70 countries. A broad global presence is vital for running and growing the business, but also implies a certain number of risks. Rapid changes in the political climate, specifically in politically unstable countries can result in suspension of payments. Geographical expansion is preceded by a risk identification process on each relevant market that evaluates payment instruments and commercial conditions to mitigate risks as far as possible. Some countries are exposed to corruption which can significantly harm the Company's brand. Net Insight has a zero-tolerance approach towards corruption and expects its collaboration partners to act accordingly. When Net Insight enters into a new partnership the Company performs background checks and ensures that commercial terms in the partnership agreement are in line with global equivalents. Staff potentially exposed to corruption receive training in the matter.

Some countries have export prohibitions or export restrictions. Net Insight has well established routines and system support to ensure compliance with these regulations and restrictions. Operating in, and exporting to, several markets involve compliance with a large number of laws and regulations which can make export complicated. This specifically comprises tax, customs, employee rights, technology standards and reporting standards. Net Insight has extensive internal expertise in the areas above but often also consults external experts. See also the Sustainability Report on pages 26-34 and Sustainability notes on pages 48-49.

Business risk

Product liability, intellectual property rights and litigation

Potential defects in Net Insight's products could lead to claims for compensation and damages. The Company is considered to possess adequate product liability insurance coverage, accordingly direct risks are considered limited. Products also undergo extensive testing and verification in the development process and in the shipping process before products are sent to customers.

Net Insight continuously seeks to protect its corporate name, trademarks and brands, it is well prepared for any infringement litigation through insurance coverage, and with the aid of internal expertise in its corporate legal department and external legal counsel. Neither Net Insight AB (publ) nor its subsidiaries are currently involved in any litigation processes, legal or arbitration proceedings.

Customer dependence and contract risks

If one of Net Insight's larger customers became insolvent or changed supplier, this would have a manageable impact on Net Insight's earnings. A growing customer base and relatively high cost to customers to change suppliers limits this risk. To limit customer-related risks further, Net Insight continuously endeavors to exceed customer expectations in terms of the technology performance and quality of its products, as well as its level of customer service.

Supplier risk

Net Insight is dependent on a limited number of suppliers for components and production. To mitigate the effects of potential supply chain disruptions, the Company has consequential loss coverage, maintains dialog with alternative suppliers, and ensures that the relevant preferred suppliers have prepared disruption plans. In order to manage the risks associated with the global shortage of semiconductors and other components, the Company has introduced measures including forecasting its purchasing needs, slightly increased stock levels and longer lead times in connection with sales. The Company is also able to buy components on the spot market.

Competence risks

Net Insight's operations involve advanced technology in complex global situations where skilled, competent and motivated staff is needed to ensure the Company's competitiveness. The competition to attract the best resources is strong and the risk of losing skilled staff is always present. Similarly, the ability to continue attracting new competent staff is crucial. Net Insight has implemented processes and guidelines to ensure competence training and support in the form of staff appraisal, employee surveys, compensation packages and training. See also the Sustainability Report on pages 26-34 and Sustainability notes on pages 48-49.

Guidelines for remuneration to senior executives

The most recently adopted guidelines for remuneration to senior executives are described in note 7 and apply until the Annual General Meeting on May 13, 2022. The following proposal will be presented to the AGM 2022: guidelines for remuneration to senior executives essentially based on existing guidelines.

Dividends

Net Insight AB (publ) is currently a well-capitalized Company with a good cash position. A good cash position is important in contexts including the Company being able to demonstrate long term financial sustainability to customers, and partly to be able to make investments in growth segments. The Board of Directors is proposing to the AGM that no dividend is paid for the financial year 2021.

Proposed appropriation of profit

The Board of Directors proposes that funds be appropriated as follows:

The following funds are at the disposal of the parent company (SEK thousands):	2021
Premium reserve	51,296
Retained earnings	390,751
Net income	-53,653
Total	**388,394**

The Board of Directors proposes that funds be appropriated as follows:	2021
Brought forward:	388,394
Total	**388,394**

The Board of Directors proposes that funds be appropriated as follows:

Brought forward: SEK 388,394,000

Regarding the Group's and Parent Company's results of operations and financial position otherwise, refer to the following Balance Sheets, Income Statements and Cash Flow Statements with the associated notes.

Sustainability notes

About the Sustainability Report and our reporting principles Net Insight AB (publ)'s Sustainability Report covers Net Insight AB and its subsidiaries for the financial year 2021 on pages 26-34 and the Sustainability notes below. The Sustainability Report has been produced to meet the requirements of the Swedish Annual Accounts Act (ÅRL)

Materiality analysis and stakeholder dialog

The materiality analysis defines the sustainability areas that are most important to reporting in the context of the company's social, environmental and economic impact. This analysis has been developed by clarifying that the work proceeds from the UN's Agenda 2030 and the global sustainable development goals. The work focuses on 6 of these goals, which relate to an improved physical environment, increased equality, decent working conditions and economic growth, decreased inequality and peaceful and inclusive societies.

Corporate governance for key sustainability issues. The Board of Directors has overall responsibility for Net Insight's corporate governance. This also includes sustainability. The Board of Directors is responsible for the guidelines governing many of the sustainability areas in this report. The Board of Directors has been informed about the results of the materiality analysis previously presented. Further information on this year's Boar work can be found in the Corporate Governance Report on pages 35-38. The CEO is responsible for executing the Board's decisions and strategies, and ensuring that Net Insight and all employees comply with relevant legislation and guidelines.

Important sustainability-related risks and risk management

The sustainability work will be scaled up and structured so that sustainability aspects are integrated with the company's values and in the company's various operations. Net Insight plans to produce an overarching Code of Conduct.

Environment

Important risks

The risk of non-compliance with regulations governing a product's energy consumption. There is a likelihood that political initiatives will force Net Insight to adjust its production to new demands as a consequence. Product energy consumption is one of many areas that are likely to become the subject of further regulation.

Risk management

The company has introduced guidelines with respect to environmental regulation and internal processes. This assures a high standard of company products and compliance with regulatory frameworks. Net Insight also actively works to reduce the products' energy consumption and notes that long-term sustainable products are more attractive on the market.

Employees and social environment

Important risks

Loss or lack of qualified employees. Net Insight considers that the loss of key competencies, not being able to attract key competencies, or recruiting the wrong competencies are significant risks.

Risk management

Net Insight continuously seeks to strengthen its employer brand and to ensure competitive compensation and benefits structures. For example, in 2015, 2016, 2017 and 2018, the company introduced synthetic options programs aimed at key employees and other employees, and a stock options program was introduced in 2020. The company introduced a collective agreement in 2020 which applied to all Swedish employees in 2021, creating positive benefits in terms of increased security for the company's employees. Employee satisfaction and engagement are measured regularly in pulse checks that capture and address major variations.

Important risks

Insufficient control of working environment (health and well-being). A high standard and effective governance relating to the working environment could be at risk if Net Insight fails to respect labor law and regulations and a satisfactory working environment.

Risk management

The company continuously monitors long-term sick leave and reviews employee satisfaction in performance reviews using the pulse method to ensure that its employees are achieving a good work-life balance. Through insurance, the company also has access to preventative health care in the form of stress management strategies, for example. In cases where problems arise, these are discussed with the line manager and the employee, with support of HR, in order to find an effective solution to potential or existing problems at work.

Important risks

Non-compliance with business ethics guidelines and principles for equality and diversity. High ethical standards are important, and Net Insight is thereby exposed to risks in the event that policies for equality and business ethics guidelines are not respected.

Risk management

The sales division has been identified as the area at highest risk of non-compliance with the Business Ethics Policy. Since 2018, all new employees complete a web-

based onboarding program which includes the company's guidelines for business ethics and anti-corruption. HR is responsible for compliance with the equality and diversity guidelines.

Mänskliga rättigheter och korruption

Viktiga risker

Oetiskt beteende och korruption på befintliga marknader och i leveranskedjan. Detta är ett betydande riskmoment för varumärket och affärsverksamheten eftersom Net Insight är verksamt på över 70 marknader.

Riskhantering

Riktlinjerna för affärsetik och antikorruption och andra principer vägleder Net Insights medarbetare att respektera de etiska standarderna och följa tillämplig lagstiftning. De etiska riktlinjerna utgör också del av introduktionsprogrammen för nyanställda.

Group Financial Report

Consolidated Income Statement

Amounts in SEK thousands	NOTE	2021	2020
Continued operations			
Net sales	4	380,687	332,091
Cost of sales		-152,303	-129,924
Gross earnings		**228,384**	**202,167**
Sales and marketing expenses		-104,308	-92,716
Administration expenses		-51,877	-53,935
Development expenses	6	-52,963	-55,857
Other operating income and expenses	8	7,538	-15,001
Operating earnings	**5,7,9,10**	**26,774**	**-15,342**
Result from financial items			
Financial income	12	3,786	264
Financial expenses	12	-1,852	-4,887
Result from financial investments	**12**	**1,934**	**-4,623**
Profit/loss before tax		**28,708**	**-19,965**
Tax	13	-4,906	5,288
Net income continued operations		**23,802**	**-14,677**
Discontinued operations, net after tax	15	-36,926	252,060
Net Income		**-13,124**	**237,383**
Net income for the period attributable to the stockholders of the parent company		**-13,124**	**237,383**
Earnings per share basic, continued operations, SEK	14	0.06	-0.04
Earnings per share diluted, continued operations, SEK	14	0.06	-0.04
Earnings per share basic, including discontinued operations, SEK	14	-0.03	0.62
Earnings per share diluted, including discontinued operations, SEK	14	-0.03	0.62

Consolidated Statement of Comprehensive Income

Amounts in SEK thousands	NOTE	2021	2020
Net income		-13,124	237,383
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			
Translations differences		450	-9,740
Total other comprehensive income for the year, after tax		**450**	**-9,740**
Total comprehensive income for the year		**-12,674**	**227,643**

Consolidated Balance Sheet

Amounts in SEK thousands	NOTE	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Capitalized expenditure for development	16	158,263	208,938
Goodwill	16	38,751	58,166
Other intangible assets	16	1,950	7,830
Right-off use assets	10	33,614	45,231
Equipment	17	19,293	24,989
Deferred tax asset	13	16,888	27,428
Deposits	29	4,784	5,400
Total non-current assets		**273,543**	**377,982**
Current assets			
Inventories	18	53,712	52,470
Contract assets	19	12,518	4,744
Accounts receivable	20	106,069	98,116
Other receivables	20	19,906	41,046
Prepaid expenses	20	8,012	4,830
Cash and cash equivalents	21, 29	354,863	283,184
Total current assets		**555,080**	**484,390**
TOTAL ASSETS		**828,623**	**862,372**

Amounts in SEK thousands	NOTE	31 Dec 2021	31 Dec 2020
EQUITIY AND LIABILITIES			
Equity attributable to parent company's shareholders			
Share capital	24	15,597	15,597
Other paid-in capital		1,192,727	1,192,727
Translation difference		183	-267
Accumulated deficit		-561,979	-515,441
Total equity		**646,528**	**692,616**
Non-current liabilities			
Contract liabilities	19	5,830	13,500
Lease liabilities	10	24,914	35,498
Provisions	25	5,548	4,730
Total non-current liabilities		**36,292**	**53,728**
Current liabilities			
Lease liabilities	10	9,286	10,231
Accounts payable		36,588	17,093
Contract liabilities	19	54,088	47,459
Current tax liabilities		47	647
Other liabilities	26	5,554	5,506
Provisions	25	2,412	2,059
Accrued expenses	27	37,828	33,033
Total current liabilities		**145,803**	**116,028**
TOTAL EQUITY AND LIABILITIES		**828,623**	**862,372**

Consolidated Statement of Cash Flow[1]

Amounts in SEK thousands	NOTE	2021	2020
Ongoing activities			
Profit/loss before tax		-8,286	236,897
Income tax paid		-782	-313
Depreciation, amortization and impairment	5	60,061	59,887
Other items not affecting liquidity	28	34,599	-229,893
Cash flow from operating activities before changes in working capital		**85,592**	**66,578**
Changes in working capital			
Increase (-)/Decrease (+) in inventories		-4,617	-13,669
Increase (-)/Decrease (+) in receivables		-38,667	7,014
Increase (+)/Decrease (-) in liabilities		61,408	-44,056
Cash flow from operating activities		**103,716**	**15,867**
Investment activities			
Capitalized expenditure	16	-59,585	-71,933
Investments in intangible assets	16	-	-2,413
Investments in tangible assets	17	-2,125	-3,062
Disposal of subsidiary, net effect on cash	15	70,342	302,348
Investments in financial assets		-	-278
Cash flow from investment activities		**8,632**	**224,662**
Financing activities			
Amortization leasing	10	-7,891	-9,134
Option premiums paid	7	-	1,228
Repurchase of own shares	24	-33,414	-
Cash flow from financing activities		**-41,305**	**-7,906**
Net change in cash and cash equivalents		**71,043**	**232,623**
Exchange differences in cash and cash equivalents		636	-1,769
Cash and cash equivalents at the beginning of the year		283,184	52,330
Cash and cash equivalents at the end of the year	**21**	**354,863**	**283,184**

1) The discontinued operations is not presented separately in the Consolidated Statement of Cash Flow. Cash flow from discontinued operations is presented in note 15.

Changes in Consolidated Equity

	Attributable to parent company's shareholders				
Amounts in SEK thousands	Share capital	Other paid-in capital	Translation reserve	Accumulated deficit	Total shareholders' equity
Opening Equity - 2020-01-01	**15,597**	**1,192,727**	**9,473**	**-754,052**	**463,745**
Comprehensive income					
Net income	-	-	-	237,383	**237,383**
Translation differences	-	-	-9,740	-	**-9,740**
Total comprehensive income	**-**	**-**	**-9,740**	**237,383**	**227,643**
Transactions with owners in their capacity as owners:					
Warrants issued	-	-	-	1,228	**1,228**
Total transactions with owners	**-**	**-**	**-**	**1,228**	**1,228**
Closing Equity - 2020-12-31	**15,597**	**1,192,727**	**-267**	**-515,441**	**692,616**
Opening Equity - 2021-01-01	**15,597**	**1,192,727**	**-267**	**-515,441**	**692,616**
Comprehensive income					
Net income	-	-	-	-13,124	**-13,124**
Translation differences	-	-	450	-	**450**
Total comprehensive income	**-**	**-**	**450**	**-13,124**	**-12,674**
Transactions with owners in their capacity as owners:					
Repurchase of own shares	-	-	-	-33,414	**-33,414**
Total transactions with owners	**-**	**-**	**-**	**-33,414**	**-33,414**
Closing Equity - 2021-12-31	**15,597**	**1,192,727**	**183**	**-561,979**	**646,528**

Parent Company Financial Report

Parent Company Income Statement

Amounts in SEK thousands	NOTE	2021	2020
Net sales	4	380,453	340,663
Cost of sales		-152,014	-131,448
Gross earnings		**228,439**	**209,215**
Sales and marketing expenses		-107,202	-109,835
Administration expenses		-51,479	-55,771
Development expenses	6	-54,138	-56,102
Other operating income and expenses	8	1,910	-15,190
Operating earnings	**5,7,9**	**17,530**	**-27,683**
Result from financial items			
Financial income	12	-69,758	199,392
Financial expenses	12	3,786	324
Result from financial investments	12	-643	-3,515
Loss before tax		**-49,085**	**168,518**
Tax	13	-4,568	5,774
Net income		**-53,653**	**174,292**

Parent Company Statement of Comprehensive Income

Amounts in SEK thousands	NOTE	2021	2020
Net income		**-53,653**	**174,292**
Other comprehensive income		**-**	**-**
Items that may be reclassified subsequently to the income statement		-	-
Total other comprehensive income for the year, after tax		**-53,653**	**174,292**

Parent Company Balance Sheet

Amounts in SEK thousands	NOTE	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Capitalized expenditure for development	16	158,263	144,776
Other intangible assets	16	1,950	3,981
Equipment	17	17,686	20,407
Participations in group companies	23	174,895	246,400
Deferred tax asset	13	16,350	20,919
Deposits	29	4,686	4,927
Total non-current assets		**373,830**	**441,410**
Current assets			
Inventories	18	53,712	52,470
Contract assets	19	12,518	4,416
Accounts receivable	20	106,676	90,453
Other receivables	20	19,967	35,719
Prepaid expenses	20	10,195	10,385
Cash and cash equivalents	21, 29	350,422	263,558
Total current assets		**553,490**	**457,001**
TOTAL ASSETS		**927,320**	**898,411**

Amounts in SEK thousands	NOTE	31 Dec 2021	31 Dec 2020
EQUITIY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	24	15,597	15,597
Statutory reserve		112,822	112,822
Development reserve		92,858	58,106
Non-restricted equity			
Share premium reserve		51,296	51,296
Retained Earnings		390,751	284,625
Net Income		-53,653	174,292
Total equity		**609,671**	**696,738**
Non-current liabilities			
Contract liabilities	19	5,830	6,251
Other provisions	25	5,360	5,106
Total non-current liabilities		**11,190**	**11,357**
Current liabilities			
Accounts payable		36,376	15,557
Contract liabilities	19	53,677	18,375
Liabilities to group companies		173,810	120,390
Other liabilities	26	5,594	13,006
Other provisions	25	2,412	2,059
Accrued expenses	27	34,590	20,929
Total current liabilities		**306,459**	**190,316**
TOTAL EQUITY AND LIABILITIES		**927,320**	**898,411**

Parent Company Statement of Cash Flow

Amount in SEK thousands	NOTE	2021	2020
Ongoing activities			
Profit/loss before tax		-49,085	168,518
Income tax paid		-	-
Depreciation and amortization	5	49,360	38,563
Other items not affecting liquidity	28	77,180	-189,887
Cash flow from operating activities before changes in working capital		**77,455**	**17,194**
Changes in working capital			
Increase (-)/decrease (+) in inventories		-4,617	-13,895
Increase (-)/decrease (+) in receivables		-39,505	27,796
Increase (+)/decrease (-) in current liabilities		72,870	-58,054
Cash flow from operating activities		**106,203**	**-26,959**
Investment activities			
Capitalized expenditure	16	-56,416	-50,524
Investments in intangible assets	16	-	-2,413
Investments in tangible assets	17	-2,125	-222
Acquisition of group companies	23	-	-2,673
Disposal of subsidiary, net effect on cash	15	72,616	304,550
Investments in financial assets		-	-278
Cash flow from investment activities		**14,075**	**248,440**
Financing activities			
Option premiums paid	7	-	1,228
Repurchase of own shares	24	-33,414	-
Cash flow from financing activities		**-33,414**	**1,228**
Net change in cash and cash equivalents		**86,864**	**222,709**
Cash and cash equivalents at the beginning of the year		263,558	40,849
Cash and cash equivalents at the end of the year	**21**	**350,422**	**263,558**

Changes in Parent Company's Equity

	Attributable to parent company's shareholders						
	Share capital	Statutory reserve	Development reserve	Share premium reserve	Retained earnings	Net income	Total shareholders' equity
Opening Equity - 2020-01-01	**15,597**	**112,822**	**13,656**	**51,296**	**415,886**	**-88,039**	**521,218**
Total comprehensive income							
Redistribution previous year net earnings	-	-	-	-	-88,039	88,039	**-**
Redistribution to development reserve, net	-	-	44,450	-	-44,450	-	**-**
Net income	-	-	-	-		174,292	**174,292**
Total comprehensive income	**-**	**-**	**44,450**	**-**	**-132,489**	**262,331**	**174,292**
Transactions with owners in their capacity as owners:							
Warrants issued	-	-	-	-	1,228	-	**1,228**
Total transactions with owners	**-**	**-**	**-**	**-**	**1,228**	**-**	**1,228**
Closing Equity - 2020-12-31	**15,597**	**112,822**	**58,106**	**51,296**	**284,625**	**174,292**	**696,738**
Opening Equity - 2021-01-01	**15,597**	**112,822**	**58,106**	**51,296**	**284,625**	**174,292**	**696,738**
Total comprehensive income							
Redistribution previous year net earnings	-	-	-	-	174,292	-174,292	**-**
Redistribution to development reserve, net	-	-	34,752	-	-34,752	-	**-**
Net income	-	-		-		-53,653	**-53,653**
Total comprehensive income	**-**	**-**	**34,752**	**-**	**139,540**	**-227,945**	**-53,653**
Transactions with owners in their capacity as owners:							
Repurchase of own shares	-	-	-	-	-33,414	-	**-33,414**
Total transactions with owners	**-**	**-**	**-**	**-**	**-33,414**	**-**	**-33,414**
Closing Equity - 2021-12-31	**15,597**	**112,822**	**92,858**	**51,296**	**390,751**	**-53,653**	**609,671**

Notes

Note 1. Summary of Significant Accounting Policies

The consolidated accounts include Net Insight AB (publ.), the parent company, and its subsidiaries ("the Group", the Company"). The parent company Net Insight AB (publ.), corporate identity number 556533-4397, is a Swedish limited liability company whose registered office is in Solna, Stockholm, Sweden. Net Insight had its initial public offering on the Stockholm Stock Exchange in 1999 and has been listed on Nasdaq Stockholm since July 1, 2007.

A review of the Group's performance in terms of the financial position is available in the administration report on pages 43 to 47.

The principal accounting policies applied in the preparation of these consolidated accounts are listed below. These policies were consistently applied to all years presented, unless otherwise stated..

De viktigaste redovisningsprinciperna som tillämpats när denna koncernredovisning upprättats anges nedan. Dessa principer har tillämpats konsekvent för alla presenterade år om inte annat anges.

1.1 Basis of preparation

The consolidated accounts were prepared in accordance with the Swedish Annual Accounts Act, International Financial Reporting Standards (IFRS), and interpretation statements from the International Financial Reporting Standards Interpretations Committee (IFRS IC) as endorsed by the European Commission. The consolidated accounts have been prepared under the historical cost, except regarding financial assets and liabilities recognized at fair value through profit or loss.

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates and management's judgments in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated accounts are disclosed in note 3.

The Company has applied the guidelines issued by European Securities and Markets Authority (ESMA) on APMs (Alternative Performance Measures). In short, an APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in IFRS. For definition of the APMs presented in this annual report, see pages 114-124.

Discontinued operations
Business area Resource Optimization (ScheduALL) was divested on March 31, 2021, and business area Streaming Solutions (Sye) was divested on January 3, 2020.

The business areas Resource Optimization and Streaming Solutions are presented, in accordance to IFRS 5, reported as discontinued operations in the consolidated income statement for 2021 and 2020. The net income for Streaming Solutions has been excluded from individual items in the consolidated income statement and instead the net income is reported as discontinued operations, net after tax, which is entirely attributable to the parent company's owners.

In the Consolidated Balance Sheet as of December 30, 2020, assets and liabilities attributable Resource Optimization is included.

Discontinued operations are included in the Group's Consolidated Statement of Cash Flow for 2021 and 2020

Further financial information regarding discontinued operations is presented in note 15.

New standards, amendments and Interpretations adopted by the group
IFRS Interpretations Committee (IFRIC) has issued a new final agenda decision on cloud computing arrangements. This update discusses how an entity which incurs cloud computing arrangement costs, including implementation costs, may account for those costs – i.e. capitalize or expense. An entity should evaluate whether the rights granted in a cloud computing arrangement are within the scope of IAS 38 Intangible Assets or IFRS 16 Leases. Otherwise, the arrangement is likely to be a service contract.

After evaluation, the company found that 0.2 MSEK of what according to previous assessments had been capitalized should have been expensed when applying the new IFRIC. Since this is not considered significant, everything was expensed in June 2021 without retrospective adjustments. The new IFRIC has also resulted in the company expensing implementation costs for ongoing implementations of cloud computing arrangements during the period, which according to the previous assessments should have been capitalized.

There are no other new amendments to IFRS during 2021 affecting the Company’s financial report to a significant extent.

New standards, amendments and interpretations not yet adopted by the group

None of the standards and interpretations that have not yet entered into force are expected to have any significant impact on Net Insight's financial reports.

1.2 Consolidation

The consolidated financial statements are prepared in accordance with the purchase method. Accordingly, consolidated stockholders’ equity includes equity in subsidiaries, joint ventures and associated companies earned only after their acquisition.

Subsidiaries are all entities (including partnerships and structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and can affect those returns through its power of the entity. Subsidiaries are fully consolidated accounts from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to report the Group's acquisition of subsidiaries. The purchase cost of an acquisition comprises the fair value of assets provided as payment, issued equity instruments. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed when they occur. Identifiable acquired assets, assumed liabilities, and contingent liabilities in a business combination are initially valued at fair value as of the date of acquisition.

The surplus that consists of the difference between the cost and fair value of the Group's share of identified and acquired net assets is recognized as goodwill. If the purchase cost is less than the fair value of the acquired subsidiary's net assets, the difference is reported directly in the Income Statement.

Intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

The Group composed of the parent company, Net Insight AB (publ.), with subsidiaries presented in note 23.

1.3 Segment reporting

Identification of reporting segment is based on internal reporting to the chief operating decision-maker, the CEO of the parent company and the Group. The Group assess financial performance based on the earnings measures net sales, gross and operating profit by the identified segments below.

Business area Resource Optimization (ScheduALL) was divested on March 31, 2021, and business area Streaming Solutions (Sye) was divested on January 3, 2020, whereafter Net Insight has now only one business area and segment. The divested business areas are presented in the report as discontinued operations. As a result of the divestment, certain costs for central functions have been reallocated between the various business areas. Most of these costs are fixed and do not accompany the divested operations..

1.4 Discontinued operations

A discontinued operation is a part of a company's operations that represents an independent line of business or a significant operation within a geographical area or is a subsidiary that has been acquired exclusively for the purpose of resale. Classification as a discontinued operation takes place upon sale or at an earlier time when the operation meets the criteria for being classified as a holdfor sale.

Profit after tax from discontinued operations is reported on a separate line in the statement of earnings and other comprehensive income. When an activity is classified as discontinued, the design of the comparison year's report on results and other comprehensive income is changed so that it is reported as if the discontinued activity had been discontinued at the beginning of the comparison year. The format of the financial position report for the current and previous years does not change correspondingly.

1.5 Foreign currency translation

A. Functional currency and reporting currency

Items included in the financial statements for the different units in the group are valued in the currency used in the economic environment in which the respective companies are primarily active (functional currency). In the consolidated accounts and parent company's accounts, Swedish kronor (SEK) are used, which is the parent company's functional currency, and the parent company's and the group's reporting currency.

B. Transactions and balances

Foreign currency transactions are translated to the functional currency at the rates of exchange ruling on the transaction date or valuation where items are re-measured. Exchange gains and losses arising on payment of such transactions and in translation of monetary assets and liabilities in foreign currencies are reported in the Income Statement as Other operating income and expenses.

C. Group companies

The results of operations and financial position of foreign subsidiaries that have a different functional currency to the reporting currency are translated to the group's reporting currency as follows:

Assets and liabilities on the Balance Sheet are translated at the closing rate on the reporting date.

Income and expenses are translated at the average rate of exchange for the year.

All exchange rate differences that arise are reported as a separate component of equity and in the Statement of Comprehensive Income.

1.6 Tangible fixed assets

Tangible fixed assets are recognized at cost less deductions for accumulated depreciation and impairment. All expenditure directly attributable to acquisition of the asset is included at cost. Additional costs are included in asset carrying amounts or recognized as a separate asset only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. The straight-line depreciation method is applied to all types of assets over their estimated useful lives, which is three to five years for equipment. The assets' residual values and useful lives are reviewed annually and adjusted if appropriate. Gains and losses on disposal are recognized in the Income Statement as Other operating income and expenses.

1.7 Intangible assets

A. Capitalized expenditure

Costs arising in development projects are recognized as intangible assets when it is likely that the project will be successful in terms of its commercial and technical potential and when the expenses can be measured reliably. Costs directly linked to the development of products to be sold are recognized as intangible assets. They are capitalized when criteria are satisfied during the development phase. Development expenses include internal employee expenses arising through the development of products and a reasonable proportion of direct and indirect costs. Other development expenses are reported as incurred. Development expenses that were previously reported as a cost are not reported as an asset in an ensuing period. Capitalized development expenditures with a limited useful life are amortized on a straight-line basis from the time commercial manufacture commences. Amortization is over expected useful life, which is three to ten years.

B. Goodwill

Goodwill consists of the amount by which the purchase cost exceeds the fair value of the Group's share of the acquired subsidiary's identifiable net assets at the time of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets and has an indefinite useful life. Goodwill is tested at least annually to identify any impairment requirements and is reported at cost less accumulated impairment losses. Gains or losses on disposal of a unit include residual carrying amounts of the goodwill pertaining to the disposed unit.

C. Other intangible assets

The balance sheet item Other intangible assets consist of acquired trademarks and customer relations, licenses, and systems. The expected useful life for acquired trademarks and customer relations is five to ten years and for other intangible assets is three to five years.

1.8 Impairment

Non-financial assets that have an indefinite useful life are reviewed annually for potential impairment requirement and are not subject to amortization. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment is applied in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling expenses and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment test is conducted at the end of each period, and if an asset's carrying amount exceeds its estimated recoverable amount, the asset is impaired to its recoverable amount.

1.9 Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Separate assets or liabilities are recognized if any rights and obligations are created or retained in the transfer.

The Group classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income (FVOCI), and at fair value through profit or loss (FVTPL). The classification depends on the cash flow characteristics of the asset and the business model in which it is held.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

The fair values of quoted financial investments and derivatives are based on quoted market prices or rates. If official rates or market prices are not available, fair values are calculated by discounting the expected future cash flows at prevailing interest rates.

A. Financial assets at amortized cost

Financial assets are classified as amortized cost if the contractual terms give rise to payments that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows. These assets are subsequently measured at amortized cost using the effective interest method, minus impairment allowances. Interest income and gains and losses from financial assets at amortized cost are recognized in financial income.

B. Financial assets at fair value through other comprehensive income (FVOCI)

Assets are classified as FVOCI if the contractual terms give rise to payments that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. These assets are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (OCI), except for effective interest, impairment gains and losses and foreign exchange gains and losses which are recognized in the income statement. Upon derecognition, the cumulative gain or loss in OCI is reclassified to the income statement.

C. Financial assets at fair value through profit or loss (FVTPL)

All financial assets that are not classified as either amortized cost or FVOCI are classified as FVTPL. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near term. Derivatives are classified as held for trading unless they are designated as hedging instruments for the purpose of hedge accounting.

Assets held for trading are classified as current assets. Debt instruments classified as FVTPL, but not held for trading, are classified on the balance sheet based on their maturity date (i.e., those with a maturity longer than one year are classified as non-current).

Gains or losses arising from changes in the fair values of the FVTPL category (excluding derivatives) are presented in the income statement within financial income in the period in which they arise. Gains and losses on derivatives are presented in the income statement as other operating income and expenses.

D. Impairment in relation to financial assets

At each balance sheet date, financial assets classified as either amortized cost or FVOCI and for contract assets supplemented with impairment based on Expected Credit Losses (ECL). ECLs are the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For accounts receivable, the Group has prepared a reservation matrix based on history and where export credit premiums, as an alternative cost to secure the receivables, are used to estimate the effect of changes in current and future factors when calculating the ECLs.

The losses are recognized in the income statement. When there is no reasonable expectation of collection, the asset is written off.

1.10 Financial liabilities

Financial liabilities are recognized when the Group becomes bound to the contractual obligations of the instrument. Financial liabilities are derecognized when they are extinguished, i.e., when the obligation specified in the contract is discharged, cancelled, or expires.

Classification and subsequent valuation of the Group's financial liabilities, excluding derivative instruments, are at amortized cost.

A. Synthetic options
One synthetic option gives the option holder the right to receive from Net Insight a cash amount calculated on the basis of Net Insight's share.

Synthetic options result in an obligation that is valued at fair value and recognized as an expense with a corresponding increase in liabilities. Premiums received did not initially, when issued, imply any cost for the company since measurement of the options at fair value using an option valuation model (Black & Scholes) corresponds to the premium received by the company.

The liability is remeasured on a current basis to fair value by applying an options valuation model, taking current terms into account.

The value of the options and the underlying share is not included in the vesting conditions, the options are freely transferable and not linked to employment in the Company during the time for the change in value, and the changes in value during the term of the options are therefore presented as a financial item. If a synthetic option is utilized by the holder, the financial liability, which was previously remeasured at fair value, is settled. Any realized profit or loss is recognized in profit and loss as a financial item. If the synthetic options expire and are worthless, the recognized liability is taken up as income.

See also note 7 for more information about synthetic option programs for employees.

B. Accounts payable
Accounts payable are initially recognized at fair value.

1.11 Inventories

Inventories are reported at the lower of the purchase cost and the net selling price. The purchase cost is determined by using the first in, first out method (FIFO). The net selling price is the estimated selling price in the operating activities less applicable variable selling expenses.

1.12 Cash and cash equivalents

Cash and cash equivalents include cash, bank balances, and other investments with maturity dates of less than three months.

1.13 Share capital

Ordinary shares are classified as equity. Transaction costs that can be directly attributed to the issue of new shares or options are reported in group equity as a deduction from the issue funds. In the Parent company, this transaction cost is reported in the Income Statement.

A. Repurchase of own shares
Where any company within the Group purchases the Company's equity share capital (repurchase of own/Treasury shares), the consideration paid, including any direct attributable incremental costs (net of income taxes) is deducted from retained earnings until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration receive, net of any directly attributable incremental costs and the related income tax effects, is included in retained earnings.

B. Warrants
Premiums received for warrants are reported against equity. When calculating earnings per share, a dilution effect arises when the average price for the period exceeds the exercise price for the options.

1.14 1.14 Employee benefits

A. Bonuses
The Company reports a liability and an expense for bonuses based on the achievement of targets for sales and profit performance and achieved operating and personal targets.

B. Pension obligations
The Company only has defined contribution pension plans, which are expensed as needed. The Company has no obligation after pension premiums are paid.

C. Share-based incentive programs
Net Insight has three incentive programs related to the Company's share price: Share-based benefit, Warrants and Synthetic options. Presentation of the programs and their accounting policies, see note 7.

D. Termination benefits
Termination benefits are payable when employment is terminated prior to normal retirement age or when an employee voluntarily resigns from employment in exchange for such compensation. The Group reports severance pay when it is demonstrably obliged either to terminate employees according to a formal detailed irrevocable plan, or to provide compensation upon termination resulting from offers made to encourage voluntary resignation from employment.

1.15 Provisions and contingent liabilities

Provisions are made when a legal or informal obligation arises as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The Company makes provisions for warranty costs that will probably arise.

The product warranty provision is based on historical outcomes and is set in relation to the company's sales. If there are several similar commitments, it is likely that an outflow of resources will probably be required upon settlement for this entire group of commitments. A provision is reported, although the probability of an outflow for a special item is insignificant.

A restructuring obligation is considered to have arisen when the Company has a detailed formal plan for the restructuring (approved by management), which has been communicated in such a way that a valid expectation has been raised among those affected. Provision for restructuring is recorded when the Company can reliably estimate the liabilities relating to the obligation.

Certain present obligations are not recognized as provisions as it is not probable that an economic outflow will be required to settle the obligations, or the amount of the obligation cannot be measured with sufficient reliability. Such obligations are reported as contingent liabilities.

1.16 Revenue recognition

IFRS 15 Revenue from Contracts with Customers is a principle-based model of recognizing revenue from customer contracts. It has a five-step model that requires revenue to be recognized when control over goods and services are transferred to the customer. The amount of the revenue is based on the agreement with the customer and corresponds to the consideration that the Group expects to be entitled to in exchange for transferring promised goods or services, excluding amounts received on behalf of third parties and consideration to be paid to the customer.

The following paragraphs describes the types of contracts, when performance obligations are satisfied, and the timing of revenue recognition. They also describe the normal payment terms associated with such contracts and the resulting impact on the balance sheet over the duration of the contracts. The vast majority of Net Insight's business is for the sale of standard products and services. All types of contracts apply to business in all segments.

A. Standard products and services

Products and services are classified as standard solutions if they do not require significant installation and integration services to be delivered. Installation and integration services are generally completed within a short period of time, from the delivery of the related products. These products and services are viewed as separate distinct performance obligations. This type of customer contract is usually signed as a frame agreement and the customer issues individual purchase orders to commit to purchases of products and services over the duration of the agreement.

Revenue for standard products shall be recognized when control over the equipment is transferred to the customer. This assessment shall be viewed from a customer's perspective considering indicators such as transfer of titles and risks, customer acceptance, physical possession, and benefits. For hardware sales, transfer of control is usually deemed to occur when risk and benefit of the equipment is transferred to the customer and for software sales, when the licenses are made available to the customer. Software licenses may be provided to the customer at a point in time, activated or ready to be activated by the customer at a later stage, therefore revenue is recognized when customer obtains control of the software. Contractual terms may vary, therefore judgment will be applied when assessing the indicators of transfer of control for both hardware and software sales.

Revenue for installation and integration services is recognized upon completion of the service. Costs incurred in delivering standard products and services are recognized as costs of sales when the related revenue is recognized in the Income Statement. Costs incurred relating to performance obligations not yet fully delivered are recognized as Inventories. Transaction prices under these contracts are usually fixed, and mostly billed upon delivery of the hardware or software and completion of installation services. A proportion of the transaction price may be billed upon formal acceptance of the related installation services, which will result in a contract asset for the proportion of the transaction price that is not yet billed. Amounts billed are normally subject to payments terms within 30 days from invoice date.

Revenue for recurring services such as customer support, extended warranty and managed services is recognized as the services are delivered, generally pro-rata over time. Costs incurred in delivering recurring services are recognized as cost of sales as they are incurred. Transaction prices under these contracts are billed over time, often on a quarterly or yearly basis. Amounts billed are normally subject to payments terms within 30 days from invoice date. Contract liabilities or receivables may arise depending on whether the billing is in advance or in arrears.

B. Customized solution
Some products and services are sold together or individually as part of a customized solution to the customer. When sold together, this type of contract requires significant installation and integration services to be delivered within the solution, normally over a period of more than 1 year. These products and services are viewed together as a combined performance obligation. This type of contract is usually sold as a firm contract in which the scope of the solution and obligations of both parties are clearly defined for the duration of the contract. Customized solution does not have any alternative use to the Company as it cannot be sold to or used by other customers.

Revenue for the combined performance obligations shall be recognized over time if progress of completion can be reliably measured and enforceable right to payment exists over the duration of the contract. The progress of completion is estimated by reference to the output delivered such as achievement of contract milestones and customer acceptance. If the criteria above are not met, then all revenue shall be recognized upon the completion of the customized solution, when final acceptance is provided by the customer.

When sold separately, the revenue for services is recognized upon completion. The revenue for the customization is recognized once the software obligation as per the contract had been met and acceptance has occurred by the customer.

Contract liabilities or receivables may arise depending on whether the billing is in advance or in arrears. Amounts billed are normally subject to payments terms within 30 days from invoice date.

C. Intellectual Property Rights (IPR)
The Company has assessed that the nature of its IPR contracts is such that they provide customers a license with the right to access the Company intellectual properties over time, therefore revenue shall be recognized over the duration of the contract.

The transaction price on these contracts is usually structured as a volume based royalty fee based on the number of end-user or the end-user streaming volumes over the period, measured on a monthly basis. Amounts billed are normally subject to payments terms within 30 days from invoice date.

D. Customer contract related balances
Trade receivables include amounts that have been billed in accordance with customer contract terms and amounts that the Company has an unconditional right to, with only passage of time before the amounts can be billed in accordance with the customer contract terms.

Contract asset is unbilled sales amount relating to performance obligation that has been satisfied under customer contract but is conditional on terms other than only the passage of time before payment of the consideration is due. Under previous standards these unbilled sales balances have been included within deferred revenue.

Contract liability relates to amounts that are paid by or due from customers for which performance obligations are unsatisfied or partially satisfied. Under previous accounting policies these balances have been disclosed as deferred revenue. Advances from customers are also included in the contract liability balance.

1.17 Accounting of government grants

In connection with the Covid-19 outbreak, the reporting of government grants has become relevant, as the Group receives government support from countries around the world linked to the measures introduced due to the outbreak. A government grant is reported in the Group's Balance Sheet and the Group's Report on Comprehensive Income when there is reasonable assurance that the Group fulfills the conditions associated with the grants and that the grants will be received. Contributions attributable to expenses are reported as other income or reduction of expenses in the Group's Report on Comprehensive Income, depending on the nature of the grant, and are reported during the same period as the costs the contributions are intended to offset. Grants in the form of cost compensation for personnel who do not work, and thus do not create any value for the Company, are reported as a reduction of employee expenses. Grants for personnel and other resources that still contribute to creating value for the Company are reported as Other operating income.

1.18 Leasing

A. Leasing when the Company is the lessee
The main categories of the Groups leased assets are in order; office premises, IT- and office equipment. The Group recognizes a right-of-use assets and lease liabilities attributable to lease agreements in the financial statement with some exceptions. This model reflects that at the inception of the lease, the lessee will obtain the right to use an asset under a period and are obligated to pay for that right.

When evaluating a lease agreement, the lease components are separated from the non-lease components and the lease term is defined by considering potential rights to extend or terminate the agreement in advance.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the incremental borrowing rate. The rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Lease payments included in the measurement of the lease liability is comprised of fixed lease payments, variable lease payments that depend on an index or rate, the amount expected to be payable by the lessee under residual value guarantees or payments of penalties for terminating the lease (if reasonable certainty that a termination will occur).

The lease liability is presented as a separate line in the consolidated statement of financial position.

The Group applies the exception were lease agreement with a lease term of 12 months or less are excluded, as well as for leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Lease agreements that are excluded are mostly computers and office furniture.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets is initial recognized at amortized cost corresponding with the lease liability, adjusted for lease payments made at or before the commencement day less occurring lease incentives and any initial direct costs and restoration costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the inception date. The Group applies IAS 36 to determine whether a right-of-use asset is impaired.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

B. Leasing when the Company is the lessor

Leases for which the Group is a lessor are classified as financial leases when the lease transfer substantially all the risks and rewards of ownership to the lessee, otherwise the leases are classified as operating leases. For a financial lease agreement, a receivable is recognized at the amount of the group's net investment in the lease agreement and lease income recognized according to the accounting principles for revenue.

For operational leases, an asset is recognized as a fixed asset and both income and depreciations are recognized on a straight-line basis over the lease term.

The Groups lease agreements are usually short and for specific events.

1.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax.Tax is recognized in the Income Statement. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company and its subsidiaries and associates operate and generate taxable income.

Deferred income tax is recognized using the liability method on temporary differences arising between the tax basis of assets and liabilities and their carrying amount in the consolidated accounts.

Deferred income tax is determined using tax rates and laws that were enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be offset.

Deferred income tax and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on net basis.

1.20 Cash flow statement

The cash flow statement has been prepared according to the indirect method. The reported cash flow only includes transactions involving deposits or payments. Cash and bank balances are classified as cash and cash equivalents, as are short-term financial investments, which are only exposed to an insignificant risk of value fluctuation and:

are traded on the open market for known amounts, or

have a remaining duration of less than three months from their purchase date.

1.21 Accounting policies – parent company

The parent company's annual accounts were prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The parent company follows the group policies stated above with the exceptions stated below. These policies were applied consistently for all years reported unless otherwise stated.

Reporting format
The Income Statement and Balance Sheet are formatted according to the Swedish Annual Accounts Act.

Lease arrangements
All lease agreements, whether financial or operating leases, are recognized as operating leases in the parent company.

Shares and participations in subsidiaries
Shares and participations in subsidiaries are reported at historical cost after deducting for potential impairment. Cost is adjusted to reflect changes to compensation resulting from contingent consideration arrangements. This cost also includes direct expenses relating to the investment. If there is an indication that the shares or participations are impaired, the recoverable value is calculated, and if it is below historical cost, the impairment is taken.

Group contributions and shareholders' contributions
The Company reports shareholder contributions as an increase in the value of shares and participations. Shares and participations are then tested for impairment. Group contributions are recognized based on economic substance. Group contributions received that are equivalent to dividends are recognized as dividends from group companies in the Income Statement. A group contribution that is equivalent to a shareholders' contribution is reported, taking into account the current tax effect, according to the principle for shareholders' contributions stated above.

Note 2. Financial Risk Factors

Net Insight is exposed to various financial risks: market risk (including foreign currency risk, fair value interest risk, cash flow interest risk, and price risk), credit risk, and liquidity risk. Foreign currency risk is predominant and the Board assesses that Net Insight is primarily exposed to the following financial risks:

2.1 Foreign currency risk

Foreign currency risk is defined as the risk of decreased earnings and/ or decreased monetary flows due to fluctuations in exchange rates. Changes in exchange rates affect the group's earnings and equity in different ways:

Earnings are affected when sales and purchases are in different currencies (transaction exposure)

Earnings are affected when assets and liabilities are in different currencies (translation exposure)

Equity is affected when foreign subsidiaries' net assets are translated into Swedish kronor (SEK) (translation exposure in the Balance Sheet).

Transaction exposure
Net Insight is highly internationalized with most of its sales denominated in EUR and USD. Purchasing of components is mainly in SEK, but is up to some 74 percent linked to the USD and to some 14 percent linked to the EUR. Currency risks are managed in accordance with the finance policy, as adopted by the Board of Directors.

If the average exchange rate of the EUR against the SEK had been 5 percent higher/lower compared to the average exchange rate in 2021, with all other variables constant, the group's revenues and earnings/equity after tax for 2021 would have been positively/negatively affected by some SEK 9.7 million and SEK 7.3 million respectively. If the average exchange rate of the USD against the SEK had been 5 percent higher/lower compared to the average exchange rate in 2021, with all other variables constant, the group's revenues and earnings/equity after tax for 2021 would have been positively/negatively affected by some SEK 8.3 million and SEK 3.2 million respectively.

The risk of transaction exposure is managed by the company regularly updating the price lists in EUR and USD and, as far as possible, matching incoming and outgoing transactions in the same currency and by hedging forecast transaction flows. In 2021, a so-called rolling security staircase has been implemented where the degree of security is built up over time. At each hedging occasion, hedges are entered into with different maturities, which means that each quarter's hedged rate is an average of several previous hedges. As of December 31, 2021, open futures contracts amounted to EUR 3.6 million and USD 4.8 million, respectively.

Translation exposure

Average rates of exchange for the period are used for translating foreign subsidiaries' Income Statements. The most significant currency in this context is USD. To better reflect the group's currency exposure, these amounts are included in transaction exposure above.

The parent company has cash and cash equivalents, accounts receivable and accounts payable in foreign currencies, primarily EUR and USD. As of December 31, 2021, the parent company had net exposure of SEK 66.9 (68.8) million and SEK 60.7 (106.1) million in EUR and USD respectively for these items. The subsidiaries basically have cash and cash equivalents, accounts receivable and accounts payable in local currencies exclusively. If the exchange rate of the EUR had been 5 percent higher/lower than the exchange rate applying on December 31, 2021, consolidated earnings/equity after tax would have been affected positively/negatively by some SEK 2.7 million. If the exchange rate of the USD had been 5 percent higher/lower compared to the exchange rate on December 31, 2021, consolidated earnings after tax would have been affected positively/negatively by some SEK 2.4 million.

Translation exposure in the Balance Sheet

Consolidated net assets are very largely denominated in SEK. Of the foreign currency net assets as of the reporting date of December 31, 2021, some SEK 5.3 (71.6) million were in USD. If the exchange rate of the USD had been 5 percent higher/lower than the exchange rate applying on December 31, 2021, consolidated earnings/equity after tax would have been positively/negatively affected by some SEK 0.2 million.

2.2 Liquidity risk

Liquidity risk means that Net Insight cannot sell a financial instrument at market price, or only subject to significantly increased costs, when paying it's financial liabilities. Net Insight's policy is to only invest cash and cash equivalents in banks or financial institutions with a credit rating of at least P1 or A+ (Moody's or equivalent). Liquidity may not be invested for more than 12 months, and the investment terms must at all times reflect the capital requirements of the company. See Note 22 for a summary of the company's financial assets and liabilities and maturity structure of the financial liabilities.

2.3 Management of capital

The Group's capital structure objectives are to secure continuous operations, generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to keep capital down. The company defines capital as equity.

2.4 Interest risk

Interest risk is the risk that the value of a financial instrument varies due to changes in market rates. Net Insight's interest risk is low because its need for external financing has been limited. Cash and cash equivalents are normally invested with a fixed-interest period from two weeks up to six months.

2.5 Credit risk

Credit risk means that a party in a transaction with a financial instrument cannot fulfill its commitment. The company's customers are generally large, well-established, highly solvent companies spread over several geographical markets. There is no significant concentration of credit risks either geographically or on any particular customer segment. To limit the risks of potential credit losses, the company's credit policy includes guidelines and regulations for credit checks on new customers, terms of payment, and procedures for handling unpaid claims. See tables in note 20.

Note 3. Critical Accounting Estimates and Assumptions

Estimates and judgments are evaluated on an ongoing basis, based on historical experience and other factors, including expectations of future events that are considered reasonable in the prevailing circumstances.

The Group makes estimates and assumptions about the future, but the resulting accounting estimates seldom equal the related actual outcomes. The estimates and assumptions that entail a significant risk of material adjustments in carrying amounts for assets and liabilities during the following financial year are discussed below..

A. Revenue recognition

Key sources of estimation uncertainly
The Company uses estimates and judgments in determining the amount and timing of revenue under IFRS 15 Revenue from Contracts with Customers, particularly when determining the transaction price and its allocation to performance obligations identified under the contract.

Transaction price may consist of variable elements such as discounts, performance related price and contract penalties. Transaction price, including variable considerations, is estimated at the commencement of the contract (and periodically thereafter). Judgment is used in the estimation process based on historical experience with the type of business and customer.

IFRS 15 also requires revenue to be allocated to each performance obligations by reference to their standalone selling prices. The Company considers that an adjusted market assessment approach should be used to estimate stand-alone selling prices for its products and services for the purposes of allocating transaction price. These estimates are comprised of prices set for similar customer and circumstances, adjusted to reflect appropriate profit margins for the market. Estimates are used to determine discounts that relate specifically to each performance obligations, thus impacting their stand-alone selling prices.

Judgments made in relation to accounting policies applied

Management applies judgment when assessing the customer's ability and intention to pay in a contract. The assessment is based on the latest customer credit standing and the customer's past payment history. This assessment may change during the contract execution, and if there is evidence of deterioration in the customer's ability or intention to pay, then under IFRS 15 no further revenue shall be recognized until the collectability criteria is met. Conversely, this assessment may also change favorably over time, upon which revenue shall now be recognized on a contract that did not initially meet the collectability criteria.

Revenue for standard products shall be recognized when control over the equipment is transferred to the customer at a point in time. This assessment shall be viewed from a customer's perspective considering indicators such as transfer of titles and risks, customer acceptance, physical possession, and benefits. Judgment may be applied in determining whether risk and rewards have been transferred to the customer and whether the customer has accepted the products. In a sale of software license, judgment may also be applied to determine when the software is made available to the customer by considering when they can direct the use of, and obtain substantially all the benefits of, the license. Often all indicators of transfer of control are assessed together and an overall judgment formed as to when transfer of control has occurred in a customer contract.

Revenue for customized solutions shall be recognized over time if progress of completion can be reliably measured and enforceable right to payment exists over the duration of the contract. The progress of completion is estimated by reference to the output delivered such as achievement of contract milestones and customer acceptance. Judgment are applied when determining the appropriate revenue milestones that best reflect the progress of completion and are aligned with key acceptance stages within the contract.

Customer contract related balances

The Company monitors the financial stability of its customers, the environments in which they operate and historical credit losses. A provision for impairment of receivable is applied when there is objective proof and other indications that the group will not be able to recover all amounts due according to the receivables' original terms. This is combined with expectations of future economic conditions to calculate expected credit losses (ECLs). Since the company's customers are generally mid-size to large and well-established companies spread over several geographical markets, without any significant concentration of credit risks, either geographically or on any particular customer segment, Net Insight has used premium for export credits, as alternative cost for the credit risk, when calculating the ECLs. Actual credit losses may be higher or lower than expected. Total allowances for expected credit losses as of December 31, 2021 were SEK -1.8 million or 1.5% of gross trade receivables and contract assets.

B. Impairment testing of inventories

Estimates of future sales volumes are conducted on purchasing when purchasing inventories. Estimates of net sales value of surplus volumes are calculated when there is an inventory surplus. The parent company has three different categories of inventories: finished goods inventories, component inventories and other inventories. Individual assessment for obsolescence is conducted for the inventory, with supplemented age-based provision. In cases where components are discontinued at suppliers, major purchases for the component is made to cover the expected need over several years, to ensure production.

This estimate may result in a greater risk of obsolescence because demand is controlled by the market and can fluctuate with technology changes. As of December 31, 2021, the total inventory reserve was SEK 34.4 (34.1) million.

C. Impairment testing of goodwill

Each year, the group examines whether goodwill is impaired, in accordance with the accounting policy reviewed in 1.7. The recoverable amount of the company's cash-generating units has been measured by computing value in use. Some estimates are necessary for these computations (note 16).

D. Impairment testing of capitalized development expenditures

Costs arising in development projects are reported as intangible fixed assets when it is probable that the project will be successful in terms of its commercial and technical potential and when the costs can be measured reliably. At each reporting period, the Company assesses if any capitalized development expenditures are impaired. This means that a complete review of these products is conducted in terms of economic life and product profitability. The products' estimated useful life is three to ten years.

E. Deferred tax

Deferred tax assets pertaining to tax loss carry-forwards are recognized to the extent that it is probable that future taxable profit will be available against which unused tax losses can be applied. In 2020, Net Insight utilized deferred tax assets on tax loss carry-forward of net SEK 4.6 (-1.5). million. The capitalization is based on expected long-term profitability. In cases where the conditions for capitalization deferred tax assets on tax loss carry-forward are not met, no capitalization is made. At each reporting period, the Company assesses if any impairment and, where applicable, the conditions for capitalization are met regarding deferred tax assets on tax loss carry-forward.

F. Business combinations

Estimates and assessments play an important part in measurement of identifiable assets and liabilities in acquisitions. Estimates and assessments are based on both historical experience and reasonable expectations about the future.

G. Leases

IFRS 16 has led to new estimates and judgments, such as criteria for assessing which agreements meet the definition of a lease agreement and determining lease periods and discount rates.

H. Discontinued operations

Accounting for discontinued operations requires management estimates and assumptions when ensuring that the criteria in IFRS are fulfilled to account for discontinued operations.

Accounting for discontinued operations requires identifying and separating financial effects from the discontinued operations and that they have been appropriately separated from continuing operations and identifying and separating the assets and liabilities from discontinued operations. Determining the sales price according to the agreement requires the management's estimates related to a number of different factors that influence the final sales price.

Note 4. Net Sales

Disaggregation of revenue Amounts in SEK thousands	Group 2021	2020	Parent company 2021	2020
Net sales by product group				
Hardware	167,424	137,458	167,424	137,111
Software licenses	76,930	80,926	76,930	80,550
Support and Services*	136,333	113,707	136,099	114,968
Intra-group services	-	-	-	8,034
Total	**380,687**	**332,091**	**380,453**	**340,663**
Net sales by region				
Western Europe (WE)	194,758	157,975	194,758	158,264
Americas (AM)	116,846	117,206	116,612	123,134
Rest of World (RoW)	69,083	56,910	69,083	59,265
Total	**380,687**	**332,091**	**380,453**	**340,663**
Timing of revenue recognition				
Products and services transferred at a point in time	244,415	218,411	244,415	226,983
Services transferred over time*	136,272	113,680	136,038	113,680
Total	**380,687**	**332,091**	**380,453**	**340,663**

*Of which 4.7MSEK (-) refers to the NRE fee.

For the Group, net sales of SEK SEK 91.2 (99.8) million million derivates from USA, SEK 55.5 (45.7) million from Great Britain and SEK 18.5 (19.5) million from Sweden.

During 2021 and 2020, there were not a single external customer of with revenues of ten percent or more of the group's total revenues.

Tangible and Intangible assets per region Amounts in SEK thousands	Group 31 Dec 2021	31 Dec 2020	Parent company 31 Dec 2021	31 Dec 2020
Sweden	250,264	215,028	177,899	169,164
Western Europe (WE) excl Sweden	-	182	-	-
Americas (AM)	1,607	129,944	-	-
Rest of World (RoW)	-	-	-	-
Total	**251,871**	**345,154**	**177,899**	**169,164**

The comparison year also includes assets belonging to divested operations, see note 15.

Parent company's transactions with group companies	Parent company	
Amounts in SEK thousands	2021	2020
Sales to group companies	-	8,034
Purchase from group companies	-51,310	-62,752

Intra-group sales and purchases have gradually decreased as a result of intra-group restructuring in recent years.

The parent company performs services to companies within the group in the form of sales-related and administrative services.

The subsidiaries invoice the parent company for support and service as well as sales-related and administrative services.

Note 5. Depreciation, Amortization and Impairment of Tangible and Intangible Assets

Depreciation, amortization and impairment	Group		Parent company	
Amounts in SEK thousands	2021	2020	2021	2020
Capitalized expenditures for development	-44,325	-38,548	-42,928	-31,434
Other intangible assets	-2,031	-5,227	-1,590	-2,316
Right-off use assets	-8,230	-9,936	-	-
Equipment	-5,475	-6,176	-4,842	-4,813
Total	**-60,061**	**-59,887**	**-49,360**	**-38,563**
Depreciation, amortization and impairment included in:				
Cost of sales	-44,141	-32,910	-43,428	-32,201
Sales and marketing expenses	-3,974	-3,089	-1,680	-1,280
Administration expenses	-2,575	-3,277	-1,391	-2,099
Development expenses	-7,063	-7,587	-2,861	-2,983
Discontinued operations	-2,308	-13,024	-	-
Total amortization	**-60,061**	**-59,887**	**-49,360**	**-38,563**

Note 6. Development Expenses

Development expenses mainly consist of salaries, product development, component purchases, patent applications, licenses and other expenses related to development work.

Total development expenditure, i.e. before capitalization of development expenditures, were SEK 109.4 (106.4) million, see also table on page 120.

Note 7. Employees

Information in the following note reflects the entire organization, i.e. including divested operations.

Employees	2021 Average no. of employees	2021 Of which men	2020 Average no. of employees	2020 Of which men
Parent company				
Sweden	99	79%	98	80%
Other countries	3	77%	3	67%
Total parent company	**102**	**79%**	**101**	**80%**
Subsidiaries				
Sweden	-	-	-	-
USA	29	88%	52	80%
Singapore	4	100%	5	100%
Great Britain	4	65%	10	79%
Total subsidiaries	**37**	**87%**	**67**	**82%**
Group	**139**	**81%**	**168**	**81%**
Discontinued operations	-10	73%	-44	74%
Continued operations	**129**	**82%**	**124**	**83%**

Number of Board members and senior executives	31 Dec 2021	Of which men	31 Dec 2020	Of which men
Group (incl. subsidiaries)				
Board members	10	80%	10	80%
Chief Executive Officer and other senior executives	6	100%	9	89%
Parent company				
Board members	6	67%	6	67%
Chief Executive Officer and other senior executives	6	100%	8	88%

Remuneration to the Board Directors

The amounts below are fees for the parent company as approved by the AGM 2021 and 2020. The Board of Directors are not entitled to any variable remuneration or pension, only their Director's fee and remuneration for committee work.

Board of Directors, amounts in SEK thousands	2021	2020
Gunilla Fransson	750	750
Jan Barchan	290	280
Mathias Berg	250	240
Anders Harrysson	300	230
Charlotta Falvin	350	315
Kjell Arvidsson	250	280
Stina Barchan, deputy	125	120
Total	**2,315**	**2,215**

Remuneration to employees

Expensed remuneration to employed senior executives and other employees, excluding Board of Directors that are presented in the section above. The number of senior executives refers to average during the year.

Break-down between CEO, other senior executives and other employees

Amounts in SEK thousands	Basic salary	Variable remuneration¹	Share-based benefits²	Other benefits	Pension expenses	Total
2021						
Crister Fritzson (CEO)	5,534	1,793	-	97	1,543	**8,967**
Other senior executives (6)⁵	9,029	2,486	371	178	2,716	**14,780**
Other employees	106,033	16,254	-	111	13,897	**136,295**
Total³	**120,596**	**20,533**	**371**	**386**	**18,156**	**160,042**
Discontinued operations	-10,155	-585	-	-2	-234	**-10,976**
Continued operations	**110,441**	**19,948**	**371**	**384**	**17,922**	**149,066**

Amounts in SEK thousands	Basic salary	Variable remuneration¹	Share-based benefits²	Other benefits	Pension expenses	Total
2020						
Anders Harrysson (acting CEO)⁴	-	-	-	-	-	**-**
Crister Fritzson (CEO)	4,255	673	-	69	1,163	**6,160**
Other senior executives (6)⁵	10,767	1,432	-77	158	2,778	**15,058**
Other employees	131,414	10,773	-	367	15,492	**158,046**
Total³	**146,436**	**12,878**	**-77**	**594**	**19,433**	**179,264**
Discontinued operations	-43,045	-952	-	-	-938	**-44,935**
Continued operations	**103,391**	**11,926**	**-77**	**594**	**18,495**	**134,329**

1) Variable remuneration includes amounts vested for participating in the synthetic share program in the year, which are held in escrow for three years, and variable remuneration for participants in the synthetic option programs. Descriptions and obligations of the different programs are presented in sections Share-based benefits and Synthetic options below..
2) Share-based benefits are value changes in amounts held in escrow for participation in the synthetic share program. Description and obligations of the program is presented in sections Share-based benefits below.
3) Includes costs for restructuring of totally SEK 0.8 (2.4) million.
4) Remuneration as acting CEO during the period November 2019 -March 2020 has been invoiced and therefore included in the item Other external costs, see note 9. See also section Related party transactions below.
5) Of the total remuneration to CEO and other senior executives of SEK 23.8 (21.2) million, SEK 23.3 (19.2) million relates to the parent company and SEK 0.5 (2.0) million to the subsidiaries.

Break-down between the parent company and the subsidiaries

Amounts in SEK thousands	Basic salary	Variable remuneration¹	Share-based benefits²	Other benefits	Pension expenses	Social security contributions	Total
2021							
Parent company	79,372	12,617	371	270	16,590	27,264	**136,484**
Subsidiaries	41,224	7,916	-	116	1,566	5,508	**56,330**
Group³	**120,596**	**20,533**	**371**	**386**	**18,156**	**32,772**	**192,814**
Discontinued operations	-10,155	-585	-	-2	-234	-1,206	**-12,182**
Continued operations	**110,441**	**19,948**	**371**	**384**	**17,922**	**31,566**	**180,632**

Amounts in SEK thousands	Basic salary	Variable remuneration¹	Share-based benefits²	Other benefits	Pension expenses	Social security contributions	Total
2020							
Parent company	75,468	7,445	-77	500	17,153	24,282	**124,771**
Subsidiaries	70,968	5,433	-	94	2,280	8,943	**87,718**
Group³	**146,436**	**12,878**	**-77**	**594**	**19,433**	**33,225**	**212,489**
Discontinued operations	-43,045	-952	-	-	-938	-5,302	**-50,237**
Continued operations	**103,391**	**11,926**	**-77**	**594**	**18,495**	**27,923**	**162,252**

1) Variable remuneration includes amounts vested for participating in the synthetic share program in the year, which are held in escrow for three years, and variable remuneration for participants in the synthetic option programs. Descriptions and obligations of the different programs are presented in sections Share-based benefits and Synthetic options below.
2) Share-based benefits are value changes in amounts held in escrow for participation in the synthetic share program. Description and obligations of the program is presented in sections Share-based benefits below.
3) Includes costs for restructuring of totally SEK 0.8 (2.4) million.

Share-based benefits

During 2014-2019, certain senior executives (as invited by the Board of Directors) participate in a synthetic share program in which up to half of the outcome of the variable compensation is put in escrow and paid out in the fourth year following the vesting period. At the time of payment, a multiplier will be applied to the amount held in escrow to reflect the share price development during these three years. The multiplier is calculated based on the ratio of the average share price for two eight-week periods, where the first period commences on the same day as the year-end report is made public during the year following the first year of the vesting period, and the second period commences on the same day as the year-end report is made public during the year when payment shall occur (i.e. three years between the periods). The average share price is calculated as the average of the daily closing share prices for each eight-week period. The multiplier is limited to a maximum value of five (5) and minimum value of zero point five (0.5).

During the vesting period, the group reports a liability and an expense for bonuses based on the achievement of targets for sales and profit performance and achieved operating and personal targets.

The Group revalues the synthetic share program at fair value at each reporting date. To measure the fair value of the programs, the group uses the closing price of the underlying share in the period.

Both the variable compensation and the share-based benefit is linked to employment with Net Insight and are presented as an employee cost.

Share-based benefit, amounts in SEK thousands			Share-based benefit							
Vesting period	Multiplier (SEK)	Variable remuneration/ Held in escrow	2017	2018	2019	2020	2021	Paid remuneration	Commitment Dec 31, 2021	Payment year
2016	7.56	1,326	-496	-72	-	-	-	-758	-	
2017	4.61	186	-	-37	-5	-	2	-146	-	
2018	2.30	297	-	-	-11	-57	164	-202	**191**	2022
2019	1.86	193	-	-	-	-20	205	-132	**246**	2023
Total		**2,002**				**-77**	**371**	**-1,238**	**437**	

Option programs

Swedish warrants program

2020

Based on the warrants program approved during the Annual General Meeting in 2020, in June and November management and key personnel acquired a total of 3,055,000 warrants valued at a fair value of a total of SEK 1,277,850. The warrants have a vesting period of three years, after which the warrant holder has the right to utilize the warrants for subscription of B-shares in the parent company for a period of three months at an exercise price of SEK 2.80 and SEK 2.00, respectively. Premiums received for the warrants have been reported against equity. When calculating earnings per share, a dilution effect arises when the average price for the period exceeds the exercise price of the warrants.

Swedish synthetic options program

Net Insight have, after decisions at the AGM, introduced synthetic option programs for employees in Sweden, where the participants acquire the synthetic options at market price. One synthetic option gives the option holder the right to receive from Net Insight a cash amount calculated on the basis of Net Insight's share price, however, with the limitation that such amount may not exceed three times the share price at the time of the start of the program (CAP). The term of the options is three (3) years and they are freely transferable, but subject to pre-emptive right for Net Insight to acquire the option.

Synthetic options result in an obligation that is valued at fair value and recognized as an expense with a corresponding increase in liabilities. Premiums received did not initially, when issued, imply any cost for the company since measurement of the options at fair value using an option valuation model (Black & Scholes) corresponds to the premium received by the company.

The liability is remeasured on a current basis to fair value by applying an options valuation model, taking current terms into account. The value of the options and the underlying share is not included in the vesting conditions, the options are freely transferable and not linked to employment in the Company during the time for the change in value, and the changes in value during the term of the options are therefore presented as a financial item. If a synthetic option is utilized by the holder, the financial liability, which was previously remeasured at fair value, is settled. Any realized profit or loss is recognized in profit and loss as a financial item. If the synthetic options expire and are worthless, the recognized liability is taken up as income.

Variable remuneration

A total corresponding to half of participants' deposited premiums for options will be paid, net of tax, as variable compensation to the participants in two equal payments. The year 2017, 2018 and 2020 programs have a stay-on clause, which means that the expense is allocated during the vesting period. The year-2016 program does not have a stay-on clause, which means that the expense is recognized when the payment for option premiums is received. Variable compensation, unlike the synthetic option, is linked to employment with Net Insight during the vesting period, and is presented as an employee cost.

Synthetic options, amounts in SEK thousands			Change in value							
Year issued/Participant	Number, thousands	Premiums received	2017	2018	2019	2020	2021	Final settlement	Commitment Dec 31, 2021	Payment year
2017										
Other employees, Sweden	700	763	-595	-168	-	-		-	-	
Other employees, Global	1,275	-	-	-	-	-		-	-	
Total 2017	**1,975**	**763**	**-595**	**-168**	**-**	**-**	**-**	**-**	**-**	2020
2018										
2018:1										
Other senior executives	900	684	-	-591	-73	-	-	-20	-	
Other employees, Sweden	675	513	-	-447	-66	-	-	-	-	
2018:2										
Henrik Sund (CEO)	400	184	-	-24	-92	-68	640	-640	-	
Summa 2018	**1,975**	**1,381**	**-**	**-1,062**	**-231**	**-68**	**640**	**-660**	**-**	2021
Total	**3,950**	**2,144**				**-68**	**640**	**-660**	**-**	

Synthetic options & warrants, amounts in SEK thousands	Variable remuneration							
Year issued/Participant	2017	2018	2019	2020	2021	Paid remuneration	Commitment Dec 31, 2021	Payment year
2017								
Other employees, Sweden	95	175	123	199	-	-592	-	
Other employees, Global	21	-21	-	-	-	-	-	
Total 2017	**116**	**154**	**123**	**199**	**-**	**-592**	**-**	
2018								
2018:1								
Other senior executives	-	79	63	88	1	-231	-	
Other employees, Sweden	-	71	95	153	58	-377	-	
2018:2								
Henrik Sund (CEO)	-	9	-9	-	-	-	-	
Summa 2018	**-**	**159**	**149**	**241**	**59**	**-608**	**-**	
2020								
2020:1								
Crister Fritzson (CEO)	-	-	-	22	49	-	71	
Other senior executives	-	-	-	73	105	-	178	
Other employees, Sweden	-	-	-	26	56	-	82	
2020:2								
Other senior executives	-	-	-	3	39	-	42	
Other employees, Sweden	-	-	-	3	31	-	34	
Summa 2020	**-**	**-**	**-**	**127**	**280**	**-**	**407**	2022
Total				**567**	**339**	**-1,200**		

The following principles are valid to the Annual General Meeting (AGM) 2022.

At the AGM 2022, a new proposal will be submitted, which in all material respects complies with the established guidelines at AGM 2021.

Guidelines for group management's terms and remuneration and general remuneration principles

These guidelines include the CEO and members of the group management. Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2021. These guidelines do not apply to any remuneration decided or approved by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Net Insight develops and sells hardware and software products for the global media industry. Net Insight's solutions are used by customers to build secure and reliable media networks.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the group management a competitive total remuneration.

From time to time, the Board of Directors may propose share-based long-term incentive programs, which are then considered by the general meetings separately and are therefore excluded from these guidelines. The programs shall have a clear link to the business strategy and thereby to the company's long-term value creation, including its sustainability. The plans are conditional upon the participants' own investments and certain holding periods of several years. More information is available on the company's website: https://netinsight.net/investors/corporate-governance/incentive-programs-and-renumeration/

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one or several years. For the CEO and the global sales manager, the variable cash remuneration may amount to not more than 100 per cent of the total fixed cash salary under the measurement period. For other executives, the variable cash remuneration may amount to not more than 40 per cent of the total fixed cash salary under the measurement period.

For the CEO, pension benefits, including health insurance (Sw. sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 per cent of the fixed annual cash salary.

For other executives, pension benefits, including health insurance, shall be premium defined. Pension premiums for premium-defined pensions are subject to a maximum of 35 percent of annual basic salary. However, premium-defined pension premiums for senior executives are subject to a maximum of 55 percent of annual basic salary in cases where variable remuneration is payable and such variable remuneration confers pension benefits under the collective agreement.

Other benefits may include, for example, life insurance, medical insurance (Sw. sjukvårdsförsäkring), accident insurance and company cars. Such benefits may amount to not more than 5 per cent of the fixed [annual] cash salary..

Termination of employment

When termination is made by the executive, the period of notice may not to exceed six months without any right to severance pay.

Upon notice of termination of employment by the employer, the maximum notice period is 12 months for the CEO and six months for other senior executives, with the exception of senior executives who, under the collective agreement, and in relation to employment terms and age, are subject to a notice period of 12 months upon termination of employment by the employer. Basic salary during the notice period and any redundancy payment may not jointly exceed basic salary for 18 months for the CEO, and 12 months for other senior executives. Basic salary and any redundancy payments shall be offsetable against other income.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall amount to not more than 60 per cent of the fixed cash salary at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than twelve months following termination of employment.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial and consist of individualized, quantitative or qualitative objectives. The objectives shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy. Senior executives' variable remuneration shall be 70 per cent based on measurable financial goals, such as (but not limited to) a combination of revenue and earnings.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation of variable remuneration to the CEO and submit to the board of directors for approval. For variable cash remuneration to other executives, the CEO is responsible for the evaluation and the remuneration committee is responsible for approval. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Conditions for variable remuneration shall be designed so that the board of directors has a) the right to limit payment in part or in full if exceptional economic conditions prevail and such a measure is considered reasonable; and b) is entitled to withhold or claim back paid variable remuneration to senior executives if such remuneration subsequently has been founded incorrect, due to improper actions or negligence.

The board of directors has the right to limit or refrain from payment of the senior executives' variable remuneration if the executive has violated or disregarded the company's codes of conduct.

Salary and employment conditions for employees

In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The collective agreement shall also be considered.

The decision-making process to determine, review and implement the guidelines

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the group management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Description of material changes to the guidelines and how the views of shareholders' have been taken into consideration

These guidelines have been prepared for the AGM 2021 and are essentially based on earlier guidelines for remuneration to senior executives, which means that no material changes have been made to the guidelines. The guidelines are reviewed annually by the Remuneration Committee which, in case of amendments, presents these to the Board and AGM for comments and decisions.

Related party transactions

The Board of Directors has appointed the Board member Anders Harrysson, through his company GEB Rand AB, as interim CEO of the parent company Net Insight AB during the transition period between the leaving and the appointed new CEO (November 2019 - April 2020). In 2020, fees from GEB Rand AB of SEK 0.9 million were expensed.

No transactions with related parties during 2021.

Note 8. Operating Income and Expenses

Other operating income and expenses	Group		Parent company	
Amounts in SEK thousands	2021	2020	2021	2020
Other operating income	987	480	987	480
Exchange rate differences, net	6,509	-16,045	1,227	-15,579
Losses on fixed assets	-304	-91	-304	-91
Government grants Covid-19, other operating income	-7	655	-	-
Adjustment cost for advisory services disposal of discontinued operations	353	-	-	-
Total	**7,538**	**-15,001**	**1,910**	**-15,190**

Note 9. Expenses by Nature

Expenses by nature	Group		Parent company	
Amounts in SEK thousands	2021	2020	2021	2020
Cost of goods and services	-130,204	-131,517	-147,635	-137,130
Other expenses	-52,406	-61,728	-85,561	-85,725
Employee expenses (note 7)	-194,486	-215,784	-138,693	-142,262
Capitalized expenditure for development (note 16)	59,585	71,933	56,416	50,524
Depreciation and amortization (note 5)	-60,061	-59,887	-49,360	-38,563
Discontinued operations	*16,121*	*64,551*	-	-
Total expenses	**-361,451**	**-332,432**	**-364,833**	**-353,156**

Reconciliation with comprehensive income statement	Group		Parent company	
Amounts in SEK thousands	2021	2020	2021	2020
Cost of sales	-152,303	-129,924	-152,014	-131,448
Sales and marketing expenses	-104,308	-92,716	-107,202	-109,835
Administration expenses	-51,877	-53,935	-51,479	-55,771
Development expenses	-52,963	-55,857	-54,138	-56,102
Total expenses	**-361,451**	**-332,432**	**-364,833**	**-353,156**

Note 10. Operating Leases

Lease income and expenses Continued operations, amounts in SEK thousands	Group 2021
Income from subleasing	17,930
Lease expenses:	
Short-term leases	-1,051
Leases of low-value assets	-570
Variable lease payments	-673
Depreciation of right-of-use assets	-7,896
Total lease expenses in operating income	**-10,190**
Interest expenses on leasing liabilities	-1,201

Property, right-of-use buildings Amounts in SEK thousands	Group 2021
Opening balance, January 1, 2019	**45,231**
Depreciation of right-of-use assets	-8,230
Exchange rate differences	230
Discontinued operations	-3,617
Closing balance, December 31, 2020	**33,614**

The Group leases mainly office premises. The leasing agreements are normally written for fixed periods of 3-8 years. The average lease term is 5 years.

Leasing agreements for premises are negotiated locally and separately for each agreement and contain a large number of different contract terms. The Group has no call options or guarantees residual value. The leases do not contain any special conditions, covenants or restrictions that would mean that the leases would be terminated, but the leased assets may not be sold or pledged or used as collateral for loans. For existing leasing agreements for premises, the Group must keep these properties in good condition and restore the premises in acceptable condition upon termination of the lease. Furthermore, the Group must perform and pay for the necessary maintenance in accordance with the leases. Options to extend agreements are included in a number of the Group's leasing agreements for premises to increase the flexibility of the business. When determining the duration of the lease, management considers all available information that provides a financial incentive to exercise an extension option, or not to exercise an option to terminate an agreement. Opportunities to extend an agreement are only included in the duration of the lease if it is reasonably certain that the Group will extend (or not terminate) the lease period. As of December 31, 2021, the Group has determined that it is not reasonably certain that the Group will exercise any extension option and therefore no extension period is therefore not included in the lease debt. The potential effect of future discounted cash flows regarding the first extension period for leases with an extension option that is not included in the lease debt amounts to SEK 20 million.

Leasing fees are largely fixed fees. For a number of leasing agreements, there are future leasing fees that are based on a consumer price index and that are not included in the lease debt as long as the change in the consumer price index or variable interest rate has not occurred. Property tax costs are considered to be a variable lease payment and are therefore not included in the lease liability.

The Group's leasing agreements are normally short and linked to specific events.

Note 11. Fees and Reimbursements

Audit services and other assignments	Group		Parent company	
Amounts in SEK thousands	2021	2020	2021	2020
Deloitte, appointed auditor				
Auditing	836	1,052	836	1,052
Other	8	75	8	75
Total	**844**	**1,127**	**844**	**1,127**
Other auditors				
Auditing	168	193	-	-
Other	193	354	-	-
Total	**361**	**547**	**-**	**-**

Note 12. Financial Income and Expenses

Financial income and expenses	Group		Parent company	
Amounts in SEK thousands	2021	2020	2021	2020
Financial income				
Interest income	1,127	140	1,127	200
Exchange rate differences, net	2,659	-	2,659	-
Received group contributions	-	-	7	-
Dividends received from group companies	-	-	-	2,235
Realization result on divestment of group companies[1]	-	-	-69,765	197,157
Synthetic options, change in value (note 7)	-	124	-	124
Financial income	**3,786**	**264**	**-65,972**	**199,716**
Financial expenses				
Interest expenses	-1,212	-1,376	-3	-4
Exchange rate differences, net	-	-3,453	-	-3,453
Synthetic options, change in value (note 7)	-640	-56	-640	-56
Other financial expenses	-	-2	-	-2
Financial expenses	**-1,852**	**-4,887**	**-643**	**-3,515**
Net financial income and expenses	**1,934**	**-4,623**	**-66,615**	**196,201**

[1] The realization result on divestment of group companies is included in discontinued operations, see note 15

Note 13. Income Tax Expense

Tax Amounts in SEK thousands	Group 2021	 2020	Parent company 2021	 2020
Current tax				
Current tax on profits for the year	-199	-802	-	-
Total current tax	**-199**	**-802**	**-**	**-**
Deferred tax				
Tax losses carry-forwards	-4,600	1,503	-4,568	5,774
Deferred revenue	-52	-228	-	-
Intangible assets	104	590	-	-
Other	-91	-575	-	-
Total deferred tax	**-4,639**	**1,290**	**-4,568**	**5,774**
Total tax	**-4,838**	**488**	**-4,568**	**5,774**
Less tax discontinued operations	-68	4,800		
Tax continued operations	**-4,906**	**5,288**		

Difference between reported tax expense and tax expense based on applicable tax rate - total Amounts in SEK thousands	Group 2021	 2020	Parent company 2021	 2020
Profit/loss before tax	**-8,286**	**236,897**	**-49,085**	**168,518**
Tax at the Swedish tax rate of 20.6 (21.4)%	1,707	-50,696	10,112	-36,063
Effect of foreign tax rates	-108	-884	-	-
Tax effect of non-deductible expenses and non-taxable revenues	-6,608	52,534	-14,680	42,490
Adjustments in respect of prior years	171	170	-	-
Tax effect of changes in tax rates	-	-636	-	-653
Tax on income according to Income Statement	**-4,838**	**488**	**-4,568**	**5,774**
Effective tax rate for the year	***-58.4%***	***-0.2%***	***-9.3%***	***-3.4%***

Deferred tax Amounts in SEK thousands	Group Tax losses carry-forwards	Deferred revenue	Intangible assets	Other	Total	Parent company Tax losses carry-forwards
As of January 1, 2020	**23,502**	**2,099**	**57**	**1,339**	**26,997**	**15,144**
– to profit or loss	1,503	-228	590	-575	**1,290**	5,774
– to other comprehensive income	-541	-148	-72	-98	**-859**	-
As of December 31, 2020	**24,464**	**1,723**	**575**	**666**	**27,428**	**20,919**
– less discontinued operations	-	-	-	-	**-**	
As of December 31, 2020	**24,464**	**1,723**	**575**	**666**	**27,428**	
As of January 1, 2021	**24,464**	**1,723**	**575**	**666**	**27,428**	**20,919**
– to profit or loss	-4,600	-52	104	-91	**-4,639**	-4,568
– to other comprehensive income	230	103	42	-15	**360**	-
As of December 31, 2021	**20,094**	**1,774**	**721**	**560**	**23,149**	**16,350**
– less discontinued operations	-3,742	-1,684	-721	-114	**-6,261**	
As of December 31, 2021	**16,352**	**90**	**-**	**446**	**16,888**	

Deferred tax assets are recognized for tax loss carry-forwards to the extent it is likely that they can be utilized through future taxable profits. In 2021, Net Insight utilized deferred tax assets on tax loss carry-forward of net SEK -4.6 (-1.5) million.

The capitalization is based on expected long- term profitability. Of the tax loss carry-forwards SEK 16.4 (20.9) million are consisting of Swedish loss carry-forwards with indefinite useful lives and SEK 0 (3.5) million to tax loss carry-forwards in USA with definite useful lives.

Tax loss carry-forwards for which deferred tax is not reported Amounts in SEK thousands	Group 31 Dec 2021	31 Dec 2020	Parent company 31 Dec 2021	31 Dec 2020
Tax loss carry-forwards	7	4	-	-

Note 14. Earnings per Share

Earnings per share have been computed by dividing net income by the weighted average number of outstanding shares.

Earnings per share	2021	2020
Average number of outstanding shares in thousands		
-Basic	382,162	382,758
-Diluted	384,174	382,758
Continued operations		
Net income attributable to stockholders of the parent, SEK thousands	23,802	-14,677
Earnings per share before dilution, SEK	0.06	-0.04
Earnings per share after dilution, SEK	0.06	-0.04
Discontinued operations		
Net income attributable to stockholders of the parent, SEK thousands	-36,926	252,060
Earnings per share before dilution, SEK	-0.10	0.66
Earnings per share after dilution, SEK	-0.10	0.66
Total, including discontinued operations		
Net income attributable to stockholders of the parent, SEK thousands	-13,124	237,383
Earnings per share before dilution, SEK	-0.03	0.62
Earnings per share after dilution, SEK	-0.03	0.62

Note 15. Discontinued Operations

The business area Resource Optimization (ScheduALL) was divested on March 31, 2021, and is reported as discontinued operations in this report . The cash considiration amounted to SEK 52.3 million on a cash and debt-free basis, including a normalized working capital. The divestment entailed a capital loss of SEK -35.9 million, and an impact on liquidity (after deduction of transaction costs) of SEK 38.8 million.

During the year, the parent company also received the final payment from the divestment of the Streaming Solutions (Sye) business area of SEK 31.6 million.

The divestments of the business areas are fully settled as of December 31, 2021.

Income from Discontinued Operations

Amounts in SEK thousands	2021	2020
Revenues	15,101	66,482
Expenses	-16,176	-55,970
Capital gain on disposal of discontinued operations	-35,919	246,350
Profit/loss before tax	**-36,994**	**256,862**
Tax	68	-4,802
Net income discontinued operations	**-36,926**	**252,060**

Cash Flow from Discontinued Operations

Amounts in SEK thousands	2021	2020
Cash flow from operating activities	899	21,455
Cash flow from investment activities	67,173	280,938
Cash flow from financing activities	-	-
Cash flow from discontinued operations, net	**68,072**	**302,393**

Assets held for Sale

	Group		Parent company	
Amounts in SEK thousands	2021	2020	2021	2020
Disposed assets and liabilities				
Capitalized expenditure for development	70,198	79,756		
Goodwill	22,932	-		
Other intangible assets	3,642	-		
Right-of-use assets	3,617	-		
Equipment	2,688	250		
Deferred tax asset	6,261	13,598		
Deposits	407	-		
Accounts receivable	7,916	-		
Other receivables	1,859	186		
Cash and cash equivalents	2,274	1,533		
Lease liabilities, non-current	-2,593	-		
Other liabilities, non-current	-5,862	-		
Lease liabilities	-1,291	-		
Accounts payable	-1,702	-		
Other liabilities	-32,596	-2,875		
Net assets and liabilities	**77,750**	**92,448**		
Cash consideration	49,538	348,002	49,538	348,002
Less: Escrow	-24,428	-34,917	-24,428	-34,917
Less: Cash and cash equivalents in discontinued operations	-2,274	-1,533	-	-
Less: Transaction costs	-7,707	-9,204	-7,707	-9,204
Effect on group's cash and cash equivalents at divestment	**15,129**	**302,348**	**17,403**	**303,881**
Final settlements	55,213	-	55,213	-
Intra-group transfer	-	-	-	669
Disposal of subsidiary, net effect on cash	**70,342**	**302,348**	**72,616**	**304,550**

Note 16. Intangible Assets

Capitalized expenditure for development	Group		Parent company	
Amounts in SEK thousands	2021	2020	2021	2020
Accumulated cost at beginning of year	610,140	550,440	184,563	134,039
Acqusitions within group	-	-	-	-
New purchases	59,585	71,933	56,416	50,524
Retirements	-	-	-	-
Reclassification	-	-2,568	-	-
Exchange diffrences	4,832	-9,665	-	-
Discontinued operations	-80,050	-	-	-
Closing accumulated cost	**594,507**	**610,140**	**240,979**	**184,563**
Accumulated amortization and impairment at beginning of year	-401,202	-365,859	-39,788	-7,991
Amortization for the year	-44,325	-38,548	-42,928	-31,434
Reclassification	-	2,206	-	-363
Exchange differences	-569	999	-	-
Discontinued operations	9,852	-	-	-
Closing accumulated amortization	**-436,244**	**-401,202**	**-82,716**	**-39,788**
Carrying amount	**158,263**	**208,938**	**158,263**	**144,776**

Other intangible assets	Group		Parent company	
Amounts in SEK thousands	2021	2020	2021	2020
Accumulated cost at beginning of year	36,580	35,973	14,637	11,006
New purchases	-	2,413	-	2,413
Scraped	-4,633	-34	-4,633	-34
Reclassification	-186	1,252	-186	1,252
Exchange differences for the year	1,434	-3,024	-	-
Discontinued operations	-23,377	-	-	-
Closing accumulated cost	**9,818**	**36,580**	**9,818**	**14,637**
Accumulated amortization and impairment at beginning of year	-28,751	-25,413	-10,656	-7,772
Amortization for the year	-2,031	-5,227	-1,590	-2,316
Scraped	4,328	3	4,328	3
Reclassifications	50	-572	50	-572
Exchange differences for the year	-1,199	2,458	-	-
Discontinued operations	19,735	-	-	-
Closing accumulated amortization	**-7,868**	**-28,751**	**-7,868**	**-10,656**
Carrying amount	**1,950**	**7,830**	**1,950**	**3,981**
Other intangible assets consists of:				
Trademark	-	3,402	-	-
Customer relationships	-	447	-	-
Other	1,950	3,981	1,950	3,981
Total	**1,950**	**7,830**	**1,950**	**3,981**

Goodwill	Group	
Amounts in SEK thousands	2021	2020
Accumulated cost at beginning of year	58,166	65,582
Exchange differences for the year	3,517	-7,416
Discontinued operations	-22,932	-
Closing accumulated cost	**38,751**	**58,166**
Carrying amount	**38,751**	**58,166**

Allocation of goodwill

At year-end, SEK 38.8 (36.6) million of goodwill was attributable to Media Networks/continuing bussiness. Previous year, SEK 21.5 million was also attributable to Resource Optimization.

Impairment test

Each operating segment is a cash-generating unit (CGU). The impairment tests are based on five-year strategic plans for all CGU, where the recoverable amounts are determined as the present value of estimated future cash flows.

Estimation of future cash flows includes assumptions mainly for the following key financial parameters:

- Sales growth
- Development of operating income and EBITDA
- Related development of working capital and capital expenditure requirements.

The assumptions are also based upon information gathered in the Company's long-term strategy process, including assumptions on the development of current products and forthcoming launches, the Company's competitive position and the development of the global media market.

Future cash flows, including assessed final value, are present value calculated using discount rate. Net Insight has chosen a discount factor after tax, where estimated future cash flows also include tax. On the basis of the actual applied required rate of return after tax (WACC) Net Insight has made a translation to an estimate corresponding to a required rate of return before tax by dividing with a minus tax rate. The discount factor reflects market assessments of monetary values over time and specific risks inherent in the assets. Cash flows beyond the three-year period is extrapolate using an estimated growth rate. The perpetuity growth rate applied was two (2) percent.

The discount rate before tax applied is 8.7%. A three (3) percentage point change in the discount rate does not cause any impairment. A two (2) percentage point change in estimated EBITDA does not cause any impairment. A two (2) percentage point change in growth does not cause any impairment.

Based on the above, no impairment is considered necessary.

Note 17. Tangible Fixed Assets

Inventory	Group		Parent company	
Amounts in SEK thousands	2021	2020	2021	2020
Accumulated cost at beginning of year	50,210	55,416	43,003	49,811
New purchases	2,125	3,062	2,125	222
Scraped	-293	-5,391	-293	-5,324
Reclassification	-	-1,931	-	-1,706
Exchange differences for the year	570	-946	-	-
Discontinued operations	-5,208	-	-	-
Closing accumulated cost	**47,404**	**50,210**	**44,835**	**43,003**
Accumulated amortization at beginning of year	-25,221	-25,885	-22,596	-24,235
Amortization for the year	-5,475	-6,176	-4,842	-4,813
Scraped	289	5,117	289	5,064
Reclassification	-	1,388	-	1,388
Exchange differences for the year	-224	335	-	-
Discontinued operations	2,520	-	-	-
Closing accumulated amortization	**-28,111**	**-25,221**	**-27,149**	**-22,596**
Carrying amount	**19,293**	**24,989**	**17,686**	**20,407**

Note 18. Inventories

Inventories	Group		Parent company	
Amounts in SEK thousands	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Products in process	-	-	-	-
Finished goods	53,712	52,470	53,712	52,470
Total	**53,712**	**52,470**	**53,712**	**52,470**

The expensed inventories are included in cost of sales and amount to SEK -88,446 (-66,135) thousand.

Inventories with a value of SEK 88,119 (86,530) thousand were impaired to an estimated net realizable value of SEK 53,712 (52,470) thousand.

This year's effect in profit or loss of impairment and scrap of inventories for the year amounts to SEK -2,825 (-5,813) thousand and is recognized in cost of sales.

Note 19. Contract Assets and Liabilities

Contract assets	Group		Parent company	
Amounts in SEK thousands	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Hardware	9,492	2,577	9,492	2,577
Software licenses	3,026	1,864	3,026	1,536
Support and Services	-	303	-	303
Total	**12,518**	**4,744**	**12,518**	**4,416**
Whereof:				
Non-current assets	-	-	-	-
Current assets	12,518	4,744	12,518	4,416
Total	**12,518**	**4,744**	**12,518**	**4,416**

Contract liabilities	Group		Parent company	
Amounts in SEK thousands	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Hardware	7,825	-	7,825	-
Software licenses	4,186	-	4,186	-
Support and Services*	47,907	60,959	47,496	24,626
Total	**59,918**	**60,959**	**59,507**	**24,626**
Of which:				
Non-current liabilities	5,830	13,500	5,830	6,251
Current liabilities*	54,088	47,459	53,677	18,375
Total	**59,918**	**60,959**	**59,507**	**24,626**

Revenue recognized that was included in the contract liability balance at the beginning of the period	Group		Parent company	
Amounts in SEK thousands	2021	2020	2021	2020
Hardware	-	-	-	-
Software licenses	-	-	-	-
Support and Services*	30,396	55,610	18,375	25,221
Total	**30,396**	**55,610**	**18,375**	**25,221**

*Contract liabilities as of December 31, 2020 included items for operations divested in 2021.

Transaction price allocated to the remaining obligations[1]	Group					
Amounts in SEK thousands	2022	2023	2024	2025	2026	**Total**
Hardware	7,825	-	-	-	-	**7,825**
Software licenses	4,186	-	-	-	-	**4,186**
Support and Services	42,077	2,705	1,777	1,215	133	**47,907**
Total	**54,088**	**2,705**	**1,777**	**1,215**	**133**	**59,918**

[1] Revenue from performance obligations that are unsatisfied (or partly unsatisfied) at December 31, 2021, are expected to be recognized as stated in the table above.

Note 20. Accounts Receivable and other Receivables

Accounts receivable and other receivables	Group		Parent company	
Amounts in SEK thousands	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Accounts receivable	107,917	100,528	107,917	92,048
Provision for impairment of receivables	-1,241	-1,872	-1,241	-1,595
Provisions in accordance to IFRS 9	-607	-540	-	-
Accounts receivable, net	**106,069**	**98,116**	**106,676**	**90,453**
Other receivables	19,906	41,046	19,967	35,719
Prepaid expenses	8,012	4,830	10,195	10,385
Carrying amount of accounts receivable and other receivables	**133,987**	**143,992**	**136,838**	**136,557**

In 2021, the group reported SEK 503 (118) thousand as realized loss of accounts receivables.
An age of analysis of the Group's overdue accounts receivable and provisions for impairment of receivables follows.

Group's overdue accounts receivables		
Amounts in SEK thousands	31 Dec 2021	31 Dec 2020
Less than a month	10,992	13,933
1-3 months	12,745	7,415
3-6 months	3,530	6,065
More than 6 months	7,445	21,961
Total	**34,712**	**49,374**

Group's movements on the provisions for impairment of accounts receiva		
Amounts in SEK thousands	31 Dec 2021	31 Dec 2021
Reversed unused amounts	-1,241	-1,872
Media Networks, continued operations	*-1,241*	*-1,596*
Resource Optimization, discontinued operations	*-*	*-276*
Provisions for receivables impairment	-607	-540
Provision expected credit losses (ECLs)	**-1,848**	**-2,412**

Group's accounts receivable and other receivables, carrying amount/currency		
Amounts in SEK thousands	31 Dec 2021	31 Dec 2021
SEK	26,789	44,309
USD	46,677	72,043
EUR	60,494	27,105
GBP	16	418
SGD	11	117
Total	**133,987**	**143,992**

Group's accounts receivables	31 Dec 2021		31 Dec 2020	
Amounts in SEK thousands	Amount	Proportion	Amount	Proportion
Accounts receivables < 1 SEK million per customer	20,593	*20%*	24,116	*24%*
Accounts receivables 1- 5 MSEK million per customer	33,101	*31%*	33,202	*34%*
Accounts receivables > 5 SEK million per customer	52,375	*49%*	40,798	*42%*
Total	**106,069**	***100%***	**98,116**	***100%***

Current receivables contain the following major items:	Group		Parent company	
Amounts in SEK thousands	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
VAT claims	3,700	2,890	3,684	2,583
Foreign currency swaps	-	-	-	-
Other	16,206	38,156	16,283	33,136
Total	**19,906**	**41,046**	**19,967**	**35,719**

Prepaid expenses include the following major items:	Group		Parent company	
Amounts in SEK thousands	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Prepaid rent	318	264	2,502	2,563
Prepaid employee-related expenses	939	787	939	787
Other items	6,755	3,779	6,754	7,035
Total	**8,012**	**4,830**	**10,195**	**10,385**

Note 21. Cash and Cash Equivalents

Cash and cash equivalents	Group		Parent company	
Amounts in SEK thousands	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Cash and bank balances	354,863	283,184	350,422	263,558
Total cash and cash equivalents	**354,863**	**283,184**	**350,422**	**263,558**
Of which in blocked account	*1,200*	*1,200*	*1,200*	*1,200*

Note 22. Financial Assets and Liabilites

Group's financial instruments by category	31 Dec 2021			31 Dec 2020		
Amounts in SEK thousands	Value-tier	Assets measured at amortized cost	Assets measured at fair value through profit or loss	Value-tier	Loan receivables and accounts receivables	Assets 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		91,669			130,667	
Cash and cash equivalents		354,863			283,184	
Total		**446,532**	**-**		**413,851**	**-**

Group's financial instruments by category	31 Dec 2021			31 Dec 2020		
Amounts in SEK thousands	Value-tier	Liabilities measured at amortized cost	Liabilities measured at fair value trough profit and loss	Value-tier	Liabilities measured at amortized cost	Liabilities measured at fair value trough profit and loss
Liabilities in Balance Sheet						
Synthetic options	2			2		-
Derivative instruments	2		2,104	2		-
Accounts payable and other liabilities, excluding non-financial liabilities		41,964			22,763	
Lease liabilities		34,200			45,729	
Total		**76,164**	**2,104**		**68,492**	**-**

Financial instruments in tier 2

The fair value of derivative instruments is measured using exchange rates of currency forwards on the reporting date where the resulting value is discounted to present value.

Financial instruments measures on the basis of inputs that are not based on observable market data. 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. See also note 7.

Financial liabilities maturity structure	Group	
	31 Dec 2021	31 Dec 2020
<1 year	51,250	31,623
1-5 yeas	24,914	36,869
>5 years	-	-
Total	**76,164**	**68,492**

Note 23. Participations in Group Companies

Subsidiaries to the parent company and other major subsidiaries within the group as of December 31, 2021:					
Amounts in SEK thousands	Share of equity, parent company (%)	Share of equity, group (%)	Number of shares parent company	Carrying amounts, parent company	Equity
Net Insight Consulting AB (publ), corp. ID. no. 556583-7365, registered office: Solna, Sweden	100	100	5,000	500	491
Net Insight Pte. Ltd., registered office: Singapore	100	100	1	0	2,684
Q2 Labs AB, corp. ID. no. 556640-8570, registered office: Solna, Sweden	100	100	142,864	171,721	142,448
Net Insight Intellectual Property AB (NIIP AB), corp. ID. no. 556579-4418, registered office: Solna, Sweden	-	100	-	-	76,439
Net Insight UK Ltd; registered office: London, UK	100	100	1	0	250
Net Insight Inc; registered office: Delaware, USA	100	100	1	2,674	5,323
Total				**174,895**	**227,635**

All subsidiaries are fully consolidated. Share of equity and vote are the same in the subsidiaries.

The group has no non-controlling interests or assets with significant restrictions

Accumulated cost	Parent company	
Amounts in SEK thousands	31 Dec 2021	31 Dec 2020
Accumulated cost at beginning of year	**246,400**	**243,777**
Shareholders' contribution	-	2,673
Liquidation	-71,505	-50
Total participations in group companies	**174,895**	**246,400**

Note 24. Share Capital

Share capital of SEK 15,597 thousand is divided between 389,933,009 shares, with a par value of SEK 0.04 per share. One class A share is entitled to ten (10) votes and one class B share is entitled to one (1) votes. All shares issued by the parent company have been fully paid.

During the period November-December 2021, the parent company acquired 5,450,000 of its own class B shares through purchases on Nasdaq Stockholm for a total amount of SEK 33.4 million. At the end of the reporting period, the parent company had a total of 12,625,000 of its own class B shares, at an average cost of SEK 5.17 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.

For more information about the share, see The Share and shareholders in the Adminstration report on page 44 and section the Share on pages 40-41.

	31 Dec 2021			31 Dec 2020		
The division of shares	A-shares	B-shares	**Total**	A-shares	B-shares	**Total**
Outstanding shares	1,000,000	376,308,009	**377,308,009**	1,000,000	381,758,009	**382,758,009**
Repurchased own shares	-	12,625,000	**12,625,000**	-	7,175,000	**7,175,000**
Issued shares	**1,000,000**	**388,933,009**	**389,933,009**	**1,000,000**	**388,933,009**	**389,933,009**

Note 25. Other Provisions

Group	Current provision			Non-current provisions			
Amounts in SEK thousands	Warranty provisions[1]	Variable incentive program[2]	Other provisions	Warranty provisions[1]	Variable incentive program[2]	Other provisions	Total
As of January 1, 2020	**1,443**	**593**	**-**	**1,443**	**575**	**2,672**	**6,726**
- additional provisions	225	651	**-**	225	219	-	**1,320**
- used amount affecting liquidity	-	-1,020	**-**	-	-	-	**-1,020**
- reversed unused amount	-	-	**-**	-	-136	-	**-136**
- share-based remuneration	-	-4	**-**	-	-97	-	**-101**
- reclassification	-	171	**-**	-	-171	-	**-**
As of December 31, 2020	**1,668**	**391**	**-**	**1,668**	**390**	**2,672**	**6,789**
As of January 1, 2021	**1,668**	**391**	**-**	**1,668**	**390**	**2,672**	**6,789**
- additional provisions	155	94		155	448	-	**852**
- used amount affecting liquidity	-	-547		-	-	281	**-266**
- reversed unused amount	-	-		-	-14	-	**-14**
- share-based remuneration	-	233		-	366	-	**599**
- reclassification	-	418		-	-418	-	**-**
As of December 31, 2021	**1,823**	**589**	**-**	**1,823**	**772**	**2,953**	**7,960**

1) Warranty provisions have been used to cover potential future expenses due to executed business transactions

2) Provisions for the variable incentive program had been made to cover likely future compensation, including social security contributions. Variable incentive program is participation in the synthetic share program. Share-based remuneration is value changes in amounts held in escrow. The terms and conditions of the synthetic share program are stated in note 7.

Parent company	Current provision			Non-current provisions			
Amounts in SEK thousands	Warranty provisions[1]	Variable incentive program[2]	Other provisions	Warranty provisions[1]	Variable incentive program[2]	Other provisions	Total
As of January 1, 2020	**1,443**	**593**	**-**	**1,443**	**575**	**3,610**	**7,664**
- additional provisions	225	651	-	225	219	-	**1,320**
- used amount affecting liquidity	-	-1,020	-	-	-	-562	**-1,582**
- reversed unused amount	-	-	-	-	-136	-	**-136**
- commitment transferred between group companies	-	-	-	-	-	-	**-**
- share-based remuneration	-	-4	-	-	-97	-	**-101**
- reclassification	-	171	-	-	-171	-	**-**
As of December 31, 2020	**1,668**	**391**	**-**	**1,668**	**390**	**3,048**	**7,165**
As of January 1, 2021	**1,668**	**391**	**-**	**1,668**	**390**	**3,048**	**7,165**
- additional provisions	155	94	-	155	448	-	**852**
- used amount affecting liquidity	-	-547	-	-	-	-283	**-830**
- reversed unused amount	-	-	-	-	-14	-	**-14**
- commitment transferred between group companies	-	-	-	-	-	-	**-**
- share-based remuneration	-	233	-	-	366	-	**599**
- reclassification	-	418	-	-	-418	-	**-**
As of December 31, 2021	**1,823**	**589**	**-**	**1,823**	**772**	**2,765**	**7,772**

1) Warranty provisions have been used to cover potential future expenses due to executed business transactions
2) Provisions for the variable incentive program had been made to cover likely future compensation, including social security contributions. Variable incentive program is participation in the synthetic share program. Share-based remuneration is value changes in amounts held in escrow. The terms and conditions of the synthetic share program are stated in note 7.

Note 26. Other Liabilites

Other liabilities	Group		Parent company	
Amounts in SEK thousands	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Employee-related taxes	2,533	2,413	2,489	2,374
Derivatives	2,104	-	2,104	-
Other current liabilities	917	3,093	1,001	10,632
Total current liabilities	**5,554**	**5,506**	**5,594**	**13,006**

Note 27. Accrued Expenses

Accrued expenses	Group		Parent company	
Amounts in SEK thousands	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Vacation pay liability	8,757	9,090	8,383	8,699
Social security contribution	1,339	2,112	1,339	2,093
Accrued remuneration to employees	19,138	11,429	16,615	9,154
Other	8,594	10,402	8,253	983
Total accrued expenses	**37,828**	**33,033**	**34,590**	**20,929**

Note 28. Cash Flows Statements

Other items not affecting liquidity	Group		Parent company	
Amounts in SEK thousands	2021	2020	2021	2020
Synthetic options, change in value	640	-68	640	-68
Capital gain/losses	41,521	-238,977	75,367	-190,000
Provisions	932	-32	932	181
Unrealized exchange differences	-8,494	9,184	241	-
Total	**34,599**	**-229,893**	**77,180**	**-189,887**

Interest	Group		Parent company	
Amounts in SEK thousands	2021	2020	2021	2020
Interest received	1,127	146	1,127	200
Interest paid	-1,212	-1,856	-3	-4
-Which interest paid related to lease liabilities	*-1,201*	*-1,670*	-	-

Note 29. Pledged Assets and Contingent Liabilites

Pledged assets	Group		Parent company	
Amounts in SEK thousands	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Deposits	4,784	5,400	4,686	4,927
Of which in blocked accounts	1,200	1,200	1,200	1,200
Total	**5,984**	**6,600**	**5,886**	**6,127**

Contingent liabilities	31 Dec 2021		31 Dec 2021	
Amounts in SEK thousands	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Guarantee[1]	-	-	-	4,271
Total	**-**	**-**	**-**	**4,271**

[1] The parent company guarantees for a subsidiaries' leases for office premises.

Note 30. Proposed Appropriation of Profit

The following funds are at the disposal of the parent company (SEK thousands):	2021
Premium reserve	51,296
Retained earnings	390,751
Net income	-53,653
Total	**388,394**

The Board of Directors proposes that funds be appropriated as follows:	2021
Brought forward:	388,394
Total	**388,394**

Note 31. Significant Events after the Reporting Period

The war in Ukraine, which began in February 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.

The Consolidated Income Statement and Consolidated Balance Sheet will be submitted to the Annual General Meeting on May 13, 2022 for adoption.

The Board of Directors and Chief Executive Officer declare that the consolidated accounts have been prepared in accordance with IFRS as endorsed by the EU, and give a true and fair view of the group's financial position and results of operations. The annual accounts have been prepared in accordance with generally accepted accounting policies and give a true and fair view of the parent company's financial position and results of operations.

The Administration Report for the group and parent company gives a true and fair view of the progress of the group's and parent company's operations, financial position and results of operations, and state the significant risks and uncertainties factors facing the parent company and companies in the group.

Solna March 25, 2022

Gunilla Fransson
Chairman

Kjell Arvidsson
Board member

Jan Barchan
Board member

Mathias Berg
Board member

Charlotta Falvin
Board member

Anders Harrysson
Board member

Crister Fritzson
CEO

Our Audit Report was submitted
Stockholm March 25, 2022
Deloitte AB

Therese Kjellberg
Authorized Public Accountant

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

Auditors Report

Auditor’s Report

To the general meeting of the shareholders of Net Insight AB (publ) corporate identity number 556533-4397

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Net Insight AB (publ) for the financial year 2021-01-01 - 2021-12-31. The annual accounts and consolidated accounts of the company are included on pages 42-47 and 50-105 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 20218 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue recognition

The Group's net sales of 2021 amount to SEK 381 million. Revenue is generated from the sale of hardware, software licenses and services. In some cases, the sales agreements comprise bundled products and services which thereby contain transfer of several components. Revenue is recognized when the control for underlying goods or services for a performance obligation have been transferred to the customer. If a promise of a product or service meets the criteria to be "distinct", then it is a performance obligation that should be recognized separately from other goods and services in the agreement. Identification of distinct performance obligations dependent upon management's assessment and can have a significant impact on the timing of the recognition of revenues and earnings.

For further information, please refer to the Group's accounting policies in note 1.16 on pages 64-65 and description of significant estimates and assessments in Note 3 A on pages 69-70.

Our audit procedures included but were not limited to:

- Review of management’s assessment of principles for revenue recognition and its compliance with IFRS
- review of the process and test of implementation of key controls

- audit on a sample basis of revenue transactions and the allocation of transaction prices to different performance obligations and the accrual accounting of sales agreements that include bundled offerings as well as cut-off testing of revenue transactions close to the year-end
- Performed audit procedures through data analysis on a selection of transactions to test completeness and accuracy
- evaluation of the group's principles and that sufficient disclosures are included in the financial statements

Valuation of capitalized development expenditures

The group's capitalized development expenditures amount to SEK 158 million as of 31 December 2021 which mainly includes internally capitalized expenditures. Expenditures for development is capitalized as an intangible asset provided that the criteria's described in the group's accounting policies on page 61 are met. The capitalization and subsequent valuation of development expenditures is based on management's assessment if the projects will be successful in terms of commercial and technical possibilities. There is a risk that development expenditures do not meet the requirements for capitalization and that the book value of individual assets exceeds the recoverable amount which may have a significant impact on the group's earnings and financial position. Furthermore, there is a risk that these assets will not generate economic benefits for the group throughout the period of management estimates.

For further information please refer to the group's accounting policies in note 1.7 A on page 61 and the description of important estimates and assessments in note 3 D on page 70 and note 17 regarding intangible assets.

Our audit procedures included but were not limited to:

- review of the capitalization, valuation and impairment process of development expenditures and test of design and implementation of key controls
- evaluation of the Group's principles for capitalization of internally generated development costs
- review of a selection of internally generated development costs and evaluation of management's assessment of capitalization
- evaluated and challenged key assumptions in management's impairment tests, such as assumptions about sales growth, EBITDA margin and perpetual growth
- Involved valuation specialists in evaluating valuation method and when assessing discount rates
- conducted sensitivity analyses and independent estimates on key assumptions sales growth, EBITDA development and weighted average cost of capital
- evaluation of the group's principles for capitalization of internally generated development expenses and that sufficient disclosures are included in the financial statements

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts. The other information consists of the remuneration report that we obtained before the date of this auditor's report and pages 1-41, 48-49, and 114-128. The compensation report is also other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process..

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Net Insight AB (publ) for the financial year 2021-01-01 - 2021-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Net Insight AB for the financial year 2021-01-01 – 2021-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report 656098742ce7b4948bf3f2d2e672786dd87009bcf9f693752497fc2c8bba5b3f has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Net Insight AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

Deloitte AB, was appointed auditor of Net Insight AB by the general meeting of the shareholders on the 2021-05-07 and has been the company's auditor since 2017-05-09.

Stockholm March 25, 2022

Deloitte AB

Therese Kjellberg

Authorized public accountant

This is a translation of the Swedish language original.

In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Auditor’s Report on the Statutory Sustainability Report

To the general meeting of the shareholders in Net Insight AB (publ) corporate identity number 556533-4397

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for the financial year 2021-01-01 – 2021-12-31 on pages 26-31 and 48-49, and that it is prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR:s standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm March 25, 2022

Deloitte AB

Therese Kjellberg

Authorized Public Accountant

This is a translation of the Swedish language original.

In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Auditor’s Report on the Corporate Governance Statement

To the general meeting of the shareholders in Net Insight AB (publ) corporate identity number 556533-4397

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2021-01-01 - 2021-12-31 on pages 35-39 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR’s auditing standard RevR 16 The auditor’s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm March 25, 2022

Deloitte AB

Therese Kjellberg

Authorized public accountant

This is a translation of the Swedish language original.

In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Five Year Summary

Five Year Summary

Five year summary[2]

SEK millions (if not defined differently	2021	2020	2019	2018	2017
Earnings continued operations[1]					
Net sales per business area					
Media Networks	380.7	332.1	377.8	375.1	347.0
Resource Optimization	15.1	66.9	70.8	74.4	78.9
Streaming Solutions	-	-0.4	9.5	2.1	1.1
Discontinued operations	-15.1	-66.5	-80.3	-2.1	-
Net sales	**380.7**	**332.1**	**377.8**	**449.5**	**427.0**
Gross earnings	228.4	202.2	243.2	273.0	247.6
Operating expenses	209.1	202.5	224.8	270.5	256.8
Total development expenditure	109.4	106.4	85.2	140.3	149.7
EBITDA	28.1	-19.0	26.6	-49.0	-23.7
Operating earnings	26.8	-15.3	15.4	-34.1	-7.5
Profit/loss before tax	28.7	-20.0	14.3	-32.7	5.3
Net income	23.8	-14.7	20.8	-25.9	3.5
Balance sheet and cash flow including discontinued operations					
Cash and cash equivalents	354.9	283.2	52.3	92.9	177.7
Working capital	73.1	57.8	46.8	42.8	37.4
Total cash flow	71.0	232.6	-41.2	-85.5	-36.8

1) Separate reporting of discontinued operations has only been made for the years 2019-2021, thus previous years' figures also include the Streaming Solution and Resource Optimization business area.

2) During the transition to IFRS 16 in 2019, the comparison periods were not recalculated. The effects of the introduction of IFRS 16 are presented on pages 43–44 in the annual report for 2019.

SEK millions (if not defined differently	2021	2020	2019	2018	2017
The share					
Dividend per share, SEK	-	-	-	-	-
Earnings per share, basic continued operations, SEK	0.06	-0.04	0.05	-0.07	0.01
Earnings per share, diluted continued operations, SEK	0.06	-0.04	0.05	-0.07	0.01
Earnings per share, basic discontinued operations, SEK	-0.10	0.66	-0.14	-0.08	-
Earnings per share, diluted discontinued operations, SEK	-0.10	0.66	-0.14	-0.08	-
Earnings per share including discontinued operations, basic, SEK	-0.03	0.62	-0.08	-0.15	0.01
Earnings per share including discontinued operations, diluted, SEK	-0.03	0.62	-0.08	-0.15	0.01
Cash flow per share, basic, SEK	0.19	0.61	-0.11	-0.22	-0.10
Cash flow per share, diluted, SEK	0.18	0.61	-0.11	-0.22	-0.10
Equity per share basic , SEK	1.69	1.81	1.21	1.29	1.42
Equity per share diluted, SEK	1.68	1.81	1.21	1.29	1.42
Average number of outstanding shares basic, thousands	382,162	382,758	382,812	383,478	385,057
Average number of outstanding shares diluted, thousands	384,174	382,758	382,812	383,478	385,057
Number of outstanding shares at the end of the period, basic, thousands	377,308	382,758	382,758	383,458	383,618
Number of outstanding shares at the end of the period, diluted, thousands	380,363	382,758	382,758	383,458	383,618
Share price at end of period, SEK	6.62	1.58	2.30	2.68	4.73
Employees and consultants continued operations					
Average number of employees and consultants	154	152	135	202	245
KPI continued operations[1]					
Net sales YoY, change in %	*14.6%*	*-12.1%*	*0.7%*	*5.3%*	*-15.2%*
Gross margin	*60.0%*	*60.9%*	*64.4%*	*60.7%*	*58.0%*
Total development expenditure/Net sales	*28.7%*	*32.0%*	*22.6%*	*31.1%*	*35.0%*
Operating margin	*7.0%*	*-4.6%*	*4.1%*	*-7.6%*	*-1.8%*
EBITDA margin	*7.4%*	*-5.7%*	*7.0%*	*3.0%*	*-5.5%*
Net margin	*6.3%*	*-4.4%*	*5.5%*	*-5.8%*	*0.8%*
KPI Group including discontinued operations					
Return on capital employed	*3.9%*	*-0.6%*	*-7.4%*	*-14.1%*	*-1.3%*
Equity/asset ratio	*78.0%*	*80.3%*	*67.6%*	*76.0%*	*78.3%*
Return on equity	*-2.0%*	*36.0%*	*-6.6%*	*-14.4%*	*0.6%*

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. The APMs in this report may differ from similar-titled measures used by other companies.

For 2018, 2019 and 2020, key figures for the income statement have been calculated on continuing operations unless otherwise stated and key figures for the balance sheet have been calculated for the entire Group, including operations under divestment 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 perfomance 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.
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.
Organic growth	Net sales for the period in relation to Net sales for the comparative period, excluding Net sales from business combinations that not been part of the Group for the whole comparative period.	Sales growth without influenced of business combinations.
Net margin	Net Income as a percentage of net sales.	The net margin shows the remaining share of net sales after all of the company's costs have been deducted.
Adjusted performance and margin measures	Performance and margin measures adjusted for items affecting comparability between periods. See table Consolidated Income Statement, Adjusted on page 96.	Reporting performance and margin measures not influenced by items affecting comparability between periods shows the performance of the underlying operation.
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.
Total development (R&D) expenditure/net sales	Total development expenditure as percentage of net sales.	

EBITDA	Operating earnings before depreciation and amortization and capitalization of development expenditure.	The measures are good complements 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 margin	EBITDA as a percentage of net sales.	
Segment	Region corresponds to an operating segment under IFRS 8. Western Europe (WE). Americas (AM), North and South America. • Rest of World (RoW), countries outside of Western Europe and Americas.	

KPI Income Statement

KPI Income Statement SEK millions (if not defined differently	2021	2020	2019	2018	2017
Continued operations					
Net sales	380.7	332.1	377.8	449.5	427.0
Net sales YoY, change in %	*14.6%*	*-12.1%*	*0.7%*	*5.3%*	*-15.2%*
Cost of sales ex. amortization of capitalized development	-109.4	-98.5	-100.5	-126.3	-118.8
Gross earnings ex. amortization of capitalized development	**271.3**	**233.6**	**277.3**	**323.2**	**308.3**
Gross margin ex. amortization of capitalized development	*71.3%*	*70.3%*	*73.4%*	*71.9%*	*72.2%*
Cost of sales amortization of capitalized development	-42.9	-31.4	-34.1	-50.2	-60.7
Gross earnings	**228.4**	**202.2**	**243.2**	**273.0**	**247.6**
Gross margin	*60.0%*	*60.9%*	*64.4%*	*60.7%*	*58.0%*
Sales and marketing expenses	-104.3	-92.7	-106.8	-153.2	-144.7
Administration expenses	-51.9	-53.9	-70.2	-54.9	-49.7
Development expenses	-53.0	-55.9	-47.9	-62.4	-62.4
Operating expenses	**-209.1**	**-202.5**	**-224.8**	**-270.5**	**-256.8**
Operating expenses/net sales	*-54.9%*	*-61.0%*	*-59.5%*	*60.2%*	*60.1%*
Other operating income and expenses	7.5	-15.0	-3.0	-36.5	1.6
Operating earnings	**26.8**	**-15.3**	**15.4**	**-34.1**	**-7.5**
Operating margin	*7.0%*	*-4.6%*	*4.1%*	*-7.6%*	*-1.8%*
Net financial items	1.9	-4.6	-2.1	1.4	12.9
Profit/loss before tax	**28.7**	**-20.0**	**14.3**	**-32.7**	**5.3**
Tax	-4.9	5.3	6.5	6.7	-1.8
Net income continued operations	**23.8**	**-14.7**	**20.8**	**-25.9**	**3.5**
Net margin	*6.3%*	*-4.4%*	*5.5%*	*-5.8%*	*0.8%*
Discontinued operations, net after tax	-36.9	252.1	-52.9	-32.3	-
Net Income	**-13.1**	**237.4**	**-32.2**	**-58.2**	**3.5**

Development expenditure continued operations SEK millions (if not defined differently)	2021	2020	2019	2018	2017
Development expenses	53.0	55.9	47.9	62.4	62.4
Capitalization of development expenditure	56.4	50.5	37.3	45.7	87.3
Total development expenditure	**109.4**	**106.4**	**85.2**	**108.1**	**149.7**
Capitalization rate	*51.6%*	*47.5%*	*43.8%*	*42.3%*	*58.3%*
Net Sales	380.7	332.1	377.8	449.5	427.0
Total development expenditure/net sales	**29%**	**32%**	**23%**	**24%**	**35%**

EBITDA margin continued operations SEK millions (if not defined differently)	2021	2020	2019	2018	2017
Operating earnings	26.8	-15.3	15.4	-34.1	-7.5
Amortization of capitalized development expenditure	42.9	31.4	34.1	50.2	60.7
Other depreciation, amortization & impairment	14.8	15.4	14.4	43.1	10.5
Capitalization of development expenditure	-56.4	-50.5	-37.3	-45.7	-87.3
EBITDA	**28.1**	**-19.0**	**26.6**	**13.5**	**-23.7**
Net sales	380.7	332.1	377.8	449.5	427.0
EBITDA margin	**7.4%**	**-5.7%**	**7.0%**	**3.0%**	**-5.5%**

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 perfomance 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. 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.	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 (R4Q).	
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 analyse 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 including discontinued operations SEK millions (if not defined differently)	2021	2020	2019	2018	2017
Current assets	491.7	424.3	255.0	321.5	371.2
Cash and cash equivalents	-318.1	-237.1	-64.5	-139.2	-204.3
No interest-bearing short term liabilities	-100.5	-129.4	-143.8	-139.5	-129.4
Working capital	**73.1**	**57.8**	**46.8**	**42.8**	**37.4**

Capital employed including discontinued operations SEK millions (if not defined differently)	2021	2020	2019	2018	2017
Capital employed					
Total balance	820.1	856.6	695.0	694.3	716.5
No interest-bearing liabilities	-112.9	-148.8	-165.3	-159.1	-159.1
Capital employed	**707.1**	**707.8**	**529.7**	**535.2**	**557.4**
Operating earnings less interest income R4Q					
Operating earnings R4Q	28.7	-4.3	-38.6	-75.1	-7.5
Interest income R4Q	1.1	0.2	0.7	0.3	0.2
Operating earnings less interest income R4Q	**27.6**	**-4.5**	**-39.3**	**-75.4**	**-7.3**
Return on capital employed	**3.9%**	**-0.6%**	**-7.4%**	**-14.1%**	**-1.3%**

Equity/asset ratio including discontinued operations SEK millions (if not defined differently)	2021	2020	2019	2018	2017
Equity	646.5	692.6	463.7	493.9	546.1
Total equity and liabilities	828.6	862.4	686.5	649.9	697.4
Equity/asset ratio	**78.0%**	**80.3%**	**67.6%**	**76.0%**	**78.3%**

Return on equity including discontinued operations SEK millions (if not defined differently)	2021	2020	2019	2018	2017
Net income - R4Q	-13.1	237.4	-32.2	-58.2	3.5
Average equity - R4Q	668.5	659.0	485.4	535.2	557.4
Return on equity	**-2.0%**	**36.0%**	**-6.6%**	**-10.9%**	**0.6%**

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.	Reason for use of the measure
Employees and consultants/ Coworkers	The number of employees and consultants for non-temporary positions (longer than nine months) and who don't replace absent employees.	To supplement the number of employees with consultants gives a better measure of the Company's cost.

Average number of employees and consultants	2021	2020	2019	2018	2017
Average number of employees	139	168	183	205	208
Average number of consultants	26	30	34	34	36
Total average number of employee's and consultants	**165**	**198**	**217**	**239**	**245**
Average number of employees and consultants discontinued	-11	-46	-82	**-38**	**-**
Net Average number of employees and consultants continued operations	**154**	**152**	**135**	**202**	**245**

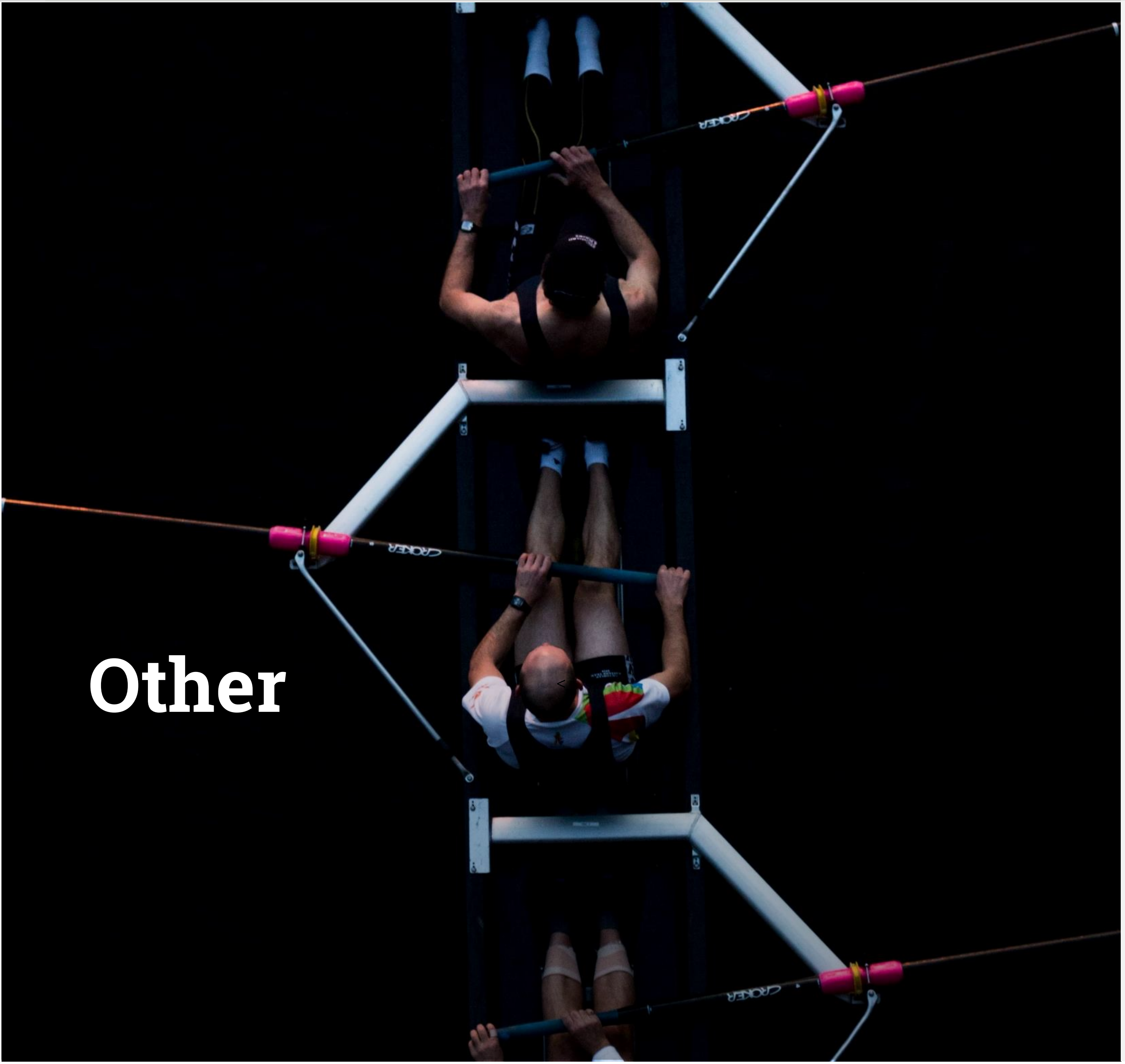
Material Profit and Loss Items

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:

All items in the table below effects operating earnings, except for (b) that effects net financial items and (i) that effects cash flow:

(a) Share-based benefits are value changes in amounts held in escrow for participation in the synthetic share program. See note 7 for more information.
(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. See note 7 for more information.
(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) Impairment losses on intangible fixed assets, recognized as a result of re-prioritization in the Nimbra portfolio.
(f) Lease for empty office refers to costs for remaining lease for the former head office after the move .
(g) 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.
(h) Costs for strategic advisory services and preparation for capital injection, which were interrupted as a result of the divestment of the Sye business.
(i) 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.

Material profit and loss items, continued operations, SEK millions	Not	2021	2020	2019	2018	2017
Effects of the Net Insight share price development during the period						
Share-based benefits	(a)	-0.4	-0.0	0.0	0.3	3.4
Synthetic options, change in value	(b)	-0.6	0.1	0.2	2.6	14.5
Total		**-1.1**	**0.0**	**0.3**	**3.0**	**17.9**
Exchange rate differences						
Part of Other operating income & expenses		6.6	-16.0	-2.9	-0.5	1.4
Part of Net Financial Items		2.7	-3.5	1.5	-1.6	-1.8
Total Exchange rate differences		**9.3**	**-19.5**	**-1.3**	**-2.1**	**-0.4**
Government grants Covid-19						
Reduction of employee expenses		0.8	3.4	-	-	-
Other operating income		-0.2	0.7	-	-	-
Total		**0.6**	**4.1**	**-**	**-**	**-**
Items affecting comparability						
Restructuring	(c)	-0.8	-0.9	-7.9	-5.9	-
Government grants Covid-19, other operating income	(d)	-0.2	0.7	-	-	-
Impairment of intangible assets	(e)	-	-	-	-35.9	-0.9
Empty office lease	(f)	-	-	-	-2.2	-
Adjustment cost for advisory services disposal of discontinued operations	(g)	0.4	-	-	-	-
Strategic advisory services and preparation for capital injection	(h)	-	-	-15.8	-	-
Total		**-0.7**	**-0.3**	**-23.6**	**-44.0**	**-0.9**
Operating earnings excluding items affecting comparability - Operating earnings, adjusted						
Operating earnings		26.8	-15.3	15.4	-34.1	-7.5
Items affecting comparability, as per above		0.7	0.3	27.8	48.3	17.0
Total		**27.4**	**-15.1**	**43.2**	**14.2**	**9.5**
Operating earnings excluding exchange rate differences						
Operating earnings		26.8	-15.3	15.4	-34.1	-7.5
Exchange rate differences, as per above		-6.6	16.0	2.9	0.5	-1.4
Total		**20.2**	**0.7**	**18.2**	**-33.6**	**-8.9**
Operating earnings excluding exchange rate differences & items affecting comparability						
Operating earnings		26.8	-15.3	15.4	-34.1	-7.5
Exchange rate differences, as per above		-6.6	16.0	2.9	0.5	-1.4
Items affecting comparability, as per above		0.7	0.3	27.8	48.3	17.0
Total		**20.8**	**1.0**	**46.0**	**14.7**	**8.1**
Cash Flow excluding disposal of subsidiary, net effect on cash, and repurchase of own shares	(i)					
Net change in cash and cash equivalents		71.0	232.6	-41.2	-85.5	-36.8
Disposal of subsidiary, net effect on cash		-70.3	-302.3	-	-	-
Repurchase of own shares		33.4	-	1.8	0.7	11.2
Total		**34.1**	**-69.7**	**-39.4**	**-84.7**	**-25.5**



Other

Financial Calendar

April 29, 2022
INTERIM REPORT January – March

May 13, 2022
ANNUAL GENERAL MEETING 2022

July 20, 2022
INTERIM REPORT January – June

November 8, 2022
INTERIM REPORT January – September

Shareholder Information

Annual General Meeting

The Annual General Meeting (AGM) will be Friday, 13 May 2022 at 10.00 CEST, at the company's premises at Smidesvägen 7, Solna, Sweden.

Shareholders who wish to participate in the annual general meeting must firstly be registered in the shareholders' register maintained by Euroclear Sweden AB on 5 May 2022, secondly notify the company of their participation in the Annual General Meeting no later than 9 May 2022.

The notification shall be sent by post to Net Insight AB, "Annual General Meeting", P.O. Box 1200, SE-171 23 Solna, Sweden, or by e-mail to agm@netinsight.net, or via telephone to +46 (0)8 685 04 00 weekdays 9:00 am – 4 pm.

Dividend

The Board of Directors is proposing to the AGM to resolve not to pay any dividend for the financial year 2021.

Distribution of Annual Report

The Annual Report 2021 will be published on April 22, 2022 at netinsight.net/investors

Printed versions of the Annual Report are available to order by e-mail: info@netinsight.net, or by telephone: +46 (0)8 685 04 00.

Net Insight publishes financial information in Swedish and English. The reports are available for download from Net Insight's website: netinsight.net or to order by e-mail: info@netinsight.net, or by telephone on +46 (0)8 685 04 00.

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Investor relations

The IR work at Net Insight is guided by the principle of providing direct, accurate, transparent and consistent information to the financial market. The purpose of Investor Relations is to keep the market continuously updated on the company and to contribute to a correct assessment of the Net Insight share.

Shareholders and other interested parties can subscribe to press releases and financial reports via e-mail.

Quiet period is applied during the period beginning on the first day of a reporting month and continues until the report is published. During this period, no investors and financial analyst meetings will be conducted.

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The Swedish annual report ("Årsredovisning") is the legally valid and original version and shall prevail in the event of any discrepancies. This is a translation of the Swedish original.