

Net Insight Interim Report

January – June 2021



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

April – June 2021

- Net sales amounted to SEK 94.1 (88.3) million, an increase of 6.5% year-on-year. In comparable currencies net sales increased by 13.2%.
- Operating earnings amounted to SEK 8.6 (-1.7) million, corresponding to an operating margin of 9.1% (-1.9%). Excluding foreign exchange rate differences of SEK 0.8 (-7.4) million, operating earnings were SEK 7.8 (5.7) million.
- Net income for the period for continuing operations was SEK 7.0 (-0.1) million and for the Group, including discontinued operations, SEK 7.0 (1.8) million.
- Earnings per share, basic and diluted, for the Group was SEK 0.02 (0.00).
- Total cash flow for the Group was SEK 16.7 million (-10.3).

January – June 2021

- Net sales amounted to SEK 172.0 (164.3) million, an increase of 4.7% year-on-year. In comparable currencies net sales increased by 12.4%.
- Operating earnings amounted to SEK 11.7 (3.2) million, corresponding to an operating margin of 6.8% (1.9%). Excluding foreign exchange rate differences of SEK 8.4 (1.8) million, operating earnings were SEK 3.3 (1.4) million.
- Net income for the period for continuing operations was SEK 10.9 (1.1) million. Net Income for the Group, including discontinued operations, was SEK -26.1 (250.1) million. This includes capital loss on disposal of discontinued operations of SEK -35.9 million (246.4).
- Earnings per share, basic and diluted, for the Group was SEK -0.07 (0.65).
- Total cash flow for the Group was SEK 30.8 million (235.1). Excluding the cash impact of the divestment of subsidiary, cash flow was SEK 15.7 million (-67.3).

Our strategy is starting to pay off

Crister Fritzson, CEO, Net Insight

Significant events:

- Third consecutive quarter with year-on-year growth
- Decision to include new technology in the Aperi portfolio
- Increased patent protection for time synchronization

FINANCIAL HIGHLIGHTS

SEK millions	Apr-Jun			Jan-Jun			Jul 2020- Jun 2021	Jan-Dec 2020	Change
	2021	2020	Change	2021	2020	Change			
Continuing operations									
Net sales	94,1	88,3	6,5%	172,0	164,3	4,7%	339,8	332,1	2,3%
Operating earnings	8,6	-1,7		11,7	3,2	267,7%	-6,8	-15,3	
Operating margin	9,1%	-1,9%		6,8%	1,9%		-2,0%	-4,6%	
Net income	7,0	-0,1		10,9	1,1	860,2%	-4,9	-14,7	
EBITDA	10,5	-3,7		13,1	-2,4		-3,5	-19,0	
EBITDA margin	11,2%	-4,2%		7,6%	-1,5%		-1,0%	-5,7%	
Total Group, including discontinued operations									
Net Income	7,0	1,8	290,6%	-26,1	250,1		-38,8	237,4	
Total cash flow	16,7	-10,3		30,8	235,1	-86,9%	28,4	232,6	-87,8%

Business area Resource Optimization was divested in 2021 and Business area Streaming Solutions was divested in 2020. The divested business areas are reported separately as discontinued operations in this report.

CEO's Statement

Strategic initiatives ensure continued growth

After a cautious start to the year, sales and operating earnings are now increasing year-on-year. The successful integration of Aperi has broadened our customer offering. We increased our patent protection for time synchronization over existing IP networks and further strengthened our position. We are seeing an increase in our customers' investment appetite, even if the market still remains affected by Covid-19.



We are delivering on our strategy which is focused on building a more competitive portfolio and improved commercialization. The strategy is now starting to yield results in the form of increased growth.

Our strengthened offering has attracted a positive market response. Our clear shift towards the cloud and IP—including through our platform Nimbra Edge and the acquisition of Aperi—has ensured a clearer and more future-proof roadmap.

Towards the end of the first quarter, we ended all furloughs in Sweden. Although we have increased our activity internally, efficiency gains have reduced our costs and improved profit. As part of our continued streamlining of the operations we divested ScheduALL on March 31.

We are currently in talks with operators and partners regarding time synchronization, which is becoming increasingly important in IP media and 5G. We have carried out customer tests in operator networks, improved our solutions over existing IP networks and increased our patent protection.

Covid-19 has led to a continued shortage of components. The situation is currently stable and we carefully monitor developments and proactively try to limit the impact.

Good roadmap leads to increased sales

Our clear roadmap and the accelerated development of Nimbra have been well received by the market, yielding several important deals with existing customers such as Arqiva, The Switch, Globecast UK, NEP Connect and RTVE.

Many of our customers have significant installations of our products for Euro 2020 and the summer Olympics, although revenue remained limited for the quarter seen in isolation.

The entire sector is now moving to IP-based workflows. Our broad product portfolio allows us to offer a seamless transition to IP and makes it easier for customers to upgrade their networks. This allows businesses to avoid major investments, and means that they can easily add capacity, new functionality and services as their needs increase. It is great to see that our installation of a virtualized IP media network to Shanghai Media Group has attracted the market's and our customers' attention in Q2.

Investment in the Aperi portfolio

In line with our earlier decision, our Nimbra products will use JPEG-XS and ST 2110. We have now also decided to introduce these new standards in our Aperi portfolio. The ST 2110 technology ensures more flexible management of video, audio and other media flows in remote and live production. An increasing number of TV companies are

investing in this technology for their new studios. JPEG-XS is a new standard for video compression that has been adapted for high quality and low latency, a pre-requisite for efficient remote production.

The investment is part of our strategy to offer open, automated and standardized IP solutions for all kinds of network, including cloud-based networks.

Our growth journey continues

We are continuing our journey towards strengthening Net Insight through rationalizations and clearer priorities. We have clarified our offering of IP and cloud-based services and further sharpened our focus on product development. In the period, we entered into several new strategic partnerships and won important key business.

Our performance in Q2 is the result of our employees' extensive commitment and capacity for securing deliveries. I look forward to an exciting fall.

Solna, Sweden, July 16, 2021

Crister Fritzson, CEO

EXTRAORDINARY EVENTS

Divested operations

The business area Resource Optimization (ScheduALL) was divested on March 31, 2021, and is reported as discontinued operations in this report. The transaction means that 100% of the shares in the wholly owned subsidiary VizuALL Inc was sold on a cash and debt basis, including a normalized working capital for a total of USD 6 million, of which USD 3 million in cash in connection with the transfer of ownership and the remainder as a promissory note payable over a 12-18 months term. The transaction had a negative effect on earnings for the Group of SEK -35.9 million and a negative effect on earnings for the Parent Company of SEK -69.8 million. The divestment had a positive cash impact (net after deduction of the withheld part of the consideration and transaction cost) of SEK 15.1 million.

During the second quarter of 2021, the final costs for advisory services in connection with the divestment were determined, which resulted in a positive net effect of SEK 0.4 million compared with the previous estimate, which is presented as other operating income.

Comments in this report have reference to continuing operations, business area Media Networks, unless otherwise specified. For more information on discontinued operations, including the in 2020 divested business Streaming Solutions, see tables on page 11.

REVENUES

Net sales in the second quarter of 2021 were SEK 94.1 (88.3) million, an increase of 6.5%. In comparable currencies, sales increased by 13.2%.

Net sales for the first six months were SEK 172.0 (164.3) million, an increase of 4.7%. In comparable currencies, sales increased by 12.4%.

Net Insight's solutions are sold all over the world and we have customers in around 70 countries. Many customers are global, with central purchasing functions for subsidiaries. Revenue per region for Media Networks, our largest Business Area, varies over time depending on where events take place. Revenue per region is therefore less relevant. We report revenue by region separately (see table on page 10) but without comments.

In Q2 we have seen an increased interest to invest among our customers although some uncertainty related to Covid-19 still remains. This in combination with our initiatives to further develop and strengthen our customer offering and improve our sales & marketing approach have had impact on our growth in the quarter. The revenue contribution from the Aperi-portfolio in Q2 was the strongest since the acquisition. A minor part of the revenue is directly related to the live sport events as the Olympics and the Euro 2020 but in general it is the customers long term investments to meet their customers increased demand and quality expectations that drive our long term growth.

EARNINGS

Gross profit for the second quarter was SEK 57.6 (58.8) million, a decrease by -2.0%. The decrease is explained by increased amortization of R&D expenditure as a consequence of the product launches done late 2020 and early 2021. Gross profit included amortization of capitalized development expenditure of SEK -11.6 (-7.1) million. Gross margin excluding and including amortization of capitalized development expenditure was 73.6% (74.6%) and 61.3% (66.6%) respectively.

Operating expenses in the second quarter of SEK -50.8 (-53.5) million a decrease by 4,9% vs Q2 previous year, mainly due to cost saving programs. For the comparing period the operating expenses was positively affected with SEK 1.6 million related to governmental Covid-19 relief support, no corresponding grants during this period.

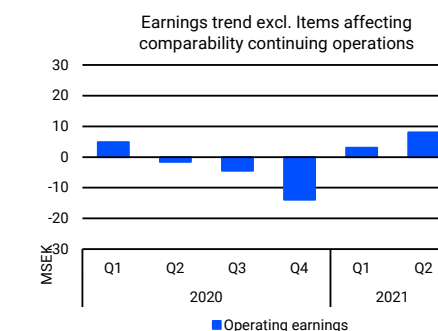
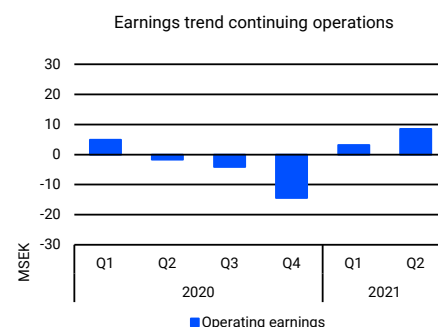
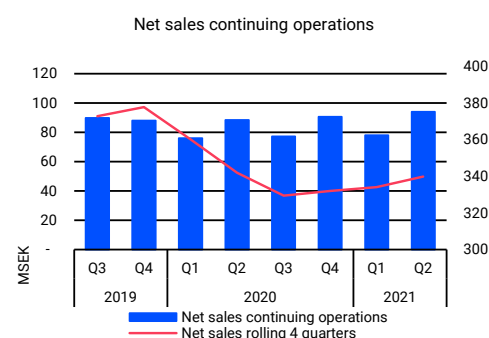
Sales and marketing expenses were SEK -24.8 (-24.4) million, and administration expenses to SEK -13.1 (-14.3). Development expenses were SEK -12.9 (-14.8) million and the total development expenditure, i.e. before capitalization, were SEK -26.3 (-27.6) million. Other operating income and expenses were SEK 1.8 (-7.1) million, mainly related to foreign exchange rate differences of SEK 0.8 (-7.4) million and adjustment of cost provisions for advisors related to the ScheduALL divestment of SEK 0.4 (-) million. See Divested operations above.

Operating earnings were SEK 8.6 (-1.7) million, corresponding to an operating margin of 9.1% (-1.9%). Foreign exchange rate differences of SEK 0.8 (-7.4) million the operating profit amounted to SEK 7.8 (5.7) million.

EBITDA was SEK 10.5 (-3.7) million, corresponding to an EBITDA margin of 11.2% (-4.2%). The increase is attributable to the higher revenue and the reduced operating expenditures.

In the second quarter, net financial items amounted to SEK -1.0 (0.7) million.

Profit before tax for the second quarter was SEK 7.5 (-1.0) million, and net income was SEK 7.0 (-0.1) million, corresponding to a net margin of 7.4% (-0.1%). Including Discontinued operations, net income was SEK 7.0 (1.8) million.



Gross earnings for the six-month period were SEK 102.7 (105.6) million. Gross profit included amortization of capitalized development expenditure of SEK -21.5 (-14.4) million. Gross margin excluding and including amortization of capitalized development expenditure was 72.2% (73.1%) and 59.7% (64.3%) respectively.

Operating expenses of SEK -100.7 (-104.9) million decreased following cost reduction initiatives and reduced costs for travel exhibits etc. Operating expenses was positively affected with SEK 0.8 (1.6) million related to governmental Covid-19 relief support. Operating earnings were SEK 11.7 (3.2). Foreign exchange rate differences of SEK 8.4 (1.8) million excluded the operating profit was SEK 3.3 (1.4) million. EBITDA was SEK 13.1 (-2.4) million.

Profit before tax for the first quarter was SEK 12.2 (1.3) million, and net income was SEK 10.9 (1.1) million, corresponding to a net margin of 6.3% (0.7%). Including Discontinued operations, net income was SEK -26.1 (250.1) million, including capital loss on disposal of discontinued operations of SEK -35.9 (246.4) million.

Key Ratios continuing operations	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Net sales, SEK millions	94.1	88.3	172.0	164.3	339.8	332.1
Net sales YoY, change in %	6.5%	-17.0%	4.7%	-17.9%	-5.6%	-12.1%
Gross earnings	57.6	58.8	102.7	105.6	199.3	202.2
Gross margin	61.3%	66.6%	59.7%	64.3%	58.6%	60.9%
Operating earnings	8.6	-1.7	11.7	3.2	-6.8	-15.3
Operating margin	9.1%	-1.9%	6.8%	1.9%	-2.0%	-4.6%
EBITDA	10.5	-3.7	13.1	-2.4	-3.5	-19.0
EBITDA margin	11.2%	-4.2%	7.6%	-1.5%	-1.0%	-5.7%

INVESTMENTS INCLUDING DIVESTED OPERATIONS

Second quarter investments were SEK 14.3 (22.7) million, of which SEK 13.5 (20.5) million related to capitalization of expenditure for development. Depreciation and amortization in the second quarter totaled SEK -15.4 (-13.9) million, of which SEK -11.6 (-8.7) million related to amortization of capitalized expenditure for development.

Investments for the first six months were SEK 32.4 (47.1) million, of which SEK 31.0 (41.8) million related to capitalization of expenditure for development. Depreciation and amortization for the first six months totaled SEK -31.6 (-27.8) million, of which SEK -22.9 (-17.2) million related to amortization of capitalized expenditure for development.

At the end of the period, net value of capitalized expenditure for development was SEK 151.2 million. Net value of capitalized expenditure for development as of December 31, 2020, was SEK 208.9.

For continuing operations (Media Networks), capitalized expenditure for development in the second quarter amounted to SEK 13.5 (12.8) million, and amortization to SEK -11.6 (-7.1) million. For the six-month period, capitalized expenditure for development amounted to SEK 27.8 (27.4) million, and amortization to SEK -21.5 (-14.4) million.

At the end of the period, net value of capitalized expenditure for development was SEK 151.2 million, against SEK 144.8 million as of December 31, 2020.

CASH FLOW AND FINANCIAL POSITION INCLUDING DISCONTINUED OPERATIONS

From April 2021, only the continued operations (Media Networks business area) are included in the cash flow. The impact of discontinued operations on cash flow in previous periods is presented in table on page 11.

Cash flow from operating activities in the second quarter was SEK 32.9 (13.8) million. Total cash flow was SEK 16.7 (-10.3) million.

Cash flow from operating activities for the six-month period was SEK 52.1 (-16.4) million, and total cash flow was 30.8 (235.1). The divestment of Business Area Resource Optimization (last year Business Area Streaming Solutions) had a cash impact of SEK 15.1 (302.3) million. Excluding the impact from the divestment, cash flow was SEK 15.7 million (-67.3). Last year also includes SEK 2.9 million of fixed assets acquired from Aperi.

Cash and cash equivalents were SEK 314.5 million at the end of the period, against SEK 283.2 million as of 31 December 2020.

Remaining tax loss carryforwards for group companies amounted to SEK 96.2 million at the end of the period, compared to SEK 102.2 million as of December 31, 2020. Deferred tax assets have been recognized for the tax loss carryforwards. For more information, see the section Tax on page 13.

Equity was SEK 666.6 million at the end of the period, against SEK 692.6 million as of 31 December 2020. The equity/assets ratio was 83.2%, against 80.3% as of 31 December 2020. For information about warrants, share repurchases and share structure, see the section Contributed equity on page 13.

EMPLOYEES

The average number of employees and consultants at Net Insight during the second quarter and the six-month period was 151 (152) and 155 (150) respectively, of which 122 (127) and 123 (127) respectively in the parent company Net Insight AB (publ).

PARENT COMPANY

Parent company net sales were SEK 94.0 (88.2) million in the second quarter, and net income was SEK 1.7 (-2.0) million. In the second quarter, intra-group sales totaled SEK 0.0 (1.6) million, and intra-group purchases SEK -12.0 (-11.4) million.

For the six-month period, parent company net sales were SEK 171.9 (168.4) million, and net income was SEK -65.6 (198.0) million. The financial net includes result from participation in group companies of SEK -70.1 (193.8) million, which relates to capital loss/gains from divestment of subsidiary. For the six-month period, intra-group sales totaled SEK 0.0 (6.3) million, and intra-group purchases SEK -24.3 (-24.5) million.

Progress in the parent company in the second quarter and for the first six months largely shadowed Group progress as indicated above for the business area Media Networks (except for the effect of the sale of businesses/subsidiaries).

RISK AND SENSITIVITY ANALYSIS

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

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

No additional critical risks and uncertainty factors, other than those reviewed in the Annual Report for 2020, arose during the period or are anticipated in 2021.

For a complete review of the company's risk and sensitivity analysis, and its risk management process, see pages 26-28 and 45-46 of the Annual Report for 2020.

SEASONALITY

In the past three calendar years, average seasonality has been fairly modest. Net sales per quarter were approximately 25% of annual sales.

CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK thousands	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Continuing operations						
Net sales	94,063	88,311	172,001	164,252	339,840	332,091
Cost of sales	-36,439	-29,486	-69,279	-58,643	-140,560	-129,924
Gross earnings	57,624	58,825	102,722	105,609	199,280	202,167
Sales and marketing expenses	-24,824	-24,418	-47,839	-47,451	-93,104	-92,716
Administration expenses	-13,134	-14,288	-26,226	-27,851	-52,310	-53,935
Development expenses	-12,881	-14,772	-26,597	-29,596	-52,858	-55,857
Other operating income and expenses	1,768	-7,055	9,618	2,465	-7,848	-15,001
Operating earnings	8,553	-1,708	11,678	3,176	-6,840	-15,342
Net financial items	-1,024	724	512	-1,920	-2,191	-4,623
Profit/loss before tax	7,529	-984	12,190	1,256	-9,031	-19,965
Tax	-572	861	-1,320	-124	4,092	5,288
Net income continuing operations	6,957	-123	10,870	1,132	-4,939	-14,677
Discontinued operations, net after tax	-	1,904	-36,926	249,017	-33,883	252,060
Net income	6,957	1,781	-26,056	250,149	-38,822	237,383
Net income for the period attributable to the shareholders of the parent company	6,957	1,781	-26,056	250,149	-38,822	237,383

Earnings per share, based on net income attributable to the parent company's shareholders during the period	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Earnings per share basic and diluted continuing operations (SEK)	0.02	-0.00	0.03	0.00	-0.01	-0.04
Earnings per share basic and diluted including discontinuing operations (SEK)	0.02	0.00	-0.07	0.65	-0.10	0.62
Average number of outstanding shares in thousands, basic	382,758	382,758	382,758	382,758	382,758	382,758

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Net income	6,957	1,781	-26,056	250,149	-38,822	237,383
Other comprehensive income						
<i>Items that may be reclassified subsequently to the income statement</i>						
Translation differences	-68	-5,579	12	-136	-9,592	-9,740
Total other comprehensive income, after tax	-68	-5,579	12	-136	-9,592	-9,740
Total other comprehensive income for the period	6,889	-3,798	-26,044	250,013	-48,414	227,643
Total comprehensive income for the period attributable to the shareholders of the parent company	6,889	-3,798	-26,044	250,013	-48,414	227,643

CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	30 Jun 2021	31 Mar 2021	31 Dec 2020
ASSETS			
Non-current assets			
Capitalized expenditure for development	151 160	149 318	208 938
Goodwill	38 751	38 751	58 166
Other intangible assets	2 455	3 381	7 830
Right-of-use assets	37 419	39 436	45 231
Equipment	20 974	21 675	24 989
Deferred tax asset	20 590	20 956	27 428
Deposits	5 020	5 022	5 400
Total non-current assets	276 369	278 539	377 982
Current assets			
Inventories	49 227	56 911	52 470
Accounts receivable	74 490	84 256	98 116
Other receivables	87 000	82 827	50 620
Cash and cash equivalents	314 546	298 305	283 184
Total current assets	525 263	522 299	484 390
TOTAL ASSETS	801 632	800 838	862 372
EQUITY AND LIABILITIES			
Equity attributable to parent company's shareholders			
Share capital	15 597	15 597	15 597
Other paid-in capital	1 192 727	1 192 727	1 192 727
Translation reserve	-255	-187	-267
Accumulated deficit	-541 497	-548 454	-515 441
Total shareholders' equity	666 572	659 683	692 616
Non-current liabilities			
Lease liabilities	28 847	30 794	35 498
Other liabilities	10 561	11 284	18 230
Total non-current liabilities	39 408	42 078	53 728
Current liabilities			
Lease liabilities	9 165	9 107	10 231
Accounts payable	16 651	14 621	17 093
Other liabilities	69 836	75 349	88 704
Total current liabilities	95 652	99 077	116 028
TOTAL EQUITY AND LIABILITIES	801 632	800 838	862 372

CHANGES IN CONSOLIDATED EQUITY, IN SUMMARY

SEK thousands	Attributable to parent company's shareholders				Total shareholders' equity
	Share capital	Other paid-in capital	Translation reserve	Accumulated deficit	
January 1, 2020	15,597	1,192,727	9,473	-754,052	463,745
Warrants issued	-	-	-	1,228	1,228
Total comprehensive income	-	-	-9,740	237,383	227,643
December 31, 2020	15,597	1,192,727	-267	-515,441	692,616
January 1, 2021	15,597	1,192,727	-267	-515,441	692,616
Total comprehensive income	-	-	12	-26,056	-26,044
June 30, 2021	15,597	1,192,727	-255	-541,497	666,572

CONSOLIDATED STATEMENT OF CASH FLOWS INCLUDING DISCONTINUED OPERATIONS

SEK thousands	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Ongoing activities						
Profit/loss before tax	7 529	1 786	-24 804	251 212	-39 119	236 897
Income tax paid	-193	-	-193	-	-506	-313
Depreciation & amortization	15 408	13 929	31 576	27 838	63 625	59 887
Other items not affecting liquidity	755	7 183	28 351	-244 726	43 184	-229 893
Cash flow from operating activities before changes in working capital	23 499	22 898	34 930	34 324	67 184	66 578
Changes in working capital						
Increase-/decrease+ in inventories	8 206	-4 121	3 561	-19 075	8 967	-13 669
Increase-/decrease+ in receivables	5 194	9 689	1 703	-15 859	24 576	7 014
Increase+/decrease- in liabilities	-4 021	-14 618	11 953	-15 765	-16 338	-44 056
Cash flow from operating activities	32 878	13 848	52 147	-16 375	84 389	15 867
Investment activities						
Investment in intangible assets	-13 452	-22 701	-31 015	-44 047	-61 314	-74 346
Investment in tangible assets	-826	-2	-1 378	-3 028	-1 412	-3 062
Disposal of subsidiary, net effect on cash	-	-	15 129	302 348	15 129	302 348
Increase-/decrease+ in financial assets, net	-	-	-	-	-278	-278
Cash flow from investment activities	-14 278	-22 703	-17 264	255 273	-47 875	224 662
Financing activities						
Amortization leasing	-1 889	-2 400	-4 079	-4 781	-8 432	-9 134
Warrant premiums paid	-	950	-	950	278	1 228
Cash flow from financing activities	-1 889	-1 450	-4 079	-3 831	-8 154	-7 906
Net change in cash and cash equivalents	16 711	-10 305	30 804	235 067	28 360	232 623
Exchange differences in cash and cash equivalents period	-470	-1 196	558	-720	-491	-1 769
	298 305	298 178	283 184	52 330	286 677	52 330
Cash and cash equivalents at the end of the period	314 546	286 677	314 546	286 677	314 546	283 184

DISAGGREGATION OF REVENUE

SEK thousands	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Net sales by product group						
Hardware	42,794	36,264	77,649	68,613	146,494	137,458
Software licenses	18,268	22,737	33,582	38,322	76,186	80,926
Support and Services	33,001	29,310	60,770	57,317	117,160	113,707
Total	94,063	88,311	172,001	164,252	339,840	332,091
Net sales by region						
WE	53,395	31,575	94,035	70,643	181,367	157,975
AM	26,579	34,745	51,827	58,966	110,067	117,206
RoW	14,089	21,991	26,139	34,643	48,406	56,910
Total	94,063	88,311	172,001	164,252	339,840	332,091
Timing of revenue recognition						
Products and services transferred at a point in time	61,067	59,009	111,268	106,955	222,724	218,411
Services transferred over time	32,996	29,302	60,733	57,297	117,116	113,680
Total	94,063	88,311	172,001	164,252	339,840	332,091

FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category - Assets	Jun 30, 2021			31 Dec 2020		
	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss
SEK thousands						
Assets in Balance Sheet						
Derivative instruments	2	-	-	2	-	-
Accounts receivable and other receivables, excluding excluding non-financial assets	-	128 968	-	-	130 667	-
Cash and cash equivalents	-	314 546	-	-	283 184	-
Total		443 514	-		413 851	-

Group's financial instruments by category - Liabilities	Jun 30, 2021			31 Dec 2020		
	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss
SEK thousands						
Liabilities in Balance Sheet						
Synthetic options	2	-	-	2	-	-
Derivative instruments	2	-	-	2	-	-
Accounts payable and other liabilities, excluding non-financial liabilities	-	24,895	-	-	22,763	-
Lease liabilities	-	38,013	-	-	45,728	-
Total		62,908	-		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. The closing balance for synthetic options represents the total assessed value of a number of outstanding options, which has been measured on the basis of accepted market principles and are based on Net Insight's share price.

INCOME FROM DISCONTINUED OPERATIONS

SEK thousands	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Revenues	-	16,646	15,101	34,324	47,259	66,482
Expenses	-	-13,877	-16,176	-30,719	-41,427	-55,970
Capital gain on disposal of discontinued operations	-	-	-35,919	246,350	-35,919	246,350
Profit/loss before tax	-	2,769	-36,994	249,955	-30,087	256,862
Tax	-	-865	68	-938	-3,796	-4,802
Net income discontinuing operations	-	1,904	-36,926	249,017	-33,883	252,060

ASSETS HELD FOR SALE

SEK thousands	Mar 2021	Jan 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
Less: Escrow	-24,428	-34,917
Less: Cash and cash equivalents in discontinued operations	-2,274	-1,533
Less: Transaction costs	-7,707	-9,204
Effect on group's cash and cash equivalents	15,129	302,348

CASHFLOW FROM DISCONTINUED OPERATIONS

SEK thousands	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Cash flow from discontinued operations, net						
Cash flow from operating activities	-	14,480	899	17,459	4,895	21,455
Cash flow from investment activities	-	-7,658	11,960	288,009	4,889	280,938
Cash flow from financing activities	-	-	-	-	-	-
Cash flow from discontinued operations, net	-	6,822	12,859	305,468	9,784	302,393

PARENT COMPANY INCOME STATEMENT, IN SUMMARY

SEK thousands	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Net sales	94,005	88,242	171,884	168,437	344,110	340,663
Cost of sales	-35,368	-29,592	-67,136	-58,716	-139,868	-131,448
Gross earnings	58,637	58,650	104,748	109,721	204,242	209,215
Sales and marketing expenses	-30,120	-25,766	-58,531	-50,612	-117,754	-109,835
Administration expenses	-12,878	-14,671	-26,156	-28,587	-53,340	-55,771
Development expenses	-9,771	-13,794	-20,184	-28,867	-47,419	-56,102
Other income expenses	-3,425	-7,983	4,342	1,537	-12,385	-15,190
Operating earnings	2,443	-3,564	4,219	3,192	-26,656	-27,683
Net financial items	-390	1,108	-68,664	195,370	-67,833	196,201
Profit/loss before tax	2,053	-2,456	-64,445	198,562	-94,489	168,518
Tax	-403	454	-1,111	-547	5,210	5,774
Net income	1,650	-2,002	-65,556	198,015	-89,279	174,292

PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	30 Jun 2021	31 Mar 2021	31 Dec 2020
ASSETS			
Non-current assets			
Capitalized expenditure for development	151 160	149 318	144 776
Other intangible assets	2 455	3 381	3 981
Equipment	19 215	19 745	20 407
Participations in group companies	174 895	174 895	246 400
Deferred tax asset	19 807	20 210	20 919
Deposits	4 927	4 927	4 927
Total non-current assets	372 459	372 476	441 410
Current assets			
Inventories	49 227	56 911	52 470
Accounts receivable	74 920	84 721	90 453
Other receivables	88 324	84 278	50 520
Cash and cash equivalents	298 074	273 958	263 558
Total current assets	510 545	499 868	457 001
TOTAL ASSETS	883 004	872 344	898 411
EQUITY AND LIABILITIES			
Equity			
Restricted equity	255 925	248 106	200 181
Non-restricted equity	375 257	381 426	496 557
Total equity	631 182	629 532	696 738
Non-current liabilities			
Other liabilities	10 655	11 519	11 357
Total non-current liabilities	10 655	11 519	11 357
Current liabilities			
Accounts payable	16 651	14 621	15 557
Liabilities to group companies	158 272	150 318	120 390
Other liabilities	66 244	66 354	54 369
Total current liabilities	241 167	231 293	190 316
TOTAL EQUITY AND LIABILITIES	883 004	872 344	898 411

ACCOUNTING POLICIES

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

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

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 or amended International Financial Reporting Standards (IFRS) that have had a material impact on the Company's financial reporting.

Business area Resource Optimization (ScheduALL) was divested on March 31, 2021, and business area Streaming Solutions (Sye) was divested on January 3, 2020. Hence, 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. In the report, some minor adjustments to the presentation of what is continued and discontinued operations have been made for the comparison year 2020 compared with what was presented in the report for the period January-March 2021.

Except for stated above, the same accounting principles and basis of calculation as those used in the latest Annual Report have been

applied to the group and parent company. For a description of these accounting principles, please refer to the Annual Report for 2020.

The preparation of the Interim Report requires management to make judgements, estimates and assumptions that affect the company's earnings and position and information presented generally. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. For a description of these estimates and assumptions, please refer to the Annual Report for 2020.

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

TAX

The group reported tax of total SEK -1.3 (-1.1) million for the period January–June 2021, of which SEK -1.3 (-0.1) million relates to continuing operations. Reported tax corresponds to an effective tax rate of 5.0 (-0.4) percent and -10.8 (-9.9) percent, respectively. The group recognized a capital loss/gain from discontinued operations of SEK -35.9 (246.4) million, which is a non taxable income. The effective tax rate is also affected by the relative effects of foreign tax rates and temporary differences.

Remaining tax loss carry-forwards for group companies amounted to SEK 96.2 million at the end of the period, compared to SEK 102.2 million for continuing business as of December 31, 2020. Deferred tax has been recognized for the tax loss carry-forwards.

CONTRIBUTED EQUITY

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

No own shares have been repurchased during January-June 2021.

At the end of the reporting period, the parent company had a total of 7,175,000 of its own class B shares, at an average cost of SEK 4.44 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.

All shares issued by the parent company were fully paid.

The division of shares	30 Jun, 2021			31 Dec, 2020		
	A-shares	B-shares	Total	A-shares	B-shares	Total
Outstanding shares	1,000,000	381,758,009	382,758,009	1,000,000	381,758,009	382,758,009
Repurchased own shares	-	7,175,000	7,175,000	-	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

TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties during the period.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

AUDITORS' REVIEW

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

THIS IS NET INSIGHT

Business concept and model

Net Insight is defining new ways to deliver media. Net Insight is driving the transformation of video networks with open IP, virtualized and cloud solutions that enable our customers to simply and cost-effectively create live experiences. With the product area Media Networks, Net Insight is opening up new routes for customers to produce and deliver content to viewers anywhere. Revenues are generated through sales of hardware and software solutions and services.

Strategy

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

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

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

Value creators

The solutions are deployed by the world's leading media brands to keep their mission-critical media networks running smoothly. New technology is enabling these players to adopt new, more cost efficient and flexible ways to produce and deliver content.

Net Insight can play an important role to support our customers making this gradual transition.

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

REPORTING DATES

Interim report January – September November 9, 2021

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

For more information, please contact:

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CERTIFICATION BY THE BOARD OF DIRECTORS AND CEO

The Board of Directors and the CEO certify that the Interim report for the period January – June 2021 gives a true and fair overview of the Parent Company Net Insight AB (publ) and the Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Solna, July 16, 2021

Gunilla Fransson
Chairman

Kjell Arvidsson
Board member

Jan Barchan
Board member

Mathias Berg
Board member

Anders Harrysson
Board member

Charlotta Falvin
Board member

Crister Fritzson
CEO

This information is information that Net Insight AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 8:45 am CEST on July 16, 2020.

FINANCIAL INFORMATION

SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Earnings continuing operations						
Net sales	94.1	88.3	172.0	164.3	339.8	332.1
Gross earnings	57.6	58.8	102.7	105.6	199.3	202.2
Operating expenses	50.8	53.5	100.7	104.9	198.3	202.5
Total development expenditure	26.3	27.6	54.4	57.0	103.8	106.4
EBITDA	10.5	-3.7	13.1	-2.4	-3.5	-19.0
Operating earnings	8.6	-1.7	11.7	3.2	-6.8	-15.3
Profit/loss before tax	7.5	-1.0	12.2	1.3	-9.0	-20.0
Net income	7.0	-0.1	10.9	1.1	-4.9	-14.7
Balance sheet and cash flow including discontinued operations						
Cash and cash equivalents	314.5	286.7	314.5	286.7	314.5	283.2
Working capital	73.3	65.7	70.6	47.1	76.4	57.8
Total cash flow	16.7	-10.3	30.8	235.1	28.4	232.6
The share						
Dividend per share, SEK	-	-	-	-	-	-
Earnings per share basic and diluted continuing operations, SEK	0.02	-0.00	0.03	0.00	-0.01	-0.04
Earnings per share basic and diluted discontinuing operations, SEK	-	0.00	-0.10	0.65	-0.09	0.66
Earnings per share basic and diluted total, SEK	0.02	0.00	-0.07	0.65	-0.10	0.62
Cash flow per share, SEK	0.04	-0.03	0.08	0.61	0.07	0.61
Equity per share basic and diluted, SEK	1.74	1.87	1.74	1.87	1.74	1.81
Average number of outstanding shares basic and diluted, thousands	382,758	382,758	382,758	382,758	382,758	382,758
Number of outstanding shares at the end of the period basic and diluted, thousands	382,758	382,758	382,758	382,758	382,758	382,758
Share price at end of period, SEK	2.94	2.56	2.94	2.56	2.94	1.58
Employees and consultants continuing operations						
Average number of employees and consultants	151	152	155	150	169	152
KPI continuing operations						
Net sales YoY, change in %	6.5%	-17.0%	4.7%	-17.9%	-5.6%	-12.1%
Gross margin	61.3%	66.6%	59.7%	64.3%	58.6%	60.9%
Total development expenditure/Net sales	28.0%	31.2%	31.7%	34.7%	30.5%	32.0%
Operating margin	9.1%	-1.9%	6.8%	1.9%	-2.0%	-4.6%
EBITDA margin	11.2%	-4.2%	7.6%	-1.5%	-1.0%	-5.7%
Net margin	7.4%	-0.1%	6.3%	0.7%	-1.5%	-4.4%
KPI Group including discontinued operations						
Return on capital employed	-1.4%	-3.1%	-1.4%	-3.5%	-1.4%	-0.6%
Equity/asset ratio	83.2%	78.2%	83.2%	78.2%	83.2%	80.3%
Return on equity	-5.6%	39.0%	-5.6%	39.0%	-5.6%	36.0%

ALTERNATIVE PERFORMANCE MEASURES AND OTHER DEFINITIONS

Non-IFRS financial measures are presented to enhance an investors and management possibility to evaluate the ongoing operating results, to aid in forecasting future periods and to facilitate meaningful comparison of result between periods. The APMs in this report may differ from similar-titled measures used by other companies. APMs regarding to the income statement are calculated on continuing operations unless otherwise stated. APMs regarding the balance sheet are calculated on the whole group including discontinuing operations, unless otherwise stated.

Calculation of performance measures not included in IFRS framework

Performance measures		
Various types of performance measures and margin measures as a percentage of sales.		
Non-IFRS performance measures	Description	Reason for use of the measure
Gross margin	Gross earnings as a percentage of net sales.	The gross margin is of major importance, showing the margin for covering the operating expenses.
Gross margin excl. amortization of capitalized development	Gross earnings excl. amortization of capitalized development as a percentage of net sales.	
Operating expenses	Sales and marketing expenses, administration expenses and development expenses.	
Operating expenses/net sales	Operating expenses as a percentage of net sales.	Used in charts to illustrate trend.
Operating earnings	Calculated as operating earnings before financial items and tax.	Operating earnings provides an overall picture of earnings generated in the operating activities.
Operating margin	Operating earnings as a percentage of net sales.	The operating margin is a key measure together with sales growth and capital employed for monitoring value creation.
Net sales YoY, change in %	The relation between net sales for the period and the corresponding sales for the comparative period in previous year.	The sales growth is a key measure together with operating margin and capital employed for monitoring value creation.
Change in Net sales in comparable currencies	The relation between the net sales for the period, recalculated using the foreign currency rates from the comparative period, and the corresponding sales for the comparative period in previous year. Only sales from business combinations that has been part of the Group for the whole comparative period are recalculated.	This measure is of major importance for management in its monitoring of underlying sales growth driven by changes in volume, price and product mix for comparable currency rates between different periods.
Net margin	Net Income as a percentage of net sales.	The net margin shows the remaining share of net sales after all the company's costs have been deducted.
Total development (R&D) expenditure	Development expenses and capitalized expenditures for development.	The measure is a good complement to development expenses, as it shows the company's total expenditure in development. The development expenditures effect on income, financial position, and presentation in the statement of cashflow is affected by the periods level of capitalized development expenditures.
Capitalization rate	Capitalized development expenditures as a percentage of total development expenditures.	
Total development (R&D) expenditure/net sales	Total development expenditure as percentage of net sales.	
EBITDA	Operating earnings before depreciation and amortization 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.	
Region	Region. <ul style="list-style-type: none"> • Western Europe (WE). • Americas (AM), North and South America. • Rest of World (RoW), countries outside of Western Europe and Americas. 	

Change in net sales in comparable currencies SEK millions (if not defined differently)	Apr-Jun		Jan-Jun	
	2021	2020	2021	2020
Net sales	94.1	88.3	172.0	164.3
Net currency effect of comparable currencies	5.9	-0.6	12.7	-4.3
Net sales in comparable currencies	100.0	87.7	184.7	159.9
Change in net sales in comparable currencies	13.2%	-17.6%	12.4%	-20.0%

KPI Income Statement SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Continuing operations						
Net sales	94.1	88.3	172.0	164.3	339.8	332.1
Net sales YoY, change in %	6.5%	-17.0%	4.7%	-17.9%	-5.6%	-12.1%
Cost of sales ex. amortization of capitalized development	-24.8	-22.4	-47.8	-44.3	-102.1	-98.5
Gross earnings ex. amortization of capitalized development	69.2	65.9	124.2	120.0	237.8	233.6
Gross margin ex. amortization of capitalized development	73.6%	74.6%	72.2%	73.1%	70.0%	70.3%
Cost of sales amortization of capitalized development	-11.6	-7.1	-21.5	-14.4	-38.5	-31.4
Gross earnings	57.6	58.8	102.7	105.6	199.3	202.2
Gross margin	61.3%	66.6%	59.7%	64.3%	58.6%	60.9%
Sales and marketing expenses	-24.8	-24.4	-47.8	-47.5	-93.1	-92.7
Administration expenses	-13.1	-14.3	-26.2	-27.9	-52.3	-53.9
Development expenses	-12.9	-14.8	-26.6	-29.6	-52.9	-55.9
Operating expenses	-50.8	-53.5	-100.7	-104.9	-198.3	-202.5
Operating expenses/net sales	54.0%	60.6%	58.5%	63.9%	-58.3%	61.0%
Other operating income and expenses	1.8	-7.1	9.6	2.5	-7.8	-15.0
Operating earnings	8.6	-1.7	11.7	3.2	-6.8	-15.3
Operating margin	9.1%	-1.9%	6.8%	1.9%	-2.0%	-4.6%
Net financial items	-1.0	0.7	0.5	-1.9	-2.2	-4.6
Profit/loss before tax	7.5	-1.0	12.2	1.3	-9.0	-20.0
Tax	-0.6	0.9	-1.3	-0.1	4.1	5.3
Net income continuing operations	7.0	-0.1	10.9	1.1	-4.9	-14.7
Net margin continuing operations	7.4%	-0.1%	6.3%	0.7%	-1.5%	-4.4%
Discontinued operations, net after tax	-	1.9	-36.9	249.0	-33.9	252.1
Net Income	7.0	1.8	-26.1	250.1	-38.8	237.4

EBITDA margin continuing operations SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Operating earnings	8.6	-1.7	11.7	3.2	-6.8	-15.3
Amortization of capitalized development expenditure	11.6	7.1	21.5	14.4	38.5	31.4
Other depreciation, amortization & impairment	3.8	3.8	7.8	7.5	15.8	15.4
Capitalization of development expenditure	-13.5	-12.8	-27.8	-27.4	-50.9	-50.5
EBITDA	10.5	-3.7	13.1	-2.4	-3.5	-19.0
Net sales	94.1	88.3	172.0	164.3	339.8	332.1
EBITDA margin	11.2%	-4.2%	7.6%	-1.5%	-1.0%	-5.7%

Development expenditure continuing operations SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Development expenses	12.9	14.8	26.6	29.6	52.9	55.9
Capitalization of development expenditure	13.5	12.8	27.8	27.4	50.9	50.5
Total development expenditure	26.3	27.6	54.4	57.0	103.8	106.4
Capitalization rate	51.1%	46.5%	51.1%	48.1%	49.1%	47.5%
Net Sales	94.1	88.3	172.0	164.3	339.8	332.1
Total development expenditure/net sales	28.0%	31.2%	31.7%	34.7%	30.5%	32.0%

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

Working capital SEK millions	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Current assets	468.0	493.6	463.4	401.7	465.2	424.3
Cash and cash equivalents	-306.4	-292.4	-298.7	-212.4	-286.9	-237.1
No interest-bearing short term liabilities	-88.2	-135.4	-94.1	-142.2	-101.9	-129.4
Working capital	73.3	65.7	70.6	47.1	76.4	57.8

In current assets, assets held for sale of December 31, 2019, are excluded as, as they mainly relate to capitalized development expenses.

Return on capital employed including discontinued operations SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
<i>Capital employed</i>						
Total balance	801.2	924.7	821.5	845.1	851.5	856.6
No interest-bearing liabilities	-99.1	-155.4	-107.4	-162.4	-116.8	-148.3
Capital employed	702.1	769.3	714.1	682.7	734.7	708.3
<i>Operating earnings less interest income R4Q</i>						
Operating earnings R4Q	-9.3	-23.1	-9.3	-23.1	-13.8	-4.3
Interest income R4Q	0.6	0.5	0.6	0.5	0.3	0.2
Operating earnings less interest income R4Q	-9.9	-23.6	-9.9	-23.6	-14.2	-4.5
Return on capital employed	-1.4%	-3.1%	-1.4%	-3.5%	-1.9%	-0.6%

Equity/asset ratio SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Equity	666.6	714.7	666.6	714.7	666.6	692.6
Total equity and liabilities	801.6	914.3	801.6	914.3	801.6	862.4
Equity/asset ratio	83.2%	78.2%	83.2%	78.2%	83.2%	80.3%

Return on equity including discontinued operations SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2020- Jun 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Net income - R4Q	-38.8	224.3	-38.8	224.3	-38.8	237.4
Average equity - R4Q	688.0	575.8	688.0	575.8	688.0	659.0
Return on equity	-5.6%	39.0%	-5.6%	39.0%	-5.6%	36.0%

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

Employees	Measures related to employees.	
Non-IFRS performance measure	Description	Reason for use of the measure
Average number of employees and consultants/co-workers	The average number of employees and consultants for non-temporary positions (longer than nine months) and who do not replace absent employees, in FTE (Full-time equivalent).	To supplement the number of employees with consultants gives a better measure of the Company's cost.

Average number of employees and consultants	Apr-Jun		Jan-Jun		Jul 2020- Jun 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Average number of employees	129	166	174	166	172	168
Average number of consultants	22	32	25	32	35	30
Total average number of employees and consultants	151	198	199	198	207	198
Average number of employees and consultants discontinued operations	-	-46	-44	-48	-38	-46
Net Average number of employees and consultants continuing operations	151	152	155	150	169	152

MATERIAL PROFIT AND LOSS ITEMS

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

Material profit and loss items, continued operations		Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
SEK millions	Note	2021	2020	2021	2020	Jun 2021	2020
Effects of the Net Insight share price development during the period							
Share-based benefits	(a)	0.0	-0.1	-0.1	-0.1	-0.1	-0.0
Synthetic options, change in value	(b)	-	-0.1	-	-0.0	0.1	0.1
Total		0.0	-0.2	-0.1	-0.1	-0.0	0.0
Exchange rate differences							
Part of Other operating income & expenses		0.8	-7.4	8.4	1.8	-9.5	-16.0
Part of Net Financial Items		-1.1	0.8	0.7	-1.2	-1.7	-3.5
Total Exchange rate differences		-0.3	-6.5	9.1	0.6	-11.1	-19.5
Government grants Covid-19							
Reduction of employee expenses		-	1.6	0.8	1.6	2.6	3.4
Other operating income		0.1	0.3	0.2	0.3	0.6	0.7
Total		0.1	1.9	1.0	1.9	3.1	4.1
Items affecting comparability							
Restructuring	(c)	-	-0.4	-	-0.4	-0.5	-0.9
Government grants Covid-19, other operating income	(d)	0.1	0.3	0.2	0.3	0.5	0.7
Adjustment cost for advisory services disposal of discontinued operations	(e)	0.4	-	0.4	-	0.4	-
Total		0.5	-0.1	0.6	-0.1	0.4	-0.3
Operating earnings excluding items affecting comparability							
Operating earnings		8.6	-1.7	11.7	3.2	-6.8	-15.3
Items affecting comparability, as per above		-0.5	0.1	-0.6	0.1	-0.4	0.3
Total		8.1	-1.6	11.1	3.3	-7.2	-15.1
Operating earnings excluding exchange rate differences							
Operating earnings		8.6	-1.7	11.7	3.2	-6.8	-15.3
Exchange rate differences, as per above		-0.8	7.4	-8.4	-1.8	9.5	16.0
Total		7.8	5.7	3.3	1.4	2.6	0.7
Operating earnings excluding exchange rate differences & items affecting comparability							
Operating earnings		8.6	-1.7	11.7	3.2	-6.8	-15.3
Exchange rate differences, as per above		-0.8	7.4	-8.4	-1.8	9.5	16.0
Items affecting comparability, as per above		-0.5	0.1	-0.6	0.1	-0.4	0.3
Total		7.3	5.8	2.7	1.5	2.3	1.0

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

- (a) Share-based benefits are value changes in amounts held in escrow for participation in the synthetic share program.
- (b) During 2015-2019, Net Insight issued synthetic option programs. The synthetic options are revaluated on a current basis to fair value by applying an options valuation model. The changes in value during the term of the options, 3 years, are presented as a financial item. To financially hedge future cash flow effects of the company's commitments in the synthetic option programs, if the share price would exceed the strike price, the parent company has repurchased its own shares. The repurchased of own shares is deducted from equity, retained earnings, and are not revaluated to fair value on a current basis.
- (c) Severance pay in due to structural changes.
- (d) Covid-19 related government grants for personnel and other resources that still contribute to creating value for the Company.
- (e) During the second quarter of 2021, the final costs for advisory services in connection with the divestment of business area Resource Optimization (ScheduALL), which is presented as other operating income. See also section Divested operations on page 4.

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