NET INSIGHT

Annual Report 2019

netinsight

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OPERATIONS

ANNUAL REPORT

OTHER INFORMATION

Reliable innovator

Net Insight is a global leader in media networks and resource optimization. With more than 20 years' experience, Net Insight is a reliable key partner to its customers, but also a leader in the industry's transition towards a continuously improved media experience.

With its deep market knowledge and insight, genuine customer focus and world-leading innovative technology, Net Insight makes it easier and more cost-efficient to create and deliver better content. Net Insight is driven by the idea that everything can always be done smarter both for customers and consumers.

20
More than 20 years' experience of the biggest live events

449
Sales of SEK 449 million[1]

4
Four offices globally

500
500+ customers

30
30% of sales invested in product development[1]

190
Approx. 190 coworkers[1]

[1] Relates to continuing operations, i.e. excluding business area Streaming Solutions which is classified as discontinued operations, see page 43.

THE YEAR IN BRIEF

This was another year with major changes both in the industry and for Net Insight.

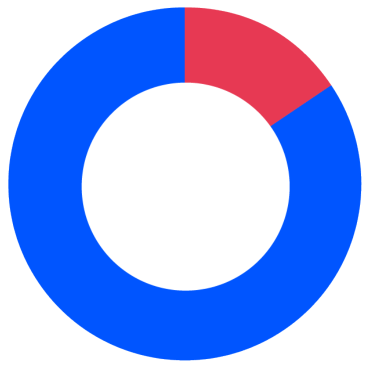
The year started with an action program aimed at increasing efficiency and improving customer relations, plus a strategic review. Net Insight introduced segment reporting to increase transparency and clarity with regard to the three business areas: Media Networks, Resource Optimization and Streaming Solutions.

Towards the end of the year, Net Insight signed an agreement regarding the divestment of the Streaming Solutions business area, and Net Insight's Sye technology to Amazon. The divestment was closed in January 2020 and enables Net Insight to increase focus and investments in the profitable core business media transport solutions (Media Networks).

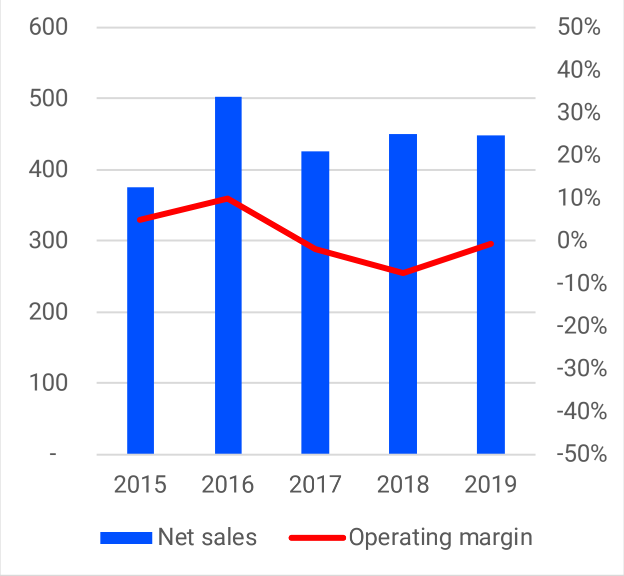
Crister Fritzson was appointed new CEO effective from April 2020.

KEY FIGURES

Revenues by business ares



Net sales & operating margin[1]



KPI[2]	2019	2018	2017
Continuing Operations[1]			
Netsales per business area, SEK millions			
Media Networks	377.8	375.1	347.0
Resource Optimization	70.8	74.4	78.9
Streaming Solutions	9.5	2.1	1.1
Discontinued operations	-9.5	-2.1	-
Net sales	448.6	449.5	427.0
Operating earnings, SEK millions	-3.6	-34.1	-7.5
Operating earnings, adjusted, SEK millions	21.3	9.9	9.5
Net income, SEK millions	-4.6	-25.9	3.5
Earnings per share, SEK	-0.01	-0.07	0.01
Average number of employees	166	179	208
Total, including discontinued operations			
Net income, SEK millions	-32.2	-58.2	3.5
Earnings per share, SEK	-0.08	-0.15	0.01
Average number of employees	183	205	208
Total cash flow, SEK millions	-41.2	-85.5	-36.8
Equity/asset ratio, %	67.6	76.0	78.3
Equity per share, SEK	1.21	1.29	1.42

[1] Seperate reporting of disconting operations has onlyt been made for the years 2018-2019, thus previous years' figures also include the Streaming Solution business area.
[2] Five year summary, definitions and calculations, see pages 83-88.

SIGNIFICANT EVENTS

REMOTE PRODUCTION A WINNING CONCEPT

The successful collaboration on remote production at the Alpine World Ski Championships in Åre in northern Sweden in 2019 between SVT, Net Insight and Grass Valley attracted a great deal of attention during the year.

In December, the industry organization IABM awarded the companies involved its Creative Collaboration Award 2019 for "The World's Largest IP Remote/At-Home Production", something to be very proud of.

During the year, remote production had a significant breakthrough and a growing number of customers are now seeing the clear efficiency gains coupled with the opportunity to produce better live content for viewers.

Some examples of successful remote production during the year include LinkedIn Corp, which selected Net Insight for efficient production of internal and other live transmissions between New York and Sunnyvale, California. Beijing Momenta Media also produced badminton matches remotely during Wuhan Military Games in China supported by Net Insight's solutions which saved both time and costs.

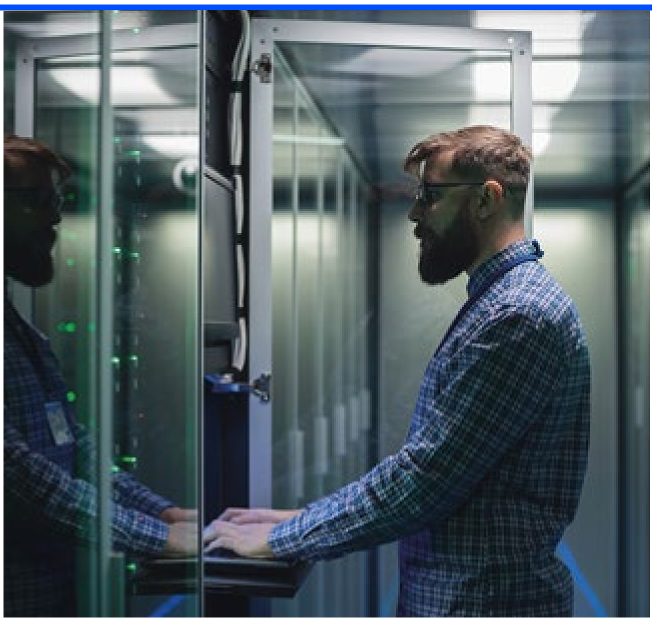
FOCUS ON MEDIA NETWORKS

Net Insight now has a more streamlined portfolio with an increased focus on the traditional core business Media Networks (Nimbra).

During the year, the company has strengthened customer relationships while simultaneously accelerating product development, and in March 2020, Net Insight also acquired Aperi's IP product portfolio to complement and strengthen the customer offering.

Key orders for the company's flagship Nimbra 1060 were won from customers such as Tata Communications for the extension of its core network, Spanish public broadcaster RTVE which chose the platform for a new nationwide IP media network, and Swisscom Broadcast which is expanding its media network. NEP Connect is also extending its Nimbra-based network and now covers the UK's four largest soccer leagues and other large arenas for live sports, music and entertainment events.

The Nimbra Edge product series for flexible cloud-based media transport, and the updated Nimbra 400 solution for internet-based media transport were launched in the year.



DIVESTMENT OF SYE TO AMAZON

The divestment of Net Insight's internally developed streaming solution Sye to Amazon was a of course a key event and the transaction closed in January 2020. The Sye technology has proven its capabilities to solve fundamental issues in live streaming for consumers.

The fact that one of the world's most successful companies acquired the technology is very strong evidence of Net Insight's innovation capacity.

The culture, competencies and expertise that powered the development of Sye will remain in Net Insight. For example, competencies relating to virtualized software solutions and cloud-based technology will continue to benefit the Media Networks business area.

For instance, the increased focus and investments mean accelerated initiatives aimed at driving growth in attractive market segments such as internet-based transport, remote/distributed production and cloud-based solutions.

Foundation in place for the Net Insight of tomorrow

In 2019, we stepped up the pace and implemented a number of major decisions — we increased transparency, divested a business area and increased focus on the media transport business. This was also the year when production and transport of live TV, and particularly sporting events, changed for real. Most operators now see some form of remote production as an obvious choice to increase efficiency. Cloud-based production and distribution are also high on our customers' agenda. Technological advances and intensifying global competition will continue to drive change towards simple and cost-efficient solutions for production and transport.

> Our main business area Media Networks strengthens its customer offering in internet and cloud-based solutions

Our Nimbra business advanced its positions during 2019. One of the highlights of the year was Net Insight's role in the world's largest remote production event during the Alpine World Ski Championships 2019 in Åre, Sweden. SVT produced over 700 hours of live content remotely, broadcasting it to over a billion viewers world-wide. This is a good example of the industry really starting to see the potential inherent in remote production. Our customers are increasingly viewing this as an attractive way to increase efficiency and quality of live production, but also to make production more sustainable. Our Nimbra solutions, world-leading in terms of simplicity and cost efficiency, are well positioned in this area.

Another event in the year was that LinkedIn Corp started to use our Nimbra solutions for live production between several different geographical sites. Solutions for corporate customers is a relatively new segment with growth potential, especially in times of travel restrictions.

In traditional production and distribution, segments like internet-based transport and cloud-based services are outgrowing the market as a whole. These solutions are considerably more cost effective and flexible for news and some sporting productions, for example. We have lengthy experience of internet-based solutions and launched our first products for this market segment in 2012. We also have strong internal competencies in cloud-based solutions, particularly from the development of Sye. In line with the market's increased focus on internet-based transport combined with cloud services and modern business models, we also launched Nimbra Edge during the year, a cloud-based software solution for large-scale and easy-to-manage media contribution.

We've benefitted from our existing competences in media transport by developing a solution that can now be sold to existing and new customers alike. Nimbra Edge also has the potential to replace channel distribution over satellite, which represents a substantial market. Another advantage of Nimbra Edge is the 'pay-per-usage' business model with recurring revenue streams. Demand for this kind of service is growing amongst our customers.

After a few years of uncertainty about how IP can best be used in media production, the industry has now united behind the ST 2110 standard. Uncertainty has held back investments, and increased clarity regarding the future focus should increase the rate of investment looking ahead.

Net Insight's strategy is to offer an open product portfolio that supports important transport standards. This gives customers more choice, and the opportunity to connect Net Insight's products to existing equipment. For us as a company, this means that we're able to compete for a larger share of our customers' business.

Acquisition of Aperi's product portfolio

As part of our strategy of driving growth in Media Networks, we acquired Aperi Corporations' innovative IP product portfolio, built on open, flexible and virtualized software architecture, in March 2020. Aperi's products complement and strengthen our existing customer offering in media transport. This makes us competitive in more areas for existing and new customers alike.

Divestment of Sye to Amazon

In December 2019, we signed an agreement with Amazon regarding the sale of the Sye streaming solution, and the divestment was closed in January 2020. Live streaming for consumers is a complex ecosystem of large and influential operators. Influencing these stakeholders is crucial, and the market is less accessible for a small B2B company like Net Insight. Against this background, and the offer we received, we made the decision to divest Sye's operations.

The fact that Amazon chose to acquire Net Insight's internally developed consumer streaming solution is evidence of the company's ability to develop world-class solutions for video transport. Sye has accelerated Net Insight's transformation into an advanced media technology company and contributed invaluable competencies in virtualized software solutions and cloud-based technology for example, which will remain in the company also after divestment.

Modernization of ScheduALL

ScheduALL, our software solution for resource planning and optimization, with some of the world's largest and most prestigious TV broadcasters as customers, is completing an extensive modernization process. The platform is being updated and early in 2020 the new cloud-based SaaS solution will be launched commercially. As the media industry players need to manage and optimize resources in an increasingly complex environment and with growing demands on efficiency, we're now seeing strong demand for intelligent resource optimization in a cloud-based environment, which is entirely in line with our offering.

The plan is to migrate our existing customer base to the new solution. As communicated in the Q4 report, ScheduALL will increasingly be run as an independent company and ultimately, Net Insight is probably not the best owner for ScheduALL.

Great potential on attractive market looking ahead

In many ways, 2019 was an important year for Net Insight, when many extensive and important changes were implemented. These have also laid the foundation for the Net Insight of the future. The division of the company into business segments, the divestment of Sye to Amazon and increased investments in the Media Networks core business areas gives us abilities to drive growth and remain the market leader in media transport. The strategy of expanding in attractive market segments such as remote/distributed production, internet-based transport and cloud-based solutions is based on strong market trends. Strengthening the open product portfolio towards increased flexibility, virtualization and IP functionality also paves the way for increased growth looking ahead.

Covid-19

The outbreak of the Covid-19 pandemic which started in Q1 2020 has already had far-reaching effects on society and the economy. At the time of writing, many of our geographical markets are still at the early stages of the outbreak. This, in combination with extensive uncertainty regarding the continued spread of the virus and its impact on the economy, makes it difficult to predict the effects on Net Insight's operations with any certainty. Cancelled or postponed sporting events and leagues, in combination with travel and visiting restrictions and generally increased uncertainty and caution amongst our customers has had a negative impact during part of the first quarter, and the impact will probably continue into the second quarter. The company actively follows the developments and is taking measures on a continuous basis to limit the negative effects.

To conclude, I really look forward to, together with all the personnel, continue to develop Net Insight.

Solna, April 2020

Crister Fritzson
CEO

Considerable potential driven by technical advances

The global media market continues to change rapidly, driven by changed consumer behavior and new technology. In this changing landscape, media market players need to adopt innovative technology and new ways of producing and transporting content.

Changing market and value chain

The ongoing and accelerating technological development has implied radical changes to media production and consumption. Technology has fueled changed consumer patterns, where the rapid growth in streamed media is one of the most obvious examples. Technological progress has also led to increased and sometimes global competition, where today's consumers can choose between many local and international content providers, such as Netflix.

Given the new market conditions, the traditional value chain of content owners, TV companies and distributors is being redefined. Relatively new players like distributors such as telecom operators are increasingly buying rights. There is also a clear trend towards content owners offering services directly to consumers. Some recent examples of this include Disney, which launched its own streaming service in 2019 and quickly acquired many subscribers, and Amazon Prime's broadcast of a number of Premier League matches in the year.

Live content increasingly important in the battle over viewers

With increased global competition over viewers' time and attention, the importance of attractive and high-quality content increases. Live content, mainly sports, is a category that still attracts large viewer numbers for both traditional and new operators. In 2019 for example, 15 of the 20 programs with the highest viewer numbers in the US related to live sports. This in turn drove up rights prices.

Increased global competition and rising costs of broadcast rights, particularly for sporting events, mean that TV companies need to create more and better content with the same or fewer resources.

Network development changes how content is produced

Increased interest in live broadcasts from both major premium events and smaller, more niche-oriented or local sporting events creates two different kinds of challenge for production. For major events, there is the need to continuously improve the customer experience through improved resolution (4K, 8K etc.), more cameras, interviews, increased interactivity and integration of social media. All this is driving demand for reliable media transport and increased network capacity. The second challenge relates to smaller events that need to be produced as cost-effectively as possible.

Network technology is currently undergoing rapid development with increasing capacity for internet transport and 5G, which allows media companies and broadcasters to work in new ways.

As an example, a clear trend is to use the internet and cloud services as a replacement for expensive and non-flexible satellite solutions and dedicated networks. For Net Insight, this is an opportunity to grow in attractive market segments such as internet and cloud-based transport.

As outlined above, major changes are underway in how content is being produced and transported. Technology shifts, more reliable networks, falling prices of bandwidth and increased demands on production efficiency are generating extensive changes. A large share of production will be done remotely in future, although traditional on site production will also be affected by the technology changes.

Improved access to bandwidth and the demand for cost-efficiency drive the development towards remote production, a production method that is becoming increasingly accepted as a number of successful events have been conducted.

At the same time as remote production is becoming increasingly commonplace, a large number of events will continue to be produced on site. There are several cases where this remains the most cost-effective option. This applies to non-repetitive events (such as large championships) or where network capacity is expensive. In order to increase the efficiency of traditional on site production, some workflows are shifting to the cloud, which reduces cost and increases flexibility.

Remote and distributed production

Live production is increasingly shifting from traditional OB (Outside Broadcasting) vans, where production takes place on site, to solutions where production is carried out in a different geographical location. Camera feeds are transported from the event to a central production location over a media network. The Alpine World Ski Championships 2019 in Åre, Sweden, provide a recent example, where live content from some 80 cameras was transported to SVT's studio in Stockholm for production.

At remote production large volumes of different types of traffic are handled with extremely effective control and low latency. The demands on media transport solutions, both in terms of reliability and latency, are therefore particularly high for this type of production, something which favors Net Insight.

The next step in this progress includes distributed production, where the various elements of live production take place in multiple geographical locations. For example, the actual video production (mixing and editing) can be carried out at a central production unit, while graphics, audio, commentary and other postproduction can be provided separately at various geographically distributed production sites. Distributed production is at the early stages, although more advanced broadcasters and production companies have started testing and evaluating.

The transition to remote and distributed production implies extensive advantages for customers. Production staff no longer being required to travel to the physical location generates cost savings.

The production methods also make it possible to produce more and better content. Because it provides access to the top specialists in the various production

fields, regardless of location, resources and equipment can be optimized much more efficiently. Reduced travel generates significant sustainability gains and other advantages in uncertain times when production staff may be unwilling or unable to travel without good reason.

The transformation of media transport is driven by a technology shift.
Technological development provide market players with more opportunities to adapt and customize transport solutions for certain types of production. Development of dedicated media networks provides access to high network capacity. The improved reliability of the internet makes it a cost-efficient alternative for live media production, at the same time as various cloud-based solutions are expanding sharply. The shift to IP/IT and cloud-based technology is transforming media distribution towards an infrastructure that is increasingly flexible and software-oriented. The extensive market changes mentioned above have also led to consolidation and new alliances, for example Sony has acquired part of Nevion, Riedel acquired Embrionix and Belden divested Grass Valley.

To summarize, technological advances offer considerable potential for our customers to produce and transport live content in new and better ways. For Net Insight, this means great opportunities to grow in both existing and newer market segments.

Growth through a strong portfolio of transport solutions

Net Insight aims to make it easy for market operators to fully capitalize on the upsides and advantages that arise from technological progress. A flexible solutions portfolio allows customers to adapt and optimize their transport solutions in any given situation, all to be able to produce and transport more and better content, with fewer resources. Net Insight's strategy is based on the underlying market trends with a focus on growth, generally and in more attractive market segments such as internet transport and cloud-based solutions

An open portfolio for solving tomorrow's content production and transport

The volumes of live content that are being produced and consumed are growing. Technology shifts are opening up for new and improved ways of producing content, such as remote production and new ways of transporting content, for example over the internet. In parallel with this, more advanced video formats, such as 4K, 8K, are driving network capacity requirements. All these underlying trends are positive for Net Insight.

Net Insight is in a good starting position with a strong brand, more than 20 years' experience of the largest live events and demonstrable high reliability. With more than 20,000 installed Nimbra units globally, the company has a good base to offer existing customers the transport solutions of the future.

Today, Net Insight offers a broad product portfolio, including new internet and cloud-based products, that give customers the flexibility to choose and optimize transport solutions for different scenarios. The company has made the strategic decision to offer an open portfolio of solutions that supports most accepted media transport standards. The products enable transport over dedicated networks, the Internet and various cloud solutions, so that customers can choose what is best for their specific situation (such as quality considerations, available network, budget). For cases with high-value content, such as premium events, there are high demands on reliability and quality, and the Nimbra units can be used for transport over dedicated fiber networks. For other events where the cost of production is key, content can be transported using Nimbra solutions over the internet, usually at a far lower cost.

Net Insight's open approach makes the company more relevant and competitive, and thus enabling to win more of customers' business. It also makes it possible for customers to use their existing installed base to a greater extent, as well as implementing solutions where they can freely choose products from leading production equipment suppliers.

A strategic priority is to continue to strengthen our solutions offering, and Net Insight is increasing its investments in product development, a pre-requisite for driving future growth initiatives and benefitting from the changes taking place in the media industry.

Growth in attractive market segments—remote production, internet/cloud

The market trends identified above, such as remote production and Internet/cloud-based solutions, offer opportunities to grow in segments with higher growth.

When production takes place remotely, media transport becomes more important to production companies and broadcasters. This makes Net Insight's simple and cost-efficient transport solutions well positioned for driving growth in these customer segments. Driving growth in internet/cloud-based transport is another clear strategic priority. These areas are outgrowing the market as a whole and the company's history and accumulated competences implies considerable potential.

Growing with existing service providers

Media Networks' largest customer group is comprised of service providers that operate and/or own larger media networks built on Nimbra solutions. The large installed base provides a strong platform for additional sales of existing and new solutions. Service providers need to mirror their customers' progress, which means that they need to upgrade their networks and solutions with the latest technology. New functionality, such as transport over modern infrastructure (the internet/cloud), and upgraded software functionality as a result of virtualization provide examples of potential for sales to the installed base. One concrete example is the recently launched cloud-based solution Nimbra Edge, which can drive sales to the existing customer base. The acquisition of Aperi's IP product portfolio complements and strengthens Media Networks' offering to encompass more applications for existing and new customers alike.

Market launch of new version of ScheduALL

During spring 2020, the new cloud-based ScheduALL solution will be launched commercially, and will be sold under a SaaS (Software as a Service) business model. Demand for intelligent resource optimization will increase in pace with market operators seeing a growing need to optimize and drive efficiency. This means that it is a strategic priority to establish the new version of ScheduALL on the market.

Net Insight's strategic priorities

Strengthen product offering and develop business models

- Accelerate product development
- Add new functionality and introduce new IP-based technology such as ST 2110, RIST2022 and new compression techniques
- Add Internet/cloud-based support to existing products
- Continue to drive towards an open solution portfolio, including further development of the cloud solution Nimbra Edge
- Develop more flexible and volume-based business models

Drive growth in internet/cloud transport

- Grow with existing and new customers

Grow with existing customers in the service provider segment

- Capitalize on improved product offering, new functionality and products (e.g. Nimbra Edge) to drive growth
- Take advantage of the broader and stronger product portfolio following the acquisition of Aperi's products

Establish new version of ScheduALL on the market

- Successfully launch the new version and drive new revenue streams

Improved sales and marketing

- Strategic partnerships with companies that complement Net Insight's offering and increase reach
- Improved sales and marketing strategies
- Evaluate and drive growth in new market segments, for example solutions to enterprise customers
- Increase market awareness of Net Insight and continue to increase brand recognition among relevant decision makers

A reliable partner for the media experience of tomorrow

Net Insight offers reliable, innovative and future-proof solutions to the media industry. We work closely with our customers to provide solutions for better media experiences. We're driven by the idea that everything can always be done smarter, for both our customers and their customers.

The media industry of tomorrow

New technology and rapidly changing behavior lie behind the fundamental transformation of the consumption of high quality media content. Net Insight's vision is a connected world where technology enables seamless meetings between producers, distributors and consumers of content – regardless of geographical location, technical resources or distribution network. A world where consumers have access to more and better content, delivered in a continuously improving customer experience.

The ongoing technology revolution also implies intensifying global competition. To maintain competitiveness, media companies must produce more and better content as efficiently as possible, or simply put: produce more for less

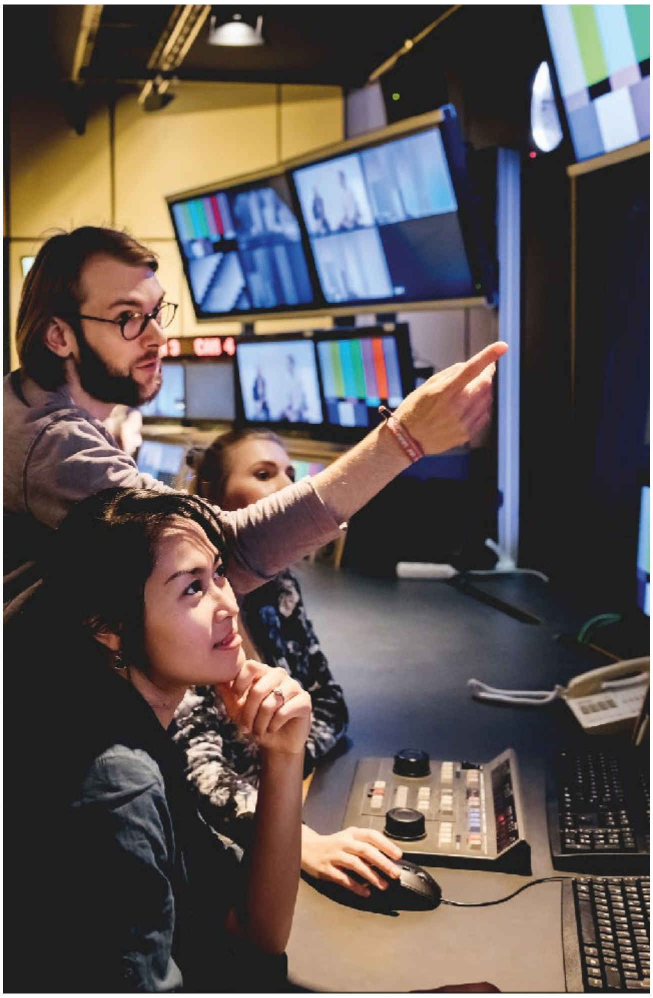
Net Insight's customer promise and purpose

Reliable innovation is Net Insight's guiding principle. Net Insight's products and services are developed to drive our customers' business, in partnerships focused on creating long-term, future-proof solutions.

Reliable innovation means that Net Insight creates safe delivery in the form of secure solutions with advanced technology on the inside that's easy to use and that our customers know will work – now and in the long term.

With extensive knowledge and insight into the industry, a genuine customer focus and reliable innovative technology, Net Insight makes it possible to create, deliver and consume better content more efficiently

> We're driven by the idea that everything can always be done smarter, for both our customers and their customers.



BUSINESS AREA: MEDIA NETWORKS

Nimbra for high quality live media transport

The Nimbra product line is aimed at network owners and media companies and provides a very competitive network solution for robust, efficient and high-quality processing and transport of media content. This creates the right conditions for improved and more efficient production and distribution of media content, which contributes to a better live TV viewing experience.

Through the Nimbra portfolio, Net Insight offers hardware and software-based platforms that include intelligent functionality for managing individual media streams. This includes compression and conversion, as well as managing, monitoring and transportation of professional video, audio and data across media networks. By providing a high-quality and efficient solution, Nimbra enables media companies to create better live experiences for TV viewers.

The media market is undergoing major transformation driven by changing viewer behavior. While traditional TV viewing is decreasing, more video than ever is consumed driven using more devices and at higher resolution in full HD and 4K UHD. This drives video content on networks, and live content in particular is becoming increasingly important for media companies. This market transformation is opening up new opportunities, as old networks and production units need to be upgraded over the coming years.

Net Insight is also continuing to work to smoothly connect platforms and use different kinds of transport for these. This provides additional flexibility, which is important for customers that want products that can be used for different purposes. This is particularly important for remote production with different scenarios such as low or high bandwidth, few or multiple cameras and slow-motion cameras. Net Insight satisfies the demands for flexibility by ensuring that different functions are available on all transport platforms (Nimbra 400, 600, 1000 and Edge).

At a pace with the media market undergoing a major transition away from media-specific solutions towards IT infrastructure, the Nimbra platform has recently been developed to meet customer demands. The Nimbra 600 series was developed in 2019 to offer additional functionality and increased density for users. This was achieved by consolidating several functions in the same hardware and by using general processors. For example, it is possible to switch to different alternatives for compression and network access depending on application. This is particularly important in remote production, for example, which may involve different environments for different production and locations. The acquisition of Aperi is also a component of Media Network's product portfolio that fits into an IT infrastructure

So far, Nimbra 1060 has mainly been used to aggregate traffic from the Nimbra 600 series with new and existing customers, but as more production takes place in 4K and more events are produced remotely, demand for connecting video and data signals directly in Nimbra 1060 will increase. Several virtualized functions from Nimbra 600 are being relocated to Nimbra 1060, which is in line with Net Insight's strategy.

Net Insight's Emmy Award®-winning Nimbra 400 solution (previously Nimbra VA) has been one of the drivers behind this development, which is expected to significantly outgrow the rest of the media market.

Nimbra 400 enables cost-efficient distribution and production of high-quality media content and therefore creates new opportunities for TV and production companies to broadcast events and sports that were previously too expensive to offer to end consumers. This expands the overall market for media transport in production. The significant cost benefits mean that many media companies are now shifting traffic from traditional satellite networks to the internet. This trend is likely to accelerate over the coming years, as frequencies used for media transport via satellite are being closed down and transferred to 4G and 5G cellular networks.

Nimbra Edge was also introduced in 2019. Nimbra Edge is a cloud-based media contribution and distribution platform that allows large media networks to operate with data centers and the internet as carrier. Nimbra Edge is a software product that uses private (the customer's data center) or public cloud solutions (such as Amazons AWS, Microsoft Azure etc.).

Nimbra Edge is an open platform that supports the most common standards for professional video communication over the internet (RIST, SRT and Zixi). Nimbra Edge can be accessed through Nimbra 400, Nimbra 600 or via third party solutions and software that Net Insight supplies free of charge to other equipment distributors. Easy-to-use functionality has been a cornerstone of the development of Nimbra Edge, and the company has developed modern, simple customized interfaces in consultation with customers.

The IP product portfolio acquired from Aperi in March 2020 is based on an open, flexible and virtualized software architecture that will complement and enhance the competitiveness of Net Insight's existing media transport portfolio.

Net Insight aims to offer the best solutions regardless of the customer's situation and preferences, to be the best alternative if production is done remotely where high bandwidth, quality, reliability and low latency are important, or for contribution where the focus is on accessibility and price.

Nimbra enables high quality live experiences:

- Nimbra 1060 – Several new orders during the year.
- Nimbra 400 – Launched and replaces the Nimbra VA-series for internet-based transport.
- Nimbra Edge – Introduction of new cloud product for managing large scale contribution and distribution over the internet.

» Business model: Media Networks

A Nimbra customer frequently extends its media network in several steps. Customers start with a limited number of locations, and gradually extend the network to include other regions and countries or by establishing a presence on new markets. As customers launch new media services in their networks, more equipment is needed as support.

These services are offered as software licenses for an installed base or as new hardware. Net Insight generates revenue from sales of hardware, software licenses support and consulting services.

The share of revenue from software licenses and support compared to hardware sales has increased significantly in recent years.

Nimbra Edge has a different business model where the customer makes monthly payments based on use, what is known as a pay-per-usage model. This business model closely reflects our customers' changing situation and will generate repetitive income streams for Net Insight.

LinkedIn keeps staff engaged with corporate broadcast

To support development of the major new initiative LinkedIn Live and other media ventures, LinkedIn Corp researched and built a media network to enable it to efficiently produce internal corporate videos as well as videos for their live professional networking platform.

LinkedIn uses real-time streaming between its New York venue, hosting the audience for an event, and control rooms on the West Coast, where a director and technical staff reside. And thereby being able to produce content to support sales and marketing services, internal corporate communications, and other ventures. This seamless remote production workflow means that camera feeds are transported between studios and a central production facility, in different geographical locations, over an efficient media network.

LinkedIn tested various media transport technologies and selected Net Insight's Nimbra platform and its IP tunneling technology simplifying media transport across a corporate network. The low latency video transport solution enables them to produce shows with the host in New York interviewing people in California and the seamless interactivity is impressive without noticeable latency.

In most cases, LinkedIn is streaming four video feeds from New York to the West Coast with two feeds returning to New York, a program feed and a multi-viewer feed. A Nimbra is installed in Mountain View, California and a Nimbra in New York. Net Insight's video over internet solution is also used as a flypack enabling any office to participate in a LinkedIn Live event.

As the same control room and team is used for productions taking place all over, LinkedIn leverage on their capital investments in these control rooms, and they don't have to send a large team out on the road and thereby make savings on travel and entertainment costs.

Moving forward LinkedIn is planning on utilizing the reliable and high-quality Nimbra for other locations worldwide, starting with its EMEA headquarters in Dublin.

> My vision from the start was to achieve seamless production across multi-ple studios around the world all tied together through a central control room. This is exactly what we are building.

Gary Schneider, Manager, Broadcast Systems Engineering and Lead Media Systems Architect, LinkedIn

Intelligent resource management reduces cost and increases efficiency

ScheduALL offers a leading solution for resource optimization in the media industry. ScheduALL's intelligent scheduling and effective resource management enables Net Insight's prestigious customers to produce better and more cost-efficient media content.

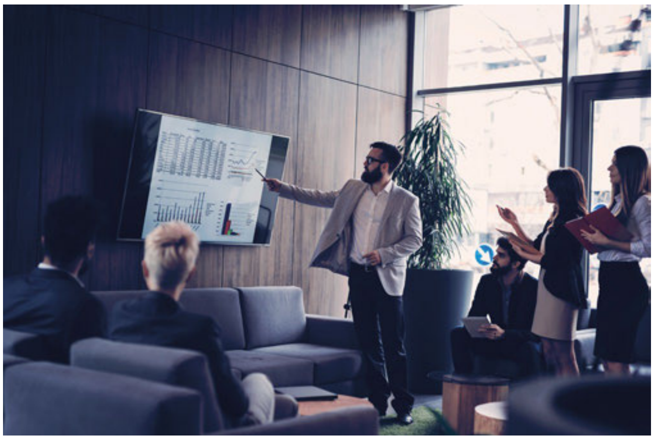
ScheduALL is a centralized business control system that delivers live event planning and resource scheduling. This includes planning, management and booking of all types of resources required for production and distribution of media content, such as studios, cameras, personnel, network capacity and satellite links. The customer base include production facilities, post-production companies, broadcasters and network providers generating business benefits through resource management, improved utilization of capacity and financial benefits.

Net Insight's close collaboration with customers forms the foundation for long-term partnerships and sustainable revenue streams. This is because customers do not just view ScheduALL as a solution for resource planning, but as a centralized strategic enabler for effective day-to-day operational management. ScheduALL allows customers to increase productivity and maintain control of projects by optimizing capacity, utilization and costs.

ScheduALL can be integrated with Nimbra, which provides network operators with a powerful tool for automated service orchestration. This end-to-end automation results in streamlined workflows, reduced redundancy and improved efficiency, while increasing collaboration across the enterprise.

To increase ScheduALL's business potential further, Net Insight made significant investments in the next generation ScheduALL during the year, which has been developed from a location-based solution sold on a license basis into a cloud-based SaaS platform (Software as a Service). New ScheduALL-based consultancy services have also been created to optimize the value of customers' ScheduALL data using advanced business intelligence.

By adding cloud services and mobile, social and analytical functionality to the portfolio, Net Insight provides improved resource optimization through predictive and prescriptive analytics. This offers users of ScheduALL increased visibility into business operations, increased capacity to drive operational change and new revenue streams, where more content can be created even more efficiently and at even lower cost.



ScheduALL offers cost efficient resource optimization

- **A strategic tool** of central significance to day-to-day production efficiency.
- **Company-wide solution** in contrast to competing tools.
- **Robust platform** for business intelligence

» Business model: Resource Optimization

Customers implement the ScheduALL solution with the help of Net Insight's support and professional services. The ScheduALL platform consists of business-critical modules that can be extended with new functionality or by connecting more users to the system.

The ScheduALL platform also provides business intelligence services that utilize advanced data analysis of data from ScheduALL and third-party systems.

Net Insight's revenues are derived from sales and subscription of software licenses, fees for cloud-based services, support and consulting services.

Sye was divested to Amazon

Net Insight's internally developed solution for live streaming, Sye, which delivers an improved and more engaging TV experience, was divested to Amazon at the beginning of 2020 for some SEK 350 million.

The Sye technology, which was launched in 2015 has a unique ability to solve fundamental problems of live streaming for consumers, a complex ecosystem with large and influential stakeholders.

Sye allows viewers to enjoy a similar experience regardless of location or media consumption platform. Sye also makes it possible to complement the linear content with expanded content on mobile screens to offer an exciting and engaging viewer experience. Viewers can follow their favorite soccer players on handheld devices, or select different camera angles and replays, as well as view more statistics and information about the event and participants.

In February 2019, Net Insight signed an agreement with Fortune 500 company Amazon relating to its video streaming service, where Sye would be used to create a high-quality experience for live content.

Since its launch, Sye has demonstrated its unique ability to solve fundamental problems in live streaming for consumers, a complex ecosystem with large and influential stakeholders. To influence these stakeholders is critical and the market is less accessible for a small B2B company such as Net Insight. Against this background, Net Insight signed an agreement regarding the divestment of Sye to Amazon in December 2019.

The fact that Amazon chose to acquire Net Insight's internally developed consumer streaming solution is evidence of the company's ability to develop world-class solutions for video transport and Sye has speeded up Net Insight's transformation into an advanced media technology company and contributed invaluable competences, relating to virtualized software solutions and cloud-based technology that will remain with Net Insight after divestment.

Sustainability Report

By working in an ethical and environmentally responsible manner, Net Insight creates long-term business relationships and is a credible partner to all its stakeholders.

» Business model

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 so that their customers can consume live and/or interactive media in real time, without disruptions. Media consumption is growing steadily today, in parallel with growing awareness of sustainability and environmental considerations. Net Insight's products enable the media experiences of the future: direct, high quality and with high reliability, regardless of where in the world the customer/consumer is located. Net Insight works to ensure that production of live broadcasts can increasingly take place remotely. Reduced need to travel to the physical recording locations create clear benefits in terms of efficiency, quality and environmental impact. It is also positive from a possible global spread of infection.

» Sustainability Report

Net Insight's sustainability work is a pre-requisite for the company's future growth and profitability. In order to identify the sustainability aspects of primary significance to the company and its stakeholders, Net Insight carried out a materiality analysis based on stakeholder dialog with investors, employees, customers and Net Insight's Board and management.

The results of the materiality analysis form the foundation of Net Insight's prioritized sustainability areas:

- Providing a healthy working environment for all staff, physically and socially.
- Working in a moral, responsible and ethical manner.
- Minimizing the environmental and climate impact.

» Information about the report

The Sustainability Report has been prepared in accordance with Chapter 6 of the Annual Accounts Act, and comprises pages 16-21, 32-34 of the Annual Report.

The questions assigned the highest priority in the materiality analysis are Net Insight's ability to attract and retain competent employees, opportunities for professional development, health and well-being, anti-corruption, information and data security, good business practice, product efficiency and energy consumption, product life cycles and materials choices.

Initiative-rich and great team spirit – Net Insight's key to success

For Net Insight, it's important that all employees know that they are contributing to the company's success. Net Insight has created a corporate culture characterized by firm personal commitment, openness and teamwork.

Net Insight is a company with Swedish head offices, international operations and a global presence. Close to 190 people work at its offices in Stockholm, London, Miami and Singapore. Following the acquisition of Aperi's product portfolio, the company now has about ten new employees at an office in Camarillo (California).Driven and committed employees are key to the company's success, and Net Insight seeks to offer opportunities for personal and professional development within the company.

Founded on strong values

In recent years, Net Insight has undergone a major transformation – from being a Swedish company with a single product area to becoming a global operator with multiple solutions for the TV market. The company is also active on a market undergoing continuous transformation. In these conditions, the key to success is a strong corporate culture with shared values that is founded on a joint ambition to deliver value to the customers.

Based on these values, Net Insight strives to retain the commitment of its employees, and attract new, experienced and competent employees on behalf of its customers.

Focus on attracting top talent

The overall competencies of the company represent a significant competitive advantage and is one of Net Insight's main sources for happy employees. It's therefore important to provide Net Insight's current and potential employees with the right conditions for professional development. Based on the aim of being the first-choice employer, Net Insight works to enhance its in-house development and learning.

Net Insight conducts active employer branding work and participated in several career fairs at universities and institutes of higher education with the aim of attracting future employees of the company. To encourage young talent, Net Insight also invites students to collaborate with the company on their master's thesis.

Team spirit and leadership based on trust for the individuals

Net Insight's inclusive leadership aims to create an open and flat organization. Every employee should feel that they contribute to the company's success and find it easy to ask colleagues for help and to work as a team. To increase transparency, Net Insight introduced a new, modern intranet in the year with the aim of offering better and more accessible information and facilitate interaction between employees.

Net Insight completes an annual employee satisfaction survey to measure employee satisfaction, leadership and well-being. One measure in the employee satisfaction survey is an Employee Net Promotor Score (eNPS). A high eNPS score means that the company has more ambassadors and more satisfied employees, which generates more loyal customers. This year's eNPS increased on previous years, 20 (11) and the result holds up well in an industry comparison. One of Net Insight's biggest strengths, and competitive advantage, is the far-reaching team spirit the employees experience. The employee survey revealed that 97% consider that they enjoy a positive collaboration with their colleagues. Furthermore, a large majority considers that it has good opportunities to take the initiative and make decisions in their work. 92% also consider that Net Insight's leadership is good, based on factors such as mutual trust. From 2020 onwards, Net Insight will measure employee satisfaction regularly through spot checks, so that action can be taken more quickly if something is not right.

Focus on well-being

The health of our employees is very important to Net Insight, and several health-positive activities are carried out regularly. These include activities organized by the Company, such as running training and plogging (jogging combined with litter picking), and activities arranged by employees, such as a weekly lunchtime jog. During the year, the Company decided to increase its well-being subsidy to encourage more physical activity.

The employee survey showed that some of our employees experience the effects of stress, something which is becoming increasingly common in today's constantly changing world, but which nevertheless needs tobe addressed. Employees need to be supported to find ways of managing periods of stress and help to ensure that the demands and expectations placed on them are reasonable. At the same time, 82% feel that they can influence their work, and 72% feel that they are able to relax in their free time. This is slightly better than external comparative figures but is still something that we want to continue to work on alongside our staff.

Training – a key part of business

As soon as an individual is employed by Net Insight, we introduce them to our processes for performance review and career opportunities. To ensure that all employees feel that they are progressing, Net Insight also arranges annual performance reviews. Competence development is determined based on the individual's background, their role at Net Insight, departmental plans and the company's overall three-year plan. Dialog and follow-up of the performance reviews are carefully analyzed, with the aim of documenting all meetings in the digital HR system. This allows the company to improve the opportunities offered for professional development and to monitor individual performance. In 2019, 82 percent (80) of all employee performance reviews were completed and documented.

It is also important that all managers are given the opportunity of continuous development. Since 2014, Net Insight has implemented a leadership program aimed at developing management competencies and ensuring that targets are met. All new managers are invited to participate in a training program and a number of trainings are offered for experienced managers.

Diversity and equal opportunities

Diversity is a natural part of Net Insight's operations. For a global company, it's crucial that its organization reflects its customers and that it understands local markets and cultures. Net Insight considers that diversity guarantees the creativity and innovation necessary for being a successful company. Since 2017, Net Insight has adopted an equal opportunities and diversity policy, which aims to guarantee all employees equal rights and opportunities regardless of gender, transgender identity or expression, ethnic origin, religion or other belief system, disability, sexual orientation or age. Net Insight also seeks to ensure a positive gender distribution throughout the organization and requires recruitment consultants to present diversified lists of candidates.

Net Insight aims to achieve a more even gender balance, as 79% (81) of the employees in the company are men. Net Insight continuously seeks to create an attractive workplace for both genders and has the ambition of attracting more women, mainly in tech development. The company is proud to announce that 40% of all new recruitment in 2019 were women. In 2019, the company made the decision to offer paid parental leave in 2020 to promote equal opportunities, and to present an attractive employment offering.

Net Insight is proud to have many employees with a background from many different countries and with extensive collective language abilities. As the group language is English, the developers are not required to speak Swedish, even when they're recruited to the Stockholm offices.

Whistleblower service spots irregularities

For Net Insight's staff to develop and thrive, the company is eager to spot potential irregularities quickly. No forms of discriminatory behavior are acceptable at Net Insight, and in cases where criminal activity or other irregularities are suspected, all employees can anonymously report incidents through the company's whistleblower service to the Board. All members of staff should also feel safe to report potential irregularities to the legal department, HR or the company's line managers. The goal is for no incidents to be reported in the year, which was the case in 2019.

A responsible partner for all stakeholders

Corporate social responsibility and good business ethics are pre-requisites for profitable and sustainable operations. Net Insight strives to engage its employees, customers and suppliers in its ambition to maintain high ethical standards.

Net Insight's values are the foundation of all the company's internal and external relationships. All employees should act in an ethical manner. The company's business ethics policy sets the tone for all its business activities. Net Insight has a zero tolerance approach to corruption, including undue advantage, improper influence and other types of unethical behavior.

Code of Conduct for shared values

Net Insight's basic principles for corporate social responsibility are set out in the Code of Conduct. The Code encompasses all employees and describes the company's position on how it handles ethical and social aspects. The Code of Conduct also clarifies how employees should act to show respect for customers, business partners and colleagues. Net Insight respects human rights in its various business relationships and considers it in relation to the company's value chain, for example by placing demands on suppliers in discussions relating to the Code of Conduct.

Net Insight is guided by and follows regulations from the UN, government agencies and the EU on human right issues.

Bribes and anti-corruption policy

For several years, Net Insight has produced anti-corruption guidelines. The guidelines are consistent with applicable legislation and the Swedish Anti-corruption Institute's code on gifts, rewards and other benefits in business. The goal of the guidelines is to reduce the risk of insider trading and other prohibited actions. The guidelines encompass all employees and certain business partners, such as distributors, agents and suppliers.

In the event of criminal action that is in breach of the company's guidelines, employees can anonymously report such incidents through Net Insight's whistleblower service. There were no reported cases of corruption or other irregularities in 2019.

Training in business ethics

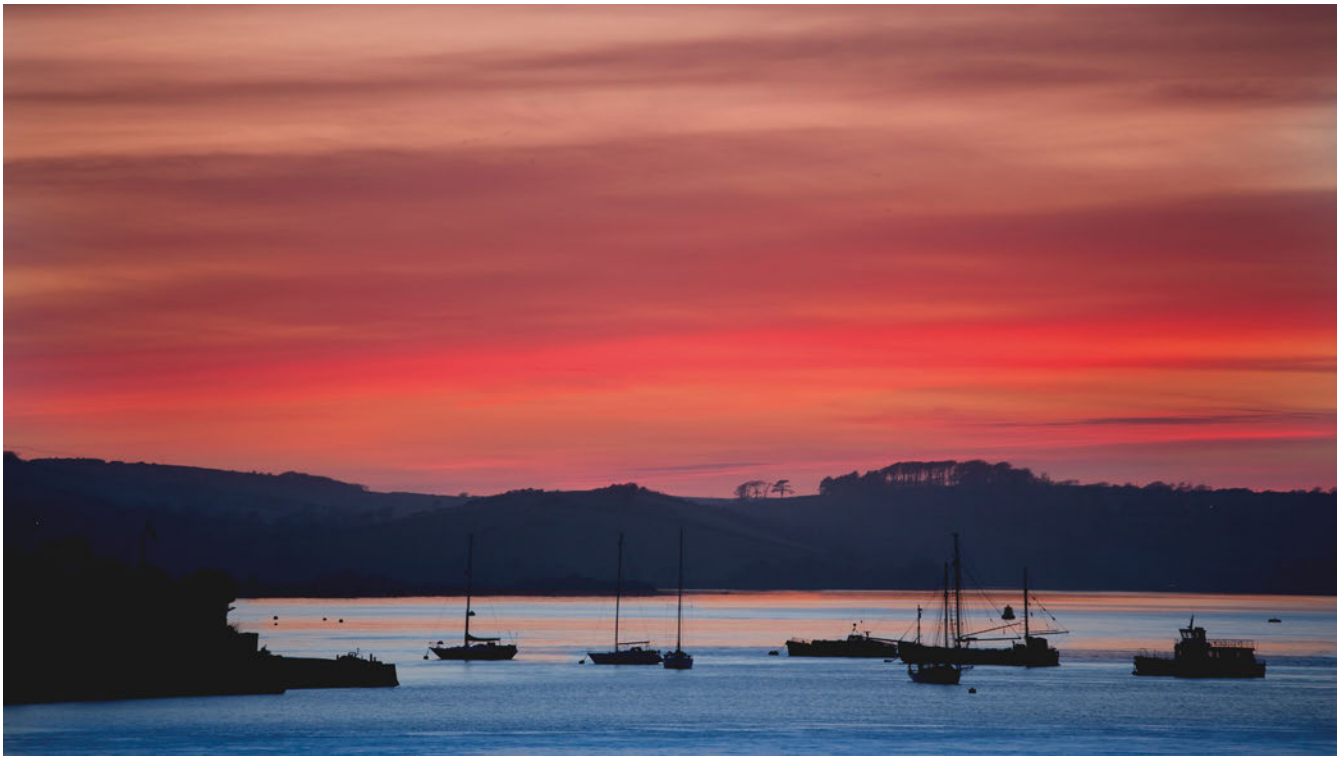
Net Insight strives to maintain a continuous dialog regarding business ethics. Information regarding ethics is included in the electronic onboarding program all new staff complete. Information about gifts and entertainment is also available in Net Insight's travel policies.

Information and security

It's important to Net Insight to improve security. This applies both to personal security and information security in the company's operations. The company also continuously make significant investments in improving IT security. This is continuously followed-up through an extensive IT policy.

Increased opportunities through reduced environmental impact

Reducing the company's environmental impact is important to Net Insight – particularly as environmental investments and profitability often go together. By taking responsibility for the environment, Net Insight can contribute to a sustainable world and simultaneously improve its business opportunities.



Net Insight's environmental impact is limited. This was reflected in the materiality analysis carried out in 2017. Net Insight actively seeks to reduce its climate impact, with the main impact judged to be associated with employee air travel, shipping and energy consumption in the hardware of the company's products.

Product responsibility and conscious supplier choices

More than half of Net Insight's sales consist of software and support, and to a lesser extent hardware. Manufacture is carried out by external partners, and partnerships with manufacturers are important for ensuring that products are produced sustainably.

Net Insight's main suppliers and subcontractors are subject to ISO 14001 environmental certification, and compliance with the EU RoHS directive limiting the usage of certain hazardous substances in electrical and electronic products. The company also applies guidelines to its handling of 3TG (conflict minerals), where the main components in Net Insight's products are gold and tin. Conflict minerals are defined as minerals originating in countries with known human rights breaches. In order to ensure that minerals are not sourced from these areas, Net Insight inspects suppliers in connection with procurement. These inspections ensure that suppliers comply with the CFSI (Conflict-Free Sourcing Initiative) framework and that the CMRT (Conflict Mineral Reporting Template) is used. Net Insight also ensures that relevant policies are in place. In the design of its products, Net Insight considers environmental considerations based on guidelines for environmentally friendly design and instructions according to the WEEE-directive (Waste Electrical and Electronic Equipment), with the aim of reducing waste and increasing recycling of electronic waste.

Reducing the energy consumption of its products is a priority for Net Insight, and the launch of the new Nimbra 1060 platform reduces electricity consumption by at least 50% compared to older Nimbra platforms.

E-waste management and reuse

Waste from electrical and electronic equipment is one of the fastest-growing waste flows globally. This means that it's important that Net Insight minimizes waste, and the company has a well-established organization for the return and repair of its products, and recycling of e-waste. The company has a proprietary warehouse for obsolete products that can potentially be reused in other operations. The company also sells renovated, used products and often uses these as demo equipment. The company reuses packaging whenever possible.

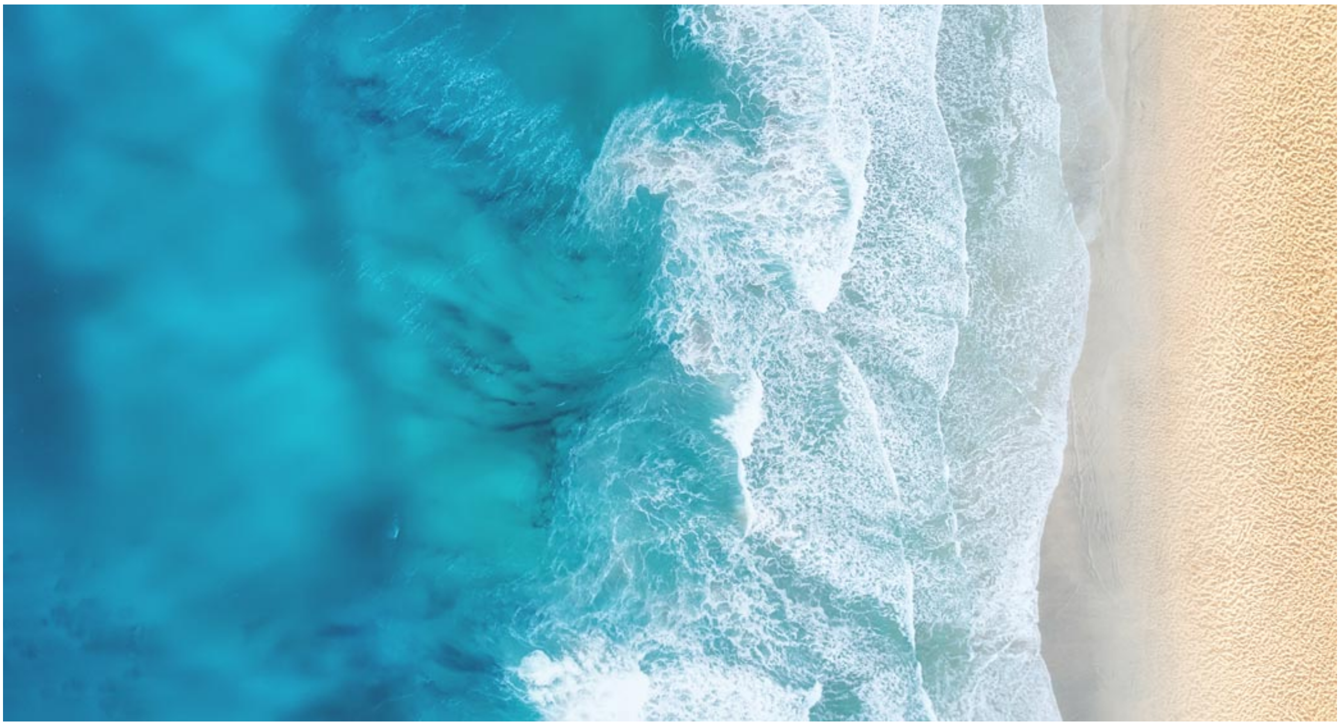
Reduced climate impact from travel

A large proportion of Net Insight's climate impact is associated with its employees' air travel, which affects the company's carbon footprint. Net Insight has invested in video conferencing technology, after the office relocation in 2018, which has enabled less need for travel.

Free cooling system reduces environmental impact

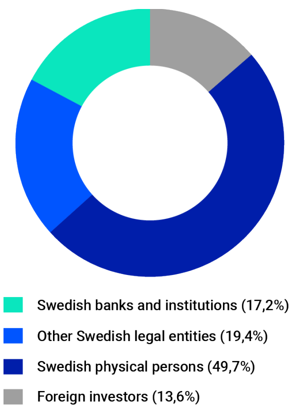
A key part of limiting the environmental impact lies in keeping down energy consumption from the company's offices and server halls. When Net Insight relocated to new premises, this made it particularly important that the new offices should be energy efficient with minimal power consumption. This resulted in Net Insight moving into one of Sweden's most energy-efficient office spaces. The building's state-of-the-art cooling system allows the relatively cold outdoor temperature to cool the server halls for most of the year.

At the same time, surplus heat can be harvested and transported for use by other tenants. This means that Net Insight can contribute to reducing the climate impact and simultaneously make operational cost savings, and the free cooling system is expected to be reinvested within a three-year period. The new office has received environmental classification under BREEAM-SE, an international standard with high demands on water management, energy use, indoor climate and waste management.

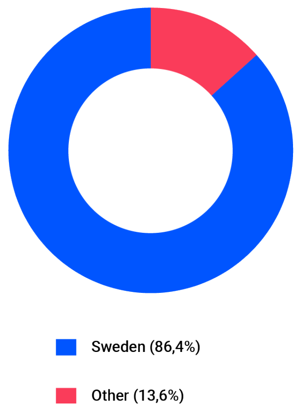


The share

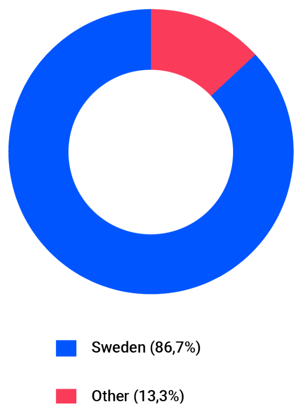
Ownership structure, 31 Dec, 2020
(capital, %)



Proportion of owners, 31 Dec, 2020
(capital, %)



Proportion of owners, 31 Dec, 2020
(votes, %)



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

Ownership[1]

The company had 10,607 shareholders on December 31, 2019, compared to 10,549 in the previous year. As of December 31, 2019, the 20 largest shareholders accounted for 45.6 percent of the capital and 45.9 percent of the votes. Foreign ownership represented 13.6 percent of capital, compared to 13.8 percent in the previous year.

Share price performance

The share price decreased by 17 percent throughout the year from SEK 2.78 to SEK 2.30. The high in the financial year, of SEK 3.18, was set on November 13, 2019, and the low, of SEK 1.21, was set on October 4. Net Insight's total market capitalization was SEK 895 million on December 31, 2019, down by 14 percent on the previous year, when market capitalization was SEK 1,040 million.

Trading volume

A total of 391 million shares were turned over for a total value of almost SEK 863.4 million, corresponding to a turnover rate of 100 percent, in 2019. In 2019, 95 percent of the trading volume was on Nasdaq Stockholm and 5 percent on other marketplaces.

An average of some 1,500,000 shares were traded per trading day in the financial year, an increase of 219 percent on the previous year.

Options

The company has four synthetic option programs, in which a synthetic option gives the option holder the right to receive a cash amount from Net Insight calculated on the basis of Net Insight's share price. For more information, see note 7 on pages 56-57.

Share capital

Share capital was SEK 15,597,320 as of December 31, 2019. There were 1,000,000 class A shares and 388,933,009 class B shares, a total of 389,933,009 shares.

The AGM 2019 authorized the Board of Directors to repurchase the company's own shares. The company's holdings should not at any time exceed 2 percent of the total number of shares in the company. To financially hedge future cash flow effects of the company's commitments in the synthetic option programs stated above, if the share price exceeds the strike price, the parent company has repurchased its own shares.

As of December 31, 2019, the parent company had a total of 7,175,000 of its own class B shares (corresponding to 1.8 percent of the total number of shares), of which 700,000 shares have been repurchased during 2019. During the period December 21-28, the parent company repurchased an additional 470,000 of its own class B shares from Nasdaq Stockholm, for a total of SEK 1.2 million. Net Insight was not registered as owner of the shares until in 2019, and accordingly, the shares are accounted for as repurchased shares in 2019.

There were 1,000,000 class A shares and 381,758,009 class B shares, a total of 382,758,009, shares outstanding as of December 31, 2019. For more information, see note 25 on page 69.

Dividend policy

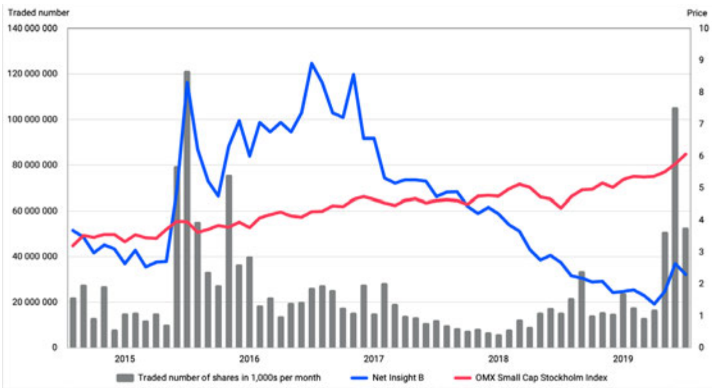
A secure cash position is important for enabling the company to demonstrate long-term financial sustainability to customers, and for enabling initiatives in growth segments. The Board of Directors is proposing to the AGM that no dividend is paid for the financial year 2019.

1) Anonymous ownership accounts for 10.9% of the capital and 10.7% of the votes. Anonymous ownership is normally foreign pension capital, alternative investment funds or private individuals, why anonymous ownership is classified as foreign ownership. Anonymous ownership is excluded in the number of shareholders

Distribution of share capital

Year	Transaction	Class A shares	Class B shares	Number of shares	Par value (SEK)	Share Capital (SEK)
2008	Options redeemed	1,900,000	377,990,569	379,890,569	0.04	15,195,623
2009	Conversion of Class A share to Class B share	1,300,000	378,590,569	379,890,569	0.04	15,195,623
2009	Options redeemed	1,300,000	388,633,009	389,933,009	0.04	15,597,320
2010	Conversion of Class A share to Class B share	1,150,000	388,783,009	389,933,009	0.04	15,597,320
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 share	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

Share price movements 2015-2019



Ownership structure as of December 31,2019

Shareholding, Number of Shares	Known share-holders, %	Share capital, %
1-1000	46.3	0.5
1001-10000	35.7	3.8
10001-15000	3.8	1.3
15001-20000	2.8	1.4
15001-20001	11.4	82.3
Anonymous		10.7
Total	**100.0**	**100.0**

Class of shares as of December 31, 2019

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**

20 largest owners as of December 31, 2019

	Name	Class A shares	Class B shares	Holdings (%)	Votes (%)	Market value SEK thousands
1	Briban Invest AB		48,052,491	12.3	12.0	110,521
2	Alecta Pensionsförsäkring		24,000,000	6.2	6.0	55,200
3	Avanza Pension		22,352,156	5.7	5.6	51,410
4	Lannebo Fonder		20,500,000	5.3	5.1	47,150
5	Nordnet Pensionsförsäkring		10,514,705	2.7	2.6	24,184
6	Nordea Liv & Pension		8,507,955	2.2	2.1	19,568
7	Net Insight AB		7,175,000	1.8	1.8	16,503
8	Lars Bergkvist		5,447,000	1.4	1.4	12,528
9	Hanna Barsum		4,264,730	1.1	1.1	9,809
10	Bajram Nuhi		3,100,000	0.8	0.8	7,130
11	Handelsbanken Fonder		3,000,000	0.8	0.8	6,900
12	Edgar Sesemann		2,603,500	0.7	0.7	5,988
13	Otto Nordhus		2,584,000	0.7	0.6	5,943
14	Dan Hemström		2,511,800	0.6	0.6	5,777
15	Swedbank Försäkring		2,397,703	0.6	0.6	5,515
16	SEB Fonder		2,176,602	0.6	0.5	5,006
17	Abboud Malkoun		2,162,026	0.6	0.5	4,973
18	Dimensional Fund Advisors		2,143,179	0.5	0.5	4,929
19	XACT Fonder		2,134,147	0.5	0.5	4,909
20	Lars Gauffin	600,000	1,469,930	0.5	1.9	3,381
Total of the 20 largest owners		**600,000**	**177,096,924**	**45.6**	**45.9**	**407,323**
Total other owners		400,000	211,836,085	54.4	54.1	487,223
Total		**1,000,000**	**388,933,009**	**100.0**	**100.0**	**894,546**

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 the Royal Institute of Technology, Stockholm (KTH). Up until 2016, Gunilla was a member of Saab AB's group management. She possesses over 20 years' experience of the telecom industry, formerly holding several senior positions in the Ericsson group. Gunilla is a Board member of Trelleborg AB, Nederman AB, Eltel AB, Enea AB and some unlisted companies, including Board member of Dunker-stiftelserna, and Chairman of the Board of Novare Peritos AB. 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 2019:
18/18

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 Adimo AB, Västraby Gård Energi AB and nok9 AB. Board member of Briban Invest AB, Studsvik AB, Trianon AB and Trialbee 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 2019:
18/18

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 of TV4 Media at Telia and was previously COO for Bonnier Broadcasting Sweden, TV4 and C More. He has more than 20 years' of experience from businesses within the telecom and media industry, including TDC, MTG and several roles 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 2019:
16/18

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 AB, Invisio Communications AB, Boule Diagnostics AB and Tobii AB, and Chairman of Lund University and Handelsbanken's southern regional Board. Charlotta is also Chairman of the Board of Malmö Ground AB and Skåne Startups ek.för. as well as Board member of Minc A, all unlisted companies. Independent of the company and management, independent of the company's major shareholders.

Shareholding in Net Insight:
0 shares.

Attendance at Board meetings in 2019:
16/18

Crister Fritzson
Board member since 2013.
Born: 1961. Crister Fritzson is a B.Sc. in Marketing Economics and assumed the position as CEO of Net Insight in April 2020. Crister has more than 15 years of experience from the telecom industry and was formerly CEO and President of Teracom Group and CEO of Boxer. Most recently CEO and President of SJ AB. Independent of the company and management, independent of the company's major shareholders.

Shareholding in Net Insight:
11,732,000 class B shares.

Attendance at Board meetings in 2019:
16/18

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 Chairman of the Board of Hermes Medical Solutions AB, Qmatic AB and Easypark Group. 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 2019:
18/18

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 and member of the nomination committee in Studsvik AB. Independent of the company and management, dependent of the largest shareholder Briban Invest AB.

Shareholding in Net Insight:
0 shares.

Changes to Net Insight's Board of Directors
Board member Crister Fritzson was appointed CEO in October 2019 and took office in April 2020. Crister Fritzson remains on the Board until the Annual General Meeting 2020.

Executive management

Crister Fritzson
Board member since 2013.
Born: 1961 Crister Fritzson is a B.Sc. in Marketing Economics and assumed the position as CEO of Net Insight in April 2020. Crister has more than 15 years of experience from the telecom industry and was formerly CEO and President of Teracom Group and CEO of Boxer. Most recently CEO and President of SJ AB.

Shareholding in Net Insight:
11,732,000 class B shares.

Synthetic options:
0.

Pelle Bourn
CFO
Born: 1964 Pelle Bourn holds a B.Sc. in Economics from Lund University, and also studied at Universität Mannheim in Germany. Pelle joined Net Insight in April 2018. Pelle has held a number of roles as controller in the Ericsson group, both in Sweden and abroad, and has also held a number of positions as CFO since 1999, mainly in technology and software companies. Pelle has experience of private equity and public companies and joins Net Insight from his position as CFO of the Aditro group.

Shareholding in Net Insight:
150,000 class B shares.

Synthetic options:
150,000.

Katarina Dufvenmark
Vice President People
Born: 1975 Katarina Dufvenmark is a Bachelor of Business Administration from the School of Business at the University of Gothenburg. She started her career as a management consultant at Accenture and has solid experience from HR work. Katarina joined Net Insight in August 2019 and comes most recently from the position as Head of HR Sweden at If P&C Insurance.

Shareholding in Net Insight:
0 class B shares.

Synthetic options:
0.

Ken Graham
Interim Vice President Resource Optimization and CTO
Born: 1957. Ken Graham has held senior positions at BellSouth, The Travelers, Sentry Data Systems, Healthe Systems and the Publix Grocery Chain. Ken also held the CEO position at two IT Consulting start-ups and was CIO of Kforce a public entity trading on Nasdaq: KFRC. Ken is a published author of Data Integrity Solutions. He started his career as a software engineer and is a degreed Computer Scientist with specializations in predictive modeling and simulations. Ken joined Net Insight in 2018.

Shareholding in Net Insight:
0 class B shares.

Synthetic options:
0.

Ulrik Rohne
Vice President Media Networks
Born: 1967 Ulrik Rohne holds an M.Sc. in Electrical Engineering from the Royal Institute of Technology in Stockholm (KTH). 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, were he was Head of Software Development in Stockholm.

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

Synthetic options:
150,000.

Marcus Sandberg
Vice President Marketing Communication
Born: 1978 Marcus Sandberg holds a M.Sc. from the Stockholm School of Economics. Marcus joined Net Insight in January 2018. He has many years' experience as a management consultant with Bain & Company, and joins Net Insight from media group Modern Times Group (MTG), where he held a range of senior positions in strategy and business development.

Shareholding i Net Insight:
37,000 class B shares.

Synthetic options:
150,000.

Changes to Net Insight's management team
The following have left the management team:
Alan Ryan resigned as Vice President Global Sales in January 2019. Maria Hellström resigned as COO in March 2019. Anna-Karin Berry resigned as interim Head of People in August 2019 and was succeeded by Katarina Dufvenmark. Judy Fick resigned as Vice President Resource Optimization in July 2019. Henrik Sund resigned as CEO in October 2019.

During the year, the following members joined the management team:
Anders Harrysson, Katarina Dufvenmark and Ken Graham.

Anders Harrysson was appointed interim CEO until March 31, 2020, and Crister Fritzson assumed the position on April 1, 2020.

Administration report

Net Insight AB (publ) corporate identity number 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 2019. Numerical information stated in brackets in these annual accounts are comparative figures with the financial year 2018 or the reporting date of December 31, 2018. Rounding deviations may occur in these annual accounts.

SIGNIFICANT EVENTS 2019

JANUARY–MARCH

- Nimbra successfully used in world's largest remote production
- Cost saving program introduced
- Key agreement signed for Sye

APRIL–JUNE

- Cost savings improves profit
- Success for Nimbra 1060
- Strategic review by product area

JULY–SEPTEMBER

- Segment reporting for business areas
- Launch of new Nimbra solution

OCTOBER–DECEMBER

- New CEO Crister Fritzson to take up his position by April 2020
- Agreement regarding divestment of Sye

DISCONTINUED OPERATIONS

The business area Streaming Solutions (the Sye consumer streaming business) is reported as discontinued operations in this report. Net Insight announced on December 17, 2019, that the company had signed an agreement to divest the business area Streaming Solutions. The transaction was conditioned and was completed on January 3, 2020.

At the beginning of the year, an important licensing agreement was signed with a Fortune 500 customer. However, the financial impact of this agreement was limited. Overall, revenues amounted to SEK 9.5 million (2.1) and operating profit to SEK -35.0 (-41.0) million. Total costs increased slightly to SEK -44.6 (-43.1) million. For more information about discontinued operations, see tables in note 15.

Comments in this report relate to continuing operations, the business areas Media Networks and Resource Optimization, unless otherwise indicated.

OPERATIONS

With extensive knowledge and industry insights, and with a genuine customer focus and reliable innovation, Net Insight enables its customers to create, deliver and consume better content more easily and efficiently. Net Insight is driven by the idea that everything can always be done smarter - both for our customers and their customers.

Based on its two product areas Nimbra and ScheduALL, Net Insight offers solutions that enables network operators and media companies the benefit of lower costs and the potential for effective new media service launches.

Revenues are generated through sales of hardware, software and services.

Net Insight has more than 500 customers in 70 countries. Net Insight was founded in 1997 and had an average of 189 (202) employees and consultants, primarily stationed in Stockholm, Miami, 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

Technological progress and changing customer behaviors are accelerating Net Insight's rate of change. Towards the end of 2018, the Company introduced a new business area organization. The organizational changes continued in 2019, including transferring the Group-wide sales organization to the individual business areas.

The reorganization also changed the performance evaluation and reporting of operations, which meant that segment reporting by business area was introduced from the third quarter onwards.

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. In total, after the divestment of Sye, Net Insight has 13 patent families and 11 registered patents. This is a decrease compared to the previous year, and some patent families were included in intellectual property rights under the divestment of Sye.

In 2019, one additional patent was registered and one patent application was submitted.

In 2020, the Company intends to submit two or three new patent applications in strategic areas.

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

1. Develop virtualized software solutions and video processing in the Nimbra family and develop standardized and open interfaces for transport over IP
2. Orchestrating network services and scheduling resources in workflows and transmission capacity and,
3. Solutions for video distribution over the Internet and in cloud-based environments.

Net Insight's development is carried out in Stockholm and Miami. Total development expenditures were SEK 134.0 (108.1) million.

SUSTAINABILITY

For more details, see the company's Sustainability report on pages 16-21 and Sustainability notes on pages 32-34.

CORPORATE GOVERNANCE REPORT

For the Company's Corporate Governance Report see pages 79-81.

SHAREHOLDERS AND THE SHARE

For information about the company's major shareholders, share price performance and share buy-backs, see pages 22-23 and note 25.

NET SALES AND RESULTS OF OPERATIONS

In 2019, the change process that started in 2018 continued, with a focus on long-term strategy. For Media Networks, this did not mean any major business impact during the year. For Resource Optimization, work on modernizing the software solution has continued according to plan. The new solution has attracted great interest from customers, but has not affected revenue for the year.

The group's net sales were SEK 448.6 (449.5) million in 2019, a decrease of -0.2%.

Net Sales for Media Networks totaled SEK 377.8 (375.1) million, an increase of 0.7% compared to the previous year. Revenue for hardware and support increased, while software revenue decreased. Net sales for Resource Optimization were SEK 70.8 (74.4) million, a decrease of -4.9% year-on-year, attributable to reduced licensing revenue.

Operating earnings for the full year were SEK -3.6 (-34.1) million, corresponding to an operating margin -0.8% (-7.6%). The loss was due to items affecting comparability of SEK -24.9 (-44.0) million (severance pay to personnel and to the CEO and costs for interrupted capital injection). Excluding items affecting comparability, operating earnings were SEK 21.3 (9.9) million.

Operating earnings for Media Networks was SEK 46.5 (-14.4) million, corresponding to an operating margin of 12.3% (-3.8%). Full-year operating earnings were charged with items affecting comparability of SEK -6.3 (-42.7) million. Excluding these items, operating margin was 14.0% (7.6%). Reallocation of costs for central functions as a result of the divestment has affected operating earnings for the full year by SEK -12.8 (-16.0) million, corresponding to a change in operating margin of -3.4% (-4.3%). We foresee good growth potential in market segments such as production, IP and cloud-based transport solutions. Total development expenditures were SEK -85.8 (-85.5) million.

Operating earnings for Resource Optimization was SEK -31.8 (-19.2) million. The decrease was attributable to reduced revenues, increased development expenses and customer losses. Total expenditures expenses increased as a result of investments in the modernization of the ScheduALL solution, and amounted to SEK -48.2 (-25.8) million.

Net income for the period was SEK -4.6 (-25.9) million, corresponding to a net margin -1.0% (-5.8%). Net income benefitted from SEK 0.2 (2.6) million in value changes in synthetic option programs, see note 13.

CASH FLOW AND INVESTMENTS, INCLUDING DISCONTINUED OPERATIONS

Cash flow for 2019 were SEK -41.2 (-85.5) million, of which SEK 2.3 (-23.9) million relates to continuing operations. In 2019 repurchases of own shares amounted to SEK 1.8 (0.7) million.

Full year investments were SEK 92.1 (107.1) million, of which SEK 89.4 (75.4) million related to capitalization of development expenditure. Depreciation, amortization and impairment were SEK 77.8 (101.5) million, of which SEK 57.3 (93.0) million related to amortization and impairment of capitalized development expenditure. In 2018, Net Insight recognized impairment losses of SEK 35.9 million for intangible assets in Media Networks, of which SEK 34.9 million related to capitalized development expenses.

The net value of capitalized development expenditure at the end of the period was SEK 184.6 (234.1) million. Capitalization principles are described in note 1.6.

At transition to IFRS 16 on January 1, 2019, the right-of-use assets increased with SEK 62 million. This had no effect on liquidity and is excluded from investments above.

CASH AND CASH EQUIVALENTS AND FINANCIAL POSITION, INCLUDING DISCONTINUED OPERATIONS

At year-end, cash and cash equivalents were SEK 52.3 (92.9) million. Equity was SEK 463.7 (493.9) million, with an equity/assets ratio 67.6% (76.0%). In 2019, Equity decreased by SEK -1.8 (-0.7) million, attributable to the value of repurchased of own shares.

The transition to IFRS 16 as of January 1, 2019 implied that, unlike previous years, the Company has interest-bearing liabilities in the form of leasing debt. At the end of the year, interest-bearing liabilities amounted to SEK 52.1 (-) million.

PARENT COMPANY

In 2019, parent company net sales were SEK 487.3 (514.9) million and net income was SEK -88.0 (-44.2) million. An impairment in participation in a subsidiary of SEK -81.8 million was recognized in the period due to an intra-group restructuring., which did not affect consolidated income. Among other things, the restructuring meant that the parent company acquired all the Nimbra intellec-tual property rights form the subsidiary.

Progress in the Parent Company otherwise largely shadowed the Group as outlined for the Media Networks business area above.

During the year, the parent company had an average of 139 (146) employees and consultants.

At year-end, cash and cash equivalents were SEK 40.8 (79.7) million.

SEASONALITY

In the past three calendar years, average seasonality has been fairly modest. Net sales per quarter vary between 24%-26% 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 page 34 and financial risks can be found under the accounting policies section and in the notes.

The outbreak of the Covid-19 pandemic which started in Q1 2020 has already had far-reaching effects on society and the economy. At the time of writing, many of our geographical markets are still at the early stages of the outbreak. This, in combination with extensive uncertainty regarding the continued spread of the virus and its impact on the economy, makes it difficult to predict the effects on Net Insight’s operations with any certainty. Cancelled or postponed sporting events and leagues, in combination with travel and visiting restrictions and generally increased uncertainty and caution amongst our customers has had a negative impact during part of the first quarter, and the impact will probably continue into the second quarter. The company actively follows the developments and is taking measures on a continuous basis to limit the negative effects.

Risk assessment summary

The following table shows Net Insight's own assessment of the likelihood of the Company being affected by the various operational risks described in this section, and the estimated consequences of these risks. The assessment does not claim to be exhaustive but merely serves as an illustration.

Risk	Probability	Impact
Product fault leading to product liability	Low	Low
Intellectual property dispute	Low	Low
Major customer becomes insolvent	Low	Medium
Major customer leaves Net Insight for competitor	Medium	Medium
Net Insight's technology becomes obsolete	Low	High
Net Insight makes incorrect technology investment	Low/medium	High
Political risks and international exposure	Medium	Low
Long-term supply disruption	Low	Medium
Competence risks	Medium	Medium

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 60 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 partnership agreements. 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 systems support to ensure compliance with these regulations and restrictions. Operating in, and exporting to, multiple markets involves compliance with a large number of laws and regulations which can make exports 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 16-21 and Sustainability notes on pages 32-34.

Risks related to operations

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, and 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 procedures.

Customer dependency and contracts 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 the relatively high cost to customers of changing suppliers limits this risk. To limit customer-related risks further, Net Insight continuously endeavors to exceed customer expectations in terms of technology performance and the 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 dialogue with alternative suppliers, and ensures that the relevant preferred suppliers have prepared disruption plans.

Competence risks

Net Insight's operations involves 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 appraisals, employee surveys, compensation packages and training.

See also the Sustainability Report on pages 16-21 and Sustainability Notes on pages 32-34.

GUIDELINES FOR RENUMERATION 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 (AGM) on May 8, 2020.

The following proposals will be presented to the AGM 2020. The proposed guidelines for remuneration to senior executives are essentially based on previous guidelines, but are expanded in accordance with new requirements in the Companies Act.

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 2020. 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. For more information on the current program, see case 14 on the following documents on the company's website: https://investors.netinsight.net/wp-content/uploads/sites/2/2017/09/Net-Insight-AGM-2018-Kallelse-pressmeddelande.pdf

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, 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. The pension premiums for premium defined pension and the definition of pensionable salary follow the company's Pension and Insurance Policy that has been adopted by the board of directors and is dependent on age, fixed cash salary, year of employment and parts of the variable cash remuneration. The pension premiums for premium defined pension may amount to not more than 25 per cent of the fixed annual cash salary and to not more than 30 per cent of the pensionable salary.

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. The notice period may not exceed twelve months for the CEO and six months for other executives, if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to 18 months of fixed cash salary.

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 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 annual general meeting 2020 and are essentially based on earlier guidelines for remuneration to members of the group management but extended to comply with new requirements of the Swedish Companies Act. The guidelines are annually reviewed by the remuneration committee that, in case of amendments, submits it to the board of directors and to the general meeting for comments and decisions.

DIVIDEND

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 2019.

PROPOSED APPROPRIATION OF PROFIT

The following funds are at the disposal of the parent company (SEK thousands):

The following funds are at the disposal of the parent company (SEK thousands):	2019
Premium reserve	51,296
Retained earnings	415,886
Net income	-88,039
Total	**379,143**

The Board of Directors proposes that funds be appropriated as follows:	2019
Brought forward:	379,143
Summa	**379,143**

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

Brought forward: SEK 379,143 thousand

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 report and our reporting principles

Net Insight AB (publ) Sustainability Report covers Net Insight AB and its subsidiaries for the financial year 2019 on pages 16-21 and the Sustainability notes below. The Sustainability Report has been produced to meet the requirements of the Swedish Annual Accounts Acts (ÅRL).

Materiality analysis and stakeholder dialogue

Materiality defines the sustainability topics that are most important for reporting in the context of a company's, social, environmental and economic impact. To understand this, external and internal input from stakeholders related to sustainability needs to be evaluated.

Net Insight has multiple ongoing stakeholder contacts with its customers, investors, employees and others seeking information about the company. However, Net Insight has implemented a more thorough and documented stakeholder dialogue process specifically for the Sustainability Report in order to capture the stakeholders' focus and expectations regarding important sustainability factors. Accordingly, the company has held a number of stakeholder dialogues with customers, owners and investors, employees, board members and suppliers in the form of interviews and surveys, see table on the right for more information about the dialogues.

Net Insight's executive management team has completed a materiality analysis workshop defining the most important sustainability aspects for Net Insight based on the outcome of the dialogues, alongside an analysis of Net Insight's competitors and an overview of the business environment and global trends related to sustainability. The analysis was based on information from the stakeholder dialogues, and risks and opportunities related to sustainable business covering areas such as legislation, environment, social environment, employees, respect for human rights, anti-corruption and governance. The outcome has been presented to the Board. The results of the materiality analysis are shown in the graph on page 39, and the most important sustainability areas are reflected in governance, risk and outcome and performance indicators as presented in this report.

The existing analysis is reviewed regularly to make sure it remains relevant to the Net Insight business.

Governance related to Net Insight's most important sustainability aspects

The Board of Directors has overall responsibility for corporate governance at Net Insight. This governance also includes sustainability. The Board of Directors is responsible for policies related to 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 work by the Board is described in the Corporate Governance report on pages 79-81.

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 policies. The management team supports the CEO in implementing the decisions taken by the Board, and ensuring that all employees understand and act in accordance with such policies and guidelines.

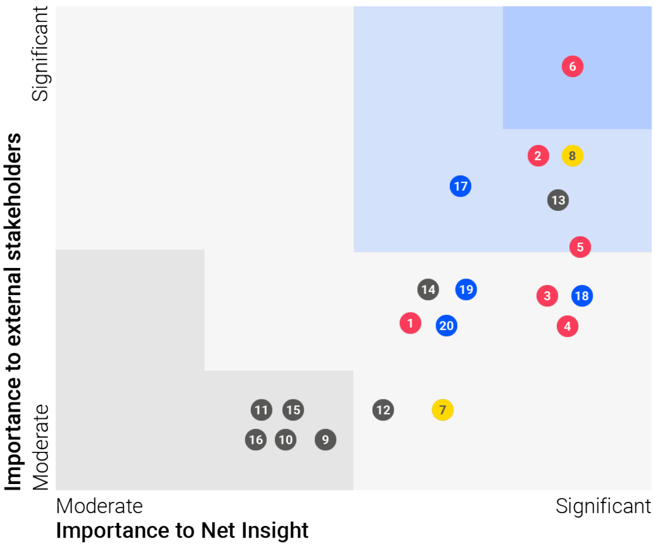
Steering documents and guidelines

The Board approved several policies. Parts of the policies, such as objectives and ambitions, are set out in this Sustainability Report. The Board adopted a Business Ethics policy that applies for the entire group and all employees. The policy consists of Net Insight's Code of Business Ethics, which sets the tone for how the company conducts its business globally and an anti-corruption policy. The Insider policy was updated in 2019 in order to maintain a high ethical level. The policy is meant to reduce the risk of insider trading and other prohibited actions.

There are also policies against bullying and abusive treatment aimed at creating an inclusive environment, built on respect for the individual, and a policy for gender equality and diversity. It aims to guarantee that employees and others work in an environment with equal treatment regardless of gender, gender identity, ethnic or religious affiliation, beliefs, disability, sexual orientation or age. This policy is reflected in many of the company's processes and is very important in areas such as the recruitment process.

The company's policies form the basis for internal guidelines and procedures for its day-to-day operations. Net Insight also has internal guidelines for respecting environmental issues related to its products, the company and its suppliers. The guidelines cover areas such as conflicts minerals, WEEE and waste return and environmentally friendly design. The company also has several guidelines and handbooks relating to employees' rights and obligations, the recruitment process and the working environment and wellbeing. All these guidelines and procedures have been well integrated in the company for many years and are evaluated regularly to ensure they are updated and relevant for the business. Managers and executive managers are responsible for the follow-up and all policies are available to all employees on the intranet.

Results of the materiality analysis



Employees and social environment

1. Community engagement
2. Competence and development
3. Diversity
4. Equal opportunities
5. Health and well-being
6. Keep and attracts talented people

Human rights and Anti-corruption

7. Human rights
8. Anti-corruption

Environment

9. Certificates
10. Emissions (transports)
11. Energy consumption
12. Material used
13. Product efficiency/product's energy consumption
14. Product lifecycle
15. Safety of the product
16. Waste (recycling)

Economic/governance aspects

17. Information and personal data security
18. Market presence and ethics (on existing markets)
19. Responsible supply chain
20. Transparency

Important sustainability-related risks and risks management

Important risks	Risk management
Environment	
The risk of non-compliance with regulations governing a product's energy consumption Due to climate change, there is a consensus that global greenhouse gas emissions need to be reduced. There is a likelihood that political initiatives and regulations will force Net Insight to adjust its production as a consequence. Products' energy consumption is one of many areas that most likely will be the subject of further regulation. Net Insight faces the risk of having insufficient knowledge or not being able to adapt its products accordingly.	Net Insight continuously monitors and follows political developments and the legislative agenda in the countries where the company operates. The company has a process to handle new rules and new legislation. The company has implemented guidelines with respect to environmental regulation and its processes. This assures a high standard of company products and compliance with legislation.
Employees and social environment	
Loss or lack of qualified employees Net Insight considers that loss of key competences, not being able to attract key competences, or recruiting the wrong competences are significant risks.	Net Insight perceives an increased risk relating to competences in software development. Net Insight works continuously to strengthen the employer brand and to ensure competitive compensation and benefits structure and levels. For example, in 2015, 2016, 2017 and 2018, the company introduced synthetic options programs to key employees and other employees. Furthermore, Net Insight has implemented recruitment guidelines to ensure high skills. Employees are evaluated yearly in a performance development dialogue. Employee satisfaction is measured yearly to capture bigger changes.
Insufficient governance of work environment (health and well-being) A high standard and good governance relating to the working environment can be at risk if Net Insight fails to respect labor law and regulations. It can present a risk to employee health and well-being if Net Insight fails to provide an adequate working environment.	The company continuously monitors long-term sick leaves and reviews employees' satisfaction through surveys and performance development discussions to ensure that employees are achieving a good work-life balance. In cases where problems are noted, these are discussed with the line manager and the employee, with support of HR, in order to find a good solution to potential or existing problems at work.
Non-compliance with the Business Ethics Policy and the Equality, Inclusion and Diversity Policy A high ethical standard is important to Net Insight and its business. Net Insight is exposed to risk if equality or other business ethics policies are not respected.	The sales department has been identified as the area with the highest risk of not complying with the Business Ethics Policy. The company regularly holds training sessions with staff from the department on the policy. Since 2018, all new employees go through a web-based onboarding programs which includes the company's guidelines for business ethics and anti-corruption. HR is responsible for compliance with the Equality, Inclusion and Diversity Policy. It is implemented in several processes, such as the recruitment process and career development and is followed up regularly.
Human rights and Anti-corruption	
Unethical behavior and corruption on existing markets and in the supply chain This is a major concern for the brand and business due to the fact that Net Insight operates on over 70 markets.	A high ethical standard is important for long-term business success. Net Insight's Business Ethics and Anti-Corruption Policies and other principles guide employees in respecting ethical standards and complying with the relevant legislation. The policies are included in the company's employment agreements, governed by the Head of Contracts and regularly monitored by the executive management team. Training is carried out on a regular basis and is also part of the onboarding program. Breaches of the policies can be reported anonymously through an external whistleblower reporting service.

Group Financial Report

Consolidated Income Statement

Amounts in SEK thousands	NOTE	2019	2018
Continuing operations			
Net sales	4,20	448,550	449,487
Cost of sales	9	-166,251	-176,489
Gross earnings		**282,299**	**272,998**
Sales and marketing expenses	9	-128,816	-153,226
Administration expenses	9,11,12	-67,355	-54,933
Development expenses	6,9,11	-70,776	-62,390
Other operating income and expenses	8	-18,952	-36,510
Operating earnings	**5,7,10**	**-3,600**	**-34,061**
Result from financial items			
Financial income	13	1,825	3,007
Financial expenses	13	-4,834	-1,620
Result from financial investments		**-3,009**	**1,387**
Loss before tax		**-6,609**	**-32,674**
Tax	14	1,965	6,739
Net income continuing operations		**-4,644**	**-25,935**
Discontinued operations, net after tax	15	-27,543	-32,252
Net Income		**-32,187**	**-58,187**
Net income for the period attributable to the stockholders of the parent company		**-32,187**	**-58,187**
Earnings per share basic and diluted, continuing operations, SEK	16	-0.01	-0.07
Earnings per share basic and diluted, including discontinuing operations, SEK	16	-0.08	-0.15

Consolidated Statement of Comprehensive Income

Amounts in SEK thousands	NOTE	2019	2018
Net income		-32,187	-58,187
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			
Translations differences		3,904	6,702
Total other comprehensive income for the year, after tax		**3,904**	**6,702**
Total comprehensive income for the year		**-28,283**	**-51,485**

Consolidated Balance Sheet

SEK thousands	NOTE	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Capitalized expenditure for development	4, 17	184,582	234,064
Goodwill	4, 17	65,582	63,307
Other intangible assets	4, 17	10,560	14,246
Right-off use assets	10	52,394	-
Equipment	4, 18	29,531	33,580
Deferred tax asset	14	26,997	30,247
Deposits	31	5,186	5,211
Total non-current assets		**374,832**	**380,655**
Current assets			
Inventories	19	44,584	46,388
Contract assets	20	625	4,578
Accounts receivable	21	103,771	106,067
Other receivables	21	8,085	10,124
Prepaid expenses	21	8,469	9,222
Cash and cash equivalents	22	52,280	92,893
Assets held for sale	15	93,840	-
Total current assets		**311,654**	**269,272**
TOTAL ASSETS	23	**686,486**	**649,927**
EQUITIY AND LIABILITIES			
Equity attributable to parent company's shareholders			
Share capital	25	15,597	15,597
Other paid-in capital		1,192,727	1,192,727
Translation difference		9,473	5,569
Accumulated deficit		-754,052	-720,028
Total equity		**463,745**	**493,865**
Non-current liabilities			
Contract liabilities	20	15,890	12,654
Lease liabilites	10	41,517	-
Other non-current liablities	26	68	299
Provisions	27	4,691	4,953
Total non-current liabilities		**62,166**	**17,906**
Current liabilities			
Lease liabilities	10	10,586	-
Accounts payable		35,821	36,009
Contract liabilities	20	55,610	52,038
Current tax liabilities		257	134
Other liabilities	28	5,418	4,126
Liabilities directly associated with assets held for sale	15	2,995	-
Provisions	27	2,036	2,203
Accrued expenses	29	47,852	43,646
Total current liabilities		**160,575**	**138,156**
TOTAL EQUITIY AND LIABILITIES	23	**686,486**	**649,927**

Consolidated Statement of Cash Flow[1]

Amounts in SEK thousands	NOTE	2019	2018
Ongoing activities			
Loss before tax[2]		-41,651	-73,707
Income tax paid		-371	-238
Depreciation, amortization and impairment	9	77,848	101,479
Other items not affecting liquidity	30	15,229	8,420
Cash flow from operating activities before changes in working capital		**51,055**	**35,954**
Changes in working capital			
Increase (-)/Decrease (+) in inventories		-2,682	-8,795
Increase (-)/Decrease (+) in receivables		-1,572	-11,090
Increase (+)/Decrease (-) in liabilities		14,043	6,653
Cash flow from operating activities		**60,844**	**22,722**
Investment activities			
Investments in intangible assets	17	-90,159	-75,426
Investments in tangible assets	18	-1,930	-31,659
Investments in financial assets	30	46	-300
Cash flow from investment activities		**-92,043**	**-107,385**
Financing activities			
Amortization leasing		-8,154	-
Option premiums paid	7	-	1,381
Final settlements options	7	-	-1,435
Repurchase of own shares	25	-1,837	-739
Cash flow from financing activities		**-9,991**	**-793**
Net change in cash and cash equivalents		**-41,190**	**-85,456**
Exchange differences in cash and cash equivalents		627	604
Cash and cash equivalents at the beginning of the year		92,893	177,745
Cash and cash equivalents at the end of the year	**22**	**52,330**	**92,893**

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.
2) Interest received SEK 681 (346) thousand. Interest paid SEK-4 269 (-47) thousand, of which interest paid related to lease liabilities SEK -1 948 (-) thousand.

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
January 1, 2018	**15,597**	**1,192,727**	**-1,133**	**-661,102**	**546,089**
Comprehensive income					
Net income	-	-	-	-58,187	**-58,187**
Translation differences	-	-	6,702	-	**6,702**
Total comprehensive income	**15,597**	**1,192,727**	**5,569**	**-719,289**	**494,604**
Transactions with owners in their capacity as owners:					
Repurchase of own shares	-	-	-	-739	**-739**
Total transactions with owners	**-**	**-**	**-**	**-739**	**-739**
December 31, 2018	**15,597**	**1,192,727**	**5,569**	**-720,028**	**493,865**
January 1, 2019	**15,597**	**1,192,727**	**5,569**	**-720,028**	**493,865**
Comprehensive income					
Net income	-	-	-	-32,187	**-32,187**
Translation differences	-	-	3,904	-	**3,904**
Total comprehensive income	**15,597**	**1,192,727**	**9,473**	**-752,215**	**465,582**
Transactions with owners in their capacity as owners:					
Repurchase of own shares	-	-	-	-1,837	**-1,837**
Total transactions with owners	**-**	**-**	**-**	**-1,837**	**-1,837**
December 31, 2019	**15,597**	**1,192,727**	**9,473**	**-754,052**	**463,745**

Parent Company Financial Report

Parent Company Income Statement

Amounts in SEK thousands	NOTE	2019	2018
Net sales	4,20	487,319	514,880
Cost of sales	9	-207,349	-215,585
Gross earnings		**279,970**	**299,295**
Sales and marketing expenses	9	-119,586	-146,543
Administration expenses	9,11,12	-55,491	-46,870
Development expenses	6,9,11	-104,133	-117,808
Other operating income and expenses	8	-18,406	-2,005
Operating earnings	**5,7,10**	**-17,646**	**-13,931**
Result from financial items			
Financial income	13	-79,958	-34,900
Financial expenses	13	2,336	2,751
Result from financial investments	13	-2,884	-1,173
Loss before tax		**-98,152**	**-47,253**
Tax	14,15	10,113	3,037
Net income		**-88,039**	**-44,216**

Parent Company Statement of Comprehensive Income

Amounts in SEK thousands	NOTE	2019	2018
Net income		**-88,039**	**-44,216**
Other comprehensive income			
Items that may be reclassified subsequently to the income statement		-	-
Total other comprehensive income for the year, after tax		**-88,039**	**-44,216**

Parent Company Balance Sheet

Amounts in SEK thousands	NOTE	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Capitalized expenditure for development	17	126,049	-
Other intangible assets	4, 17	3,234	3,999
Equipment	4, 18	25,576	28,901
Participations in group companies	24	243,777	295,068
Deferred tax asset	14	15,144	5,031
Deposits	31	4,649	4,695
Total non-current assets		**418,429**	**337,694**
Current assets			
Inventories	19	44,584	46,388
Contract assets	20	601	1,900
Accounts receivable	21	98,100	95,599
Receivables from group companies	21	20,826	135,583
Other receivables	21	4,739	7,601
Prepaid expenses	21	9,715	8,305
Cash and cash equivalents	22	40,849	79,681
Total current assets		**219,414**	**375,057**
TOTAL ASSETS		**637,843**	**712,751**
EQUITIY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	25	15,597	15,597
Statutory reserve		112,822	112,822
Development reserve		13,656	-
Non-restricted equity			
Share premium reserve		51,296	51,296
Retained Earnings		415,886	475,596
Net Income		-88,039	-44,216
Total equity	**32**	**521,218**	**611,095**
Non-current liabilities			
Contract liabilities	20	6,915	4,143
Other non-current liablities	26	68	287
Other provisions	27	5,628	4,932
Total non-current liabilities		**12,611**	**9,362**
Current liabilities			
Accounts payable		32,381	31,806
Contract liabilities	20	25,221	23,023
Liabilities to group companies		-	-
Other liabilities	28	4,790	3,926
Other provisions	27	2,036	2,188
Accrued expenses	29	39,586	31,351
Total current liabilities		**104,014**	**92,294**
TOTAL EQUITY AND LIABILITIES		**637,843**	**712,751**

Parent Company Statement of Cash Flow

Amount in SEK thousands	NOTE	2019	2018
Ongoing activities			
Loss before tax		-98,152	-47,253
Income tax paid		-	-
Depreciation and amortization	9	14,525	5,153
Other items not affecting liquidity	30	91,087	41,910
Cash flow from operating activities before changes in working capital		**7,460**	**-190**
Changes in working capital			
Increase (-)/decrease (+) in inventories		-2,682	-8,795
Increase (-)/decrease (+) in receivables		-40,269	-53,539
Increase (+)/decrease (-) in current liabilities		14,874	4,060
Cash flow from operating activities		**-20,617**	**-58,464**
Investment activities			
Investments in intangible assets	17	-14,476	-366
Investments in tangible assets	18	-1,898	-26,937
Acquisition of group companies	23	-50	-
Investments in financial assets		46	41
Cash flow from investment activities		**-16,378**	**-27,262**
Financing activities			
Option premiums paid	25	-	1,381
Final settlements options	25	-	-1,435
Repurchase of own shares	24	-1,837	-739
Cash flow from financing activities		**-1,837**	**-793**
Net change in cash and cash equivalents		**-38,832**	**-86,519**
Cash and cash equivalents at the beginning of the year		79,681	166,200
Cash and cash equivalents at the end of the year	21	**40,849**	**79,681**

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
January 1, 2018	**15,597**	**112,822**	**-**	**51,296**	**470,105**	**6,230**	**656,050**
Total comprehensive income							
Redistribution previous year net earnings	-	-	-	-	6,230	-6,230	**-**
Net income	-	-	-	-		-44,216	**-44,216**
Total comprehensive income	**15,597**	**112,822**	**-**	**51,296**	**476,335**	**-44,216**	**611,834**
Transactions with owners in their capacity as owners:							
Repurchase of own shares	-	-	-	-	-739	-	**-739**
Total transactions with owners	**-**	**-**	**-**	**-**	**-739**	**-**	**-739**
December 31, 2018	**15,597**	**112,822**	**-**	**51,296**	**475,596**	**-44,216**	**611,095**
January 1, 2019	**15,597**	**112,822**	**-**	**51,296**	**475,596**	**-44,216**	**611,095**
Total comprehensive income							
Redistribution previous year net earnings	-	-		-	-44,216	44,216	**-**
Redistribution to development reserve			13,656		-13,656		**-**
Net income	-	-		-		-88,039	**-88,039**
Total comprehensive income	**15,597**	**112,822**	**13,656**	**51,296**	**417,724**	**-88,039**	**523,056**
Transactions with owners in their capacity as owners:							
Repurchase of own shares	-	-	-	-	-1,837	-	**-1,837**
Total transactions with owners	**-**	**-**	**-**	**-**	**-1,837**	**-**	**-1,837**
December 31, 2019	**15,597**	**112,822**	**13,656**	**51,296**	**415,886**	**-88,039**	**521,218**

Notes

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated accounts include Net Insight AB (publ), the parent company, and it's 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.

For a discussion about the group's performance and financial position please refer to our operating and financial review on pages 26 to 31.

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.

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.

During 2019, the Company has changed the performance evaluation and reporting of its operations, hence also the principles for segments reporting, see note 1.3. and presents discontinued operations in accordance to IFRS 5, see below.

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 84-88.

Discontinued operations

In December 2019, Net Insight announced that the divestment of Streaming Solutions, which was closed in January 2020. The business area Streaming Solutions is, in accordance to IFRS 5, reported as discontinued operations in the consolidated income statement for 2019. The Consolidated Income Statement for 2018 has been recalculated according to the same principles. 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. See also note 1.3 Segment reporting above regarding allocation of costs for central functions.

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

In the Consolidated Balance Sheet as of December 31, 2019, assets and liabilities attributable to discontinued operations were reclassified as Assets held for sale and Liabilities directly associated to assets held for sale. According to IFRS 5, the balance sheet for previous periods is not translated and is therefore unchanged. The income statement and balance sheet for discontinued operations are presented in note 15.

New standards, amendments and Interpretations adopted by the group

Effective January 1, 2019, Net Insight applies IFRS 16 Leases: The other new, amended or improved accounting standards or interpretations has not had any material impact on the Group's financial reports.

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The definition of a lease is amended which impacts the accounting both from a lessee and lessor perspective. The new standard includes more specific guidance on if and when leasing is embedded in a service contract. See note 1.6 below for the new accounting principles and note 1.6 in the 2018 Annual Report for the accounting principle for the comparison period.

The parent company has chosen not to apply IFRS 16 according to exceptions in RFR 2

Impact at transition

The standard is effective for annual periods beginning on or after January 1, 2019. The Company applied the new standard as from January 1, 2019. The Company elected to implement the standard using the modified retrospective method, meaning that the agreements are recalculated as of January 1, 2019, with the cumulative effect being adjusted to the opening retained earnings balance at transition date. Previous years was not restated.

At transition, the Company, as a lessee, recognized lease liabilities for leases previously classified as operating leases. The weighted average incremental borrowing rate applied to lease liabilities recognized in the balance sheet at the transition date was 3.4%. Right-of-use assets were recognized based on the amount equal to the related lease liability. At transition the change of right-of-use assets were an increase of SEK 62 million and for current assets a decrease of SEK -2 million, and for non-current lease liabilities an increase of SEK 50 million, current lease liabilities an increase of SEK 9 million and that equity has changed with SEK 0 million.

The income statement is affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense is replaced with interest and depreciation, so key metrics like EBITDA are changed. For the periods January-December, 2019, IFRS 16 affected Gross earnings by SEK 0.1 million, Operating earnings by SEK 0.6 million, Profit/loss before tax by SEK -1.3 million and Net income by SEK -1.0 million. For EBITA the effect of IFRS 16 were SEK 11.2 million for the period January-December, 2019.

The timing of the cash flows is not impacted. Operating cash flows are higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

Reconciliation 1FRS 16 Lease liabilites SEK thousands	Group 2019
Operating lease commitments disclosed Dec 31, 2018	**70,833**
Low-value lease recognized on straight-line as expense	-284
Short-term lease recognized on straight-line as expense	-1,275
Disconting effect	-7,233
Closing balance, December 31, 2019	**62,041**

The weighted average marginal loan interest rate was 3.44%

The Company does not expect material impact on lessor accounting at transition.

New standards, amendments and interpretations not yet adopted

There are no IFRSs or IFRC interpretations that are not yet effective that are expected to have a material impact on the group.

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 has the ability to 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 24.

1.3 Segment reporting

As of September 1, 2019, the company has changed the performance evaluation and reporting of its operations, hence the company reports segments according to the principles below from this date. Previous periods 2019 and comparison periods 2018 have been restated according to the same principles.

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.

Items not allocated are exchange rate differences, financial items and tax. Lease fees in the segments are reported as operating lease fees and the difference between this principle and the Group's accounting principle, IFRS 16 Leases, is reported as Unallocated items and eliminations. Sales between segments have not occurred. For assets, liabilities and investments, only the item Capitalized expenditure for development is evaluated by segment.

Reporting segments are the business areas:

Media Networks encompasses the Nimbra portfolio. A Nimbra solution normally consists of software as well as hardware and support. Customers with existing software licenses sometimes purchases only hardware, which means the mix between software and hardware revenues may vary over time. Revenues are mainly driven by events and specific larger deals can have a significant impact on quarterly revenue. There is no clear seasonality, why revenue on a rolling 12-month basis is a better indicator than a single quarter.

Resources Optimization encompasses ScheduALL, a pure software solution. Revenues are derived from software licenses sales, support and professional services. The business model for the coming solution is SaaS, Software as a Service.

Streaming Solutions encompasses Sye, which also is a pure software solution. Sye can be delivered as a software license, or as SaaS. Revenues can also be derived from support and professional services.

The business area Streaming Solutions was divested in January 2020 and is reported as discontinued operations in this report. Segment reporting has changed from December 2019 to exclude Streaming Solutions, which is followed up and reported separately as discontinued operations.

Cost for central functions is allocated to the various business areas. For the full year 2019 SEK -14.9 (-18.3) million would have been allocated to the divested business area. The main part of these costs is fixed and does not go with the divested operations. A reallocation has therefore been made to the continuing operations. Business areas Media Networks and Resource Optimization have thus been charged with these costs.

1.4 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.

1.5 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.

1.6 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 five years.

In connection with the modernization of the ScheduALL solution to a cloud-based SaaS solution (Sotware As A Service), the company changed in 2019 the assessment of the expected useful life of the current solution to 8 years from the previous 5-15 years, hence the amortization period for these have been updated accordingly.

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 seven to fifteen years and for other intangible assets is three to five years.

1.7 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.

1.8 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 Company 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.

1.9 Financial liabilities
Financial liabilities are recognized when the Company 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 and thereafter at amortized cost using the effective interest method. Accounts payable are not revaluated at amortized cost.

1.10 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.

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

1.12 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.

1.13 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 two incentive programs related to the Company's share price: Share-based benefit 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.

1.14 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.

1.15 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 applies 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. This results in a receivable balance if the billing is performed the following month after measurement. Some contracts include lump sum amounts, payable either up front at commencement or on an annual basis. This results in a contract liability balance if payment is in advance of revenue, as revenue is recognized over time. 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.

1.16 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 amortised 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.

1.17 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 it’s 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.

1.18 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.

1.19 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 77 percent linked to the USD and to some 8 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 2019, with all other variables constant, the group's revenues and earnings/equity after tax for 2019 would have been positively/negatively affected by some SEK 7.9 million and SEK 6.2 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 2019, with all other variables constant, the group's revenues and earnings/equity after tax for 2019 would have been positively/negatively affected by some SEK 4.1 million and SEK 3.2 million respectively.

The risk of transaction exposure is managed by the company regularly updating its EUR and USD price lists, and as far as possible, matching incoming and outgoing transactions in the same currency, as well as hedging larger foreign currency contracts. With a new model for currency hedging, in which Net Insight hedges the inflow of currency per quarter from January 2020, there were no open currency hedges as of December 31, 2019. As of December 31, 2018, the parent company had hedged USD 2.0 million and EUR 1.8 million.

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, 2019, the parent company had net exposure of SEK 54.3 (79.2) million and SEK 60.1 (775.7) 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, 2019, consolidated earnings/equity after tax would have been affected positively/negatively by some SEK 2.1 million. If the exchange rate of the USD had been 5 percent higher/lower compared to the exchange rate on December 31, 2019, consolidated earnings after tax would have been affected positively/negatively by some SEK 2.3 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, 2019, some SEK 61.5 (75.2) 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, 2019, consolidated earnings/equity after tax would have been positively/negatively affected by some SEK 2.3 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 23 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.

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 21.

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.

Judgements 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, 2019 were SEK -8.1 million or 7.3% 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, 2019, the total inventory reserve was SEK 29.2 (29.0) 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 17).

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 eight 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 2019, Net Insight utilized deferred tax assets on tax loss carry-forward of net SEK 6.5 (-18.9) 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
The transition to IFRS 16 has led to new estimates and judgements, 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 AND SEGMENT INFORMATION

As of September 1, 2019, the company has changed the performance evaluation and reporting of its operations,. Previous periods 2019 and comparison periods 2018 have been restated according to the same principles. See note 1.3 for more information.

Reporting segments are the business areas:

Media Networks encompasses the Nimbra portfolio. A Nimbra solution normally consists of software as well as hardware and support. Customers with existing software licenses sometimes purchases only hardware, which means the mix between software and hardware revenues may vary over time. Revenues are mainly driven by events and specific larger deals can have a significant impact on quarterly revenue. There is no clear seasonality, why revenue on a rolling 12-month basis is a better indicator than a single quarter.

Resources Optimization encompasses ScheduALL, a pure software solution. Revenues are derived from software licenses sales, support and professional services. The business model for the coming solution is SaaS, Software as a Service.

Streaming Solutions encompasses Sye, which also is a pure software solution. Sye can be delivered as a software license, or as SaaS. Revenues can also be derived from support and professional services.

The business area Streaming Solutions was divested in January 2020 and is reported as discontinued operations in this report. Segment reporting has changed from December 2019 to exclude Streaming Solutions, which is followed up and reported separately as discontinued operations.

Cost for central functions is allocated to the various business areas. For the full year 2019 SEK -14.9 (-18.3) million would have been allocated to the divested business area. The main part of these costs is fixed and does not go with the divested operations. A reallocation has therefore been made to the continuing operations. Business areas Media Networks and Resource Optimization have thus been charged with these costs.

Segment report	2019				2018			
SEK thousands	Media Networks	Resource Optimization	Unallocated items & eliminations	**Total**	Media Networks	Resource Optimization	Unallocated items & eliminations	**Total**
Net Sales	**377,764**	**70,786**	**-**	**448,550**	**375,069**	**74,418**	**-**	**449,487**
Gross earnings	**242,357**	**39,850**	**92**	**282,299**	**225,248**	**47,750**	**-**	**272,998**
Net margin	*64.2%*	*56.3%*		***62.9%***	*60.1%*	*64.2%*		***60.7%***
Operating earnings	**46,479**	**-31,759**	**-18,320**	**-3,600**	**-14,378**	**-19,179**	**-504**	**-34,061**
Whereof reallocated costs	-12,816	-2,091		**-14,907**	-15,966	-2,351		**-18,317**
Gross margin	*12.3%*	*-44.9%*		***-0.8%***	*-3.8%*	*-25.8%*		***-7.6%***
Net financial items			**-3,009**	**-3,009**			**1,387**	**1,387**
Profit/loss before tax continuing operations				**-6,609**				**-32,674**

Disaggregation of revenue - group, including discontinued operations	2019				2018			
SEK thousands	Media Networks	Resource Optimization	Discontinued operations	**Total**	Media Networks	Resource Optimization	Discontinued operations	**Total**
Net sales by product group								
Hardware	171,739	-	-	**171,739**	148,207	-	-	**148,207**
Software licenses	87,134	6,282	8,194	**101,610**	115,130	14,385	436	**129,951**
Support and Services	118,891	64,504	1,316	**184,711**	111,732	60,033	1,662	**173,427**
Total	**377,764**	**70,786**	**9,510**	**458,060**	**375,069**	**74,418**	**2,098**	**451,585**
Net sales by region								
Western Europe (WE)	168,300	17,906	4,591	**190,797**	188,351	18,652	589	**207,592**
Americas (AM)	137,551	42,008	4,633	**184,192**	104,654	40,907	1,277	**146,838**
Rest of World (RoW)	71,913	10,872	286	**83,071**	82,064	14,859	232	**97,155**
Total	**377,764**	**70,786**	**9,510**	**458,060**	**375,069**	**74,418**	**2,098**	**451,585**
Timing of revenue recognition								
Products and services transferred at a point in time	258,922	6,282	8,194	**273,398**	264,165	14,385	436	**278,986**
Services transferred over time	118,842	64,504	1,316	**184,662**	110,904	60,033	1,662	**172,599**
Total	**377,764**	**70,786**	**9,510**	**458,060**	**375,069**	**74,418**	**2,098**	**451,585**

Disaggregation of revenue - parent company	2019				2018			
SEK thousands	Media Networks	Resource Optimization	Streaming solutions	Total	Media Networks	Resource Optimization	Streaming solutions	Total
Net sales by product group								
Hardware	171,739	-	-	**171,739**	148,207	-	-	**148,207**
Software licenses	87,134	-	8,194	**95,328**	115,130	2,875	436	**118,441**
Support and Services	118,891	§	1,316	**120,201**	111,732	1,053	1,662	**114,447**
Total	**377,764**	**-6**	**9,510**	**387,268**	**375,069**	**3,928**	**2,098**	**381,095**
Net sales by region								
Western Europe (WE)	168,300	-	4,591	**172,891**	188,351	-1,245	589	**187,695**
Americas (AM)	137,551	-	4,633	**142,184**	104,654	888	1,277	**106,819**
Rest of World (RoW)	71,913	-6	286	**72,193**	82,064	4,285	232	**86,581**
Total	**377,764**	**-6**	**9,510**	**387,268**	**375,069**	**3,928**	**2,098**	**381,095**
Timing of revenue recognition								
Products and services transferred at a point in time	258,922	-	8,194	**267,116**	264,167	2,875	436	**267,479**
Services transferred over time	118,842	-6	1,316	**120,152**	110,902	1,053	1,662	**113,616**
Total	**377,764**	**-6**	**9,510**	**387,268**	**375,069**	**3,928**	**2,098**	**381,095**
Not allocated								
Group revenue				**100,051**				**133,785**
Total revenue				**487,319**				**514,880**

For the group, net sales of SEK 146.4 (114.7) million derivates from USA, SEK 60.1 (61.0) million from Great Britain and SEK 25.0 (20.2) million from Sweden.

During 2019 and 2018, 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	Group		Parent company	
SEK thousands	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Sweden	285,259	272,287	154,858	11,289
Western Europe (WE) excl Sweden	904	207	-	-
Americas (AM)	136,492	61,674	-	-
Rest of World (RoW)	-	-	-	-
Total	**422,655**	**334,168**	**154,858**	**11,289**

INVESTMENT PER BUSINESS AREA

Investments per Business Area only reflects capitalized expenditure for development.

Media Networks- Capitalized expenditure for development during 2019 amounted to SEK 37.3 (40.7) million and amortization and impairment to SEK -34.4 (-79.2) million. 2018 includes impairment of SEK -34.9 million. At the end of the period, net value of capitalized expenditure for development was SEK 126.0 (123.1) million.

Resource Optimization - Capitalized expenditure for development during 2019 amounted to SEK 29.5 (5.0) million and amortization to SEK -5.3 (-5.6) million. The large increase in capitalization compared to the previous year follows investments in the modernization of the ScheduALL solution. At the end of the period, net value of capitalized expenditure for development was SEK 58.5 (39.7) million

Discontinued operations - Streaming Solutions Capitalized expenditure for development during 2019 amounted to SEK 26.1 (29.8) million and amortization to SEK -17.6 (-8.2) million. At the end of the period, net value of capitalized expenditure for development was SEK 79.8 (71.3) million. As of December 31, 2019, capitalized development is included in Assets held for sale in the Consolidated Balance Sheet.

Parent company's trasactions with group companies	Parent company	
SEK thousands	2019	2018
Sales to group companies	100,051	133,785
Purchase from group companies	-139,332	-168,461

The parent company provides the group companies with the following services: development of products, support and services, and administrative services.

The subsidiaries invoice the parent company license fees for intellectual property rights and for support and services, sales related services and administrative services.

NOTE 5 EXCHANGE RATE DIFFERENCES

	Group		Parent company	
Exchange rate differences of operations, SEK thousands	2019	2018	2019	2018
Exchange rate gains	22,646	42,205	20,159	39,304
Exchange rate losses	-24,961	-44,053	-23,211	-41,654
Net exchange rate differences	**-2,315**	**-1,848**	**-3,052**	**-2,349**

The table above shows gross and net effects of the foreign exchange management. Hedge accounting is not applied because the effect of exchange rate fluctuations has been recognized directly through profit or loss.

NOTE 6 DEVELOPMENT EXPENSES

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

NOTE 7 EMPLOYEES

	2019		2018	
Average number of employees	Average no. of employees	Of which men	Average no. of employees	Of which men
Parent company				
Sweden	107	81%	116	82%
Other countries	4	76%	5	80%
Total parent company	**111**	**81%**	**121**	**82%**
Subsidiaries				
Sweden	5	95%	7	100%
USA	50	80%	57	75%
Singapore	5	100%	5	100%
Great Britain	12	84%	15	85%
Total subsidiaries	**72**	**83%**	**84**	**80%**
Group	**183**	**81%**	**205**	**81%**

Number of Board members and senior executives	31 Dec 2019	Of which men	31 Dec 2018	Of which men
Group (incl. subsidiaries)				
Board members	10	80%	11	73%
Chief Executive Officer and other senior executives	7	71%	8	75%
Parent company				
Board members	6	67%	7	71%
Chief Executive Officer and other senior executives	6	67%	6	83%

Remuneration to the Board Directors

The amounts below are fees for the parent company as approved by the AGM 2019 and 2018. 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, SEK thousands	2019	2018
Gunilla Fransson	750	650
Lars Berg (Chairman, 2017/2018)	-	20
Jan Barchan	240	240
Crister Fritzson	280	280
Mathias Berg[1]	240	160
Anders Harrysson	280	300
Charlotta Falvin	290	290
Stina Barchan, deputy	120	120
Total	**2,200**	**2,060**

1) Matthias Berg was elected on the AGM 2018, but joined on September 1, 2018..

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

SEK thousands	Basic salary	Variable remuneration[1]	Share-based benefits[2]	Other benefits	Pension expenses	Total
2019						
Anders Harrysson (acting VD)[4]	-	-	-	-	-	-
Henrik Sund (CEO)	5,597	266	-	84	1,273	7,220
Other senior executives (5)[6]	8,772	859	3	120	1,332	11,086
Other employees	143,778	15,347	-25	4,164	18,137	181,401
Total[3]	**158,147**	**16,472**	**-22**	**4,368**	**20,742**	**199,707**

SEK thousands	Basic salary	Variable remuneration[1]	Share-based benefits[2]	Other benefits	Pension expenses	Total
2018						
Henrik Sund (CEO)[5]	331	9	-	7	75	422
Fredrik Tumegård (CEO)	2,103	723	-57	64	575	3,408
Other senior executives (8) [6]	13,453	399	-116	802	1,914	16,452
Other employees	150,316	21,203	-71	4,958	18,998	195,404
Total[3]	**166,203**	**22,334**	**-244**	**5,831**	**21,562**	**215,686**

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 participant's 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 12.0 (10.2) million.
4) Remuneration as acting CEO during the period November-December 2019 has been invoiced and therefore included in the item Other external costs, see note 11. See also section Related party transactions below.
5) Refers to remuneration as employee CEO during December 2018. Remuneration as acting CEO during the period June-November 2018 has been invoiced and therefore included in the item Other external costs, see note 11.
6) Of the total remuneration to CEO and other senior executives of SEK 18.3 (20.3) million, SEK 17.0 (13.5) million relates to the parent company and SEK 1.3 (6.8) million to the subsidiaries.

Break-down between the parent company and the subsidiaries

SEK thousands	Basic salary	Variable remuneration[1]	Share-based benefits[2]	Other benefits	Pension expenses	Social security contributions	Total
2019							
Parent company	84,471	7,623	-22	985	17,134	30,573	140,764
Subsidiaries	73,676	8,849	-	3,383	3,608	7,621	97,137
Group[3]	**158,147**	**16,472**	**-22**	**4,368**	**20,742**	**38,194**	**237,901**

SEK thousands	Basic salary	Variable remuneration[1]	Share-based benefits[2]	Other benefits	Pension expenses	Social security contributions	Total
2018							
Parent company	89,335	8,946	-197	1,948	17,396	32,005	149,433
Subsidiaries	76,868	13,388	-47	3,883	4,166	9,623	107,881
Group[3]	**166,203**	**22,334**	**-244**	**5,831**	**21,562**	**41,628**	**257,314**

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 participant's 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 12.0 (10.2) million.

Share-based benefits

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 (if not defined differently)			Share-based benefit, incl soc sec contr							
Vesting period	Multiplier (SEK)	Variable remuneration/ Held in escrow, incl soc sec contr	2015	2016	2017	2018	2019	Paid remuneration	Commitments Dec 31, 2019	Payment year
2014	3.34	1,578	2,343	284	-1,970	-59	-	-2,176	-	
2015	5.06	831	-	630	-685	-119	-7	-650	-	
2016	7.56	1,743	-	-	-652	-94	-	-909	**88**	2020
2017	4.61	245	-	-	-	-48	-6	-151	**40**	2021
2018	2.30	391	-	-	-	-	-15	-117	**259**	2022
2019		277	-	-	-	-	-	-	**277**	2023
Total		**5,065**				**-320**	**-28**	**-4,003**	**664**	

Synthetic options

Swedish option 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-2015, 2017 and 2018 programs has 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.

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Synthetic options, SEK thousands (if not defined differently)			Change in value								
Year issued/Participant	Number, thousands	Premiums received	2015	2016	2017	2018	2019	Final settlement options	Reclass-ification	Commitments Dec 31, 2019	Payment year
2015											
Fredrik Tumegård (CEO)	1,000	310	4,240	540	-4,110	-470	-	-510	-	-	
Other senior executives	1,625	504	6,890	877	-5,549	-634	-	-688	-1,400	-	
Other employees, Sweden	150	46	636	82	-1,746	-200	-	-218	1,400	-	
Total 2015	**2,775**	**860**	**11,766**	**1,499**	**-11,405**	**-1,304**	**-**	**-1,416**	**-**	**-**	
2016											
Other employees, Sweden	1,150	1,001	-	1,656	-2,542	-115	-	-	-	-	
Total 2016	**1,150**	**1,001**	**-**	**1,656**	**-2,542**	**-115**	**-**	**-**	**-**	**-**	
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	
Summa 2018	**1,975**	**1,381**	**-**	**-**	**-**	**-1,062**	**-231**	**-20**	**-**	**68**	**2,021**
Total	**7,875**	**4,005**	**11,766**	**3,155**	**-14,542**	**-2,649**	**-231**	**-1,435**	**-**	**68**	

Synthetic options, SEK thousands (if not defined differently)	Variable remuneration, incl soc sec contr							
Year issued/Participant	2015	2016	2017	2018	2019	Paid remuneration	Commitments Dec 31, 2018	Payment year
2015								
Fredrik Tumegård (CEO)	28	169	107	96	-	-400	**-**	
Other senior executives	46	274	108	97	-	-525	**-**	
Other employees, Sweden	4	25	26	22	-	-77	**-**	
Total 2015	**78**	**468**	**241**	**215**	**-**	**-1,002**	**-**	
2016								
Other employees, Sweden	-	1,644	-	-435	98	-1,307	**-**	
Total 2016	**-**	**1,644**	**-**	**-435**	**98**	**-1,307**	**-**	
2017								
Other employees, Sweden	-	-	125	230	162	-417	**100**	
Other employees, Global	-	-	28	-28	-	-	**-**	
Total 2017	**-**	**-**	**153**	**202**	**162**	**-417**	**100**	**2,020**
2018								
2018:1								
Other senior executives	-	-	-	104	83	-	**187**	
Other employees, Sweden	-	-	-	94	125	-	**219**	
2018:2								
Henrik Sund (CEO)	-	-	-	11	-11	-	**-**	
Summa 2018	**-**	**-**	**-**	**209**	**197**	**-**	**406**	**2,020**
Total	**78**	**2,112**	**394**	**191**	**457**	**-2,726**	**506**	

The following principles are valid to the Annual General Meeting (AGM) 2020. At the AGM 2020, a new proposal will be submitted, which is presented in the Administration report on pages 30-31. The proposed guidelines for remuneration to senior executives are essentially based on previous guidelines, but are expanded in accordance with new requirements in the Companies Act.

Senior executives' terms and remuneration, and general remuneration principles

The company offers salaries and remuneration in line with market practice, as verified by an external compensation database, based on a fixed and a variable component. Remuneration to the CEO and other senior executives consists of basic salary, variable remuneration and pension benefits. "Senior executives" refers to those people, including the CEO, who constitute executive management. The division between fixed and variable remuneration is in proportion to the manager's responsibility and authority. The variable remuneration is based on a combination of revenue, results and activity targets.

For the CEO, annual variable remuneration is capped at 100 per cent of basic salary. For other senior executives, variable remuneration is capped at 40 per cent of basic salary. For the CEO and other senior executives 70 per cent of the variable remuneration is based on measurable financial targets.

For certain senior executives, half of the outcome of variable remuneration 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 share price performance during these three years. The multiplier is based on the ratio of the average share price for two eight-week periods, where the first period commences on the publication date of Net Insight's Year-end Report in the year following the first year of the vesting period, and the second period commences on the publication date of the Year-end Report in the year when payment shall occur (i.e. three years between the periods). The average share price is the average of the daily closing share prices of each eight-week period. The multiplier is limited to a maximum value of 5 and minimum value of 0.5.

A large portion of the staff is eligible for some form of variable remuneration. All variable remuneration and applicable social security contributions are provisioned in the accounts.

From time to time, the Board of Directors may propose share-based long-term incentive programs, which are then considered by shareholders' meetings as a separate item.

Where a board member serves the company or another group company in addition to work on the Board, a consultancy fee and/or other remuneration may be payable.

Pension liability
The company's pension liability to the CEO amounts to 30 per cent of basic annual salary, excluding variable components. Senior executives have defined contribution pension provisions, pursuant to the company's policy, legislation and contracts.

Redundancy payments
The company and the CEO have a reciprocal notice period of six months. Upon termination by the company, a redundancy payment corresponding to six months' salary becomes due. Any salary or other remuneration that the CEO receives from employment or other business the CEO conducts during the notice period of the following six months period should be deducted from redundancy payments. The company and other senior executives have reciprocal notice periods of three to six months.

The company and the CEO have a reciprocal notice period of six months. Upon termination by the company, a redundancy payment corresponding to 12 months' salary becomes due. Any salary or other remuneration that the CEO receives from employment or other business the CEO conducts during the notice period of the following 12-month period should be deducted from redundancy payments. The company and other senior executives have reciprocal notice periods of 3-6 months.

Deviations
The Board of Directors is entitled to deviate from these guidelines in special circumstances.

Consultative and decision-making process
Remuneration to the CEO for the financial year 2019 was decided by the Board of Directors. Remuneration to other senior executives was decided by the Remuneration Committee after consultation with the CEO.

Related party transactions
In July 2019, the parent company Net Insight AB signed an a SEK 50 million bank credit, which matured at year-end. Briban Invest AB, the company's largest shareholder, secured the bank credit. Briban Invest AB is owned by board member Jan Barchan. The fees to Briban Invest AB for the guarantee (blocked account) were a combination of fixed contract rate and variable interest rate when utilizing the credit. During the third and fourth quarter, SEK -2.0 (-) million was expensed as fees to Briban Invest AB. The credit was never utilized.

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 2019, fees from GEB Rand AB of SEK 0.6 (-) million were expensed.

Transactions with subsidiaries are specified in Note 4

NOTE 8 OPERATING INCOME AND EXPENSES

	Group		Parent company	
Other operating income and expenses	2019	2018	2019	2018
Other operating income	78	45	-	45
Exchange rate differences, net	-3,238	-504	-2,614	-562
Losses on fixed assets	-6	-170	-6	-170
Impairment loss on intangible assets	-	-35,881	-	-1,318
Strategic advisory services and preperation for interrupted capital injection	-15,786	-	-15,786	-
Total	**-18,952**	**-36,510**	**-18,406**	**-2,005**

NOTE 9 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

	Group		Parent company	
Depreciation, amortization and impairment, SEK thousands	2019	2018	2019	2018
Capitalized expenditures for development	-57,261	-92,987	-7,991	-
Other intangible assets	-4,630	-5,729	-1,567	-2,796
Right-off use assets	-10,030	-	-	-
Equipment	-5,927	-2,763	-4,967	-2,357
Total	**-77,848**	**-101,479**	**-14,525**	**-5,153**
Depreciation, amortization and impairment included in:				
Cost of sales	-60,282	-57,770	-9,290	-108
Sales and marketing expenses	-7,541	-2,927	-1,335	-45
Administration expenses	-2,587	-3,207	-1,196	-2,748
Development expenses	-7,439	-1,694	-2,704	-934
Other operating expenses	-	-35,881	-	-1,318
Total amortization	**-77,848**	**-101,479**	**-14,525**	**-5,153**

NOTE 10 OPERATING LEASES

Lease income and expenses	Group
	2019
Income from subleasing	2,851
Lease expenses:	
Short-term leases	-813
Leases of low-value assets	-931
Variable lease payments	-580
Depreciation of right-of-use assets	-10,030
Total lease expenses in operating income	**-12,354**
	-1,948

Property, right-of-use	Koncernen
Buildings	2019
Opening balance, January 1, 2019	**62,041**
Depreciation of right-of-use assets	-10,030
Exchange rate differences	383
Closing balance, December 31, 2019	**52,394**

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, 2019, 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.

NOTE 11 EXPENSES BY NATURE

	Group		Parent company	
SEK thousands	2019	2018	2019	2018
Cost of goods and services	-155,234	-129,664	-233,054	-241,250
Other expenses	-90,157	-104,332	-117,159	-125,671
Employee expenses (note 7)	-243,867	-266,004	-146,185	-156,050
Capitalized expenditure for development (note 17)	89,356	75,429	13,674	-
Depreciation and amortization (note 9)	-77,848	-65,598	-3,835	-3,835
Discontinued operations	*44,552*	*43,131*		
Total expenses	**-433,198**	**-307,059**	**-486,559**	**-526,806**

Reconciliation with comprehensive income statement	Group		Parent company	
SEK thousands	2019	2018	2019	2018
Cost of sales	-166,251	-153,226	-207,349	-215,585
Sales and marketing expenses	-128,816	-54,933	-119,586	-146,543
Administration expenses	-67,355	-62,390	-55,491	-46,870
Development expenses	-70,776	-36,510	-104,133	-117,808
Total expenses	**-433,198**	**-307,059**	**-486,559**	**-526,806**

NOTE 12 FEES AND REIMBURSEMENT

	Group		Parent company	
Audit services and other assignments, SEK thousands	2019	2018	2019	2018
Deloitte, appointed auditor*				
Auditing	622	536	622	536
Audit-related fees	-	-	-	-
Tax consultancy	-	-	-	-
Other	74	7	74	7
Total	**696**	**543**	**696**	**543**
Other auditors				
Auditing	141	136	-	-
Audit business in addition to audit engagement	-	-	-	-
Tax consultancy	19	18	-	-
Other	284	268	-	-
Total	**444**	**422**	**-**	**-**

NOTE 13 FINANCIAL INCOME AND EXPENSES

Financial income and expenses	Group		Parent company	
SEK thousands	2019	2018	2019	2018
Financial income				
Interest income	681	346	597	305
Exchange rate differences, net	913	-	1,512	-
Results from Group Companies	-	-	1,842	-
Synthetic options, change in value (note 7)	231	2,661	227	2,446
Financial income	**1,825**	**3,007**	**4,178**	**2,751**
Financial expenses				
Interest expenses	-2,269	-47	-318	-47
Interest expenses related parties	-2,000	-	-2,000	-
Exchange rate differences, net	-	-1,561	-	-1,126
Result from participation in group companies	-	-	-	-
Impairment of participations in group companies (note 23)	-	-	-81,800	-34,900
Synthetic options, change in value (note 7)	-	-12	-	-
Other fincial expenses	-565	-	-566	-
Financial expenses	**-4,834**	**-1,620**	**-84,684**	**-36,073**
Net financial income and expenses	**-3,009**	**1,387**	**-80,506**	**-33,322**

NOTE 14 INCOME TAX EXPENSE

Tax	Group		Parent company	
SEK thousands	2019	2018	2019	2018
Current tax				
Current tax on profits for the year	-489	-57	-	-
Total current tax	**-489**	**-57**	**-**	**-**
Deferred tax (note 15)				
Tax losses carry-forwards	-7,028	17,462	10,113	3,037
Deferred revenue	1,131	-904	-	-
Intangible assets	14,616	-469	-	-
Other	1,234	-512	-	-
Total deferred tax	**9,953**	**15,577**	**10,113**	**3,037**
Total tax	**9,464**	**15,520**	**10,113**	**3,037**
Less tax discontinued operations	-7,499	-8,781		
Tax continuing operations	**1,965**	**6,739**		

Difference between reported tax expense and tax expense based on applicable tax rate - total	Group		Parent company	
	2019	2018	2019	2018
Profit/loss before tax	**-41,651**	**-36,777**	**-98,152**	**-47,253**
Tax at the Swedish tax rate of 21.4 (22.0)%	8,913	8,091	21,005	10,396
Effect of foreign tax rates	620	444		-
Tax effect of non-deductible expenses and non-taxable revenues	-144	515	-17,249	-7,232
Adjustments in respect of prior years	-451	-285	-1	13
Tax effect of changes in tax rates	526	-1,123	-160	-140
Tax effect of group contributions	-	-	6,518	-
Tax on income according to Income Statement	**9,464**	**7,642**	**10,113**	**3,037**
Effctive tax rate for the year	**23%**	**21%**	**10%**	**6%**

Deferred tax	Group					Parent company
SEK thousands	Tax losses carry-forwards	Deferred revenue	Intangible assets	Other	**Total**	Tax losses carry-forwards
As of January 1, 2018	**12,529**	**1,771**	**-613**	**598**	**14,285**	**1,994**
– to profit or loss	17,462	-904	-469	-512	**15,577**	3,037
– to other comprehensive income	316	92	-57	34	**385**	-
As of December 31, 2018	**30,307**	**959**	**-1,139**	**120**	**30,247**	**5,031**
As of January 1, 2019	**30,307**	**959**	**-1,139**	**120**	**30,247**	**5,031**
– to profit or loss	-7,028	1,131	14,616	1,234	**9,953**	10,113
– to other comprehensive income	223	9	-49	-15	**168**	-
– through equity	**-**	**-**	**227**	**-**	**227**	**-**
As of December 31, 2019	**23,502**	**2,099**	**13,655**	**1,339**	**40,595**	**15,144**
– less discontinued operations	-	-	-13,598	-	**-13,598**	
As of December 31, 2019	**23,502**	**2,099**	**57**	**1,339**	**26,997**	

Revaluation of deferred taxes due to the change in Sweden corporate income tax rate from January 1, 2019, (U.S from January 1, 2018) effected income with net SEK 0.5 (-1.4) million. 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 2019, Net Insight utilized deferred tax assets on tax loss carry-forward of net SEK 6.5 (-18.9) million.

The capitalization is based on expected long- term profitability. Of the tax loss carry-forwards SEK 15.1 (23.9) million are consisting of Swedish loss carry-forwards with indefinite useful lives and SEK 8.4 (6.4) million to tax loss carry-forwards in USA with definite useful lives, whereof the first expires in 2036.

Tax loss carry-forwards for which deferred tax is not reported	Group		Parent company	
SEK thousands	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Tax loss carry-forwards	4	2	-	-

NOTE 15 DISCONTINUED OPERATIONS

Income from discontinued operations

Amounts in SEK thousands	2019	2018
Net sales	9,510	2,098
Cost of sales	-21,293	-12,723
Gross earnings	**-11,783**	**-10,625**
Sales and marketing expenses	-19,702	-27,886
Administration expenses	-	-
Development expenses	-3,557	-2,522
Other operating income and expenses	-	-
Operating earnings	-35,042	-41,033
	-	**-**
Net financial items	**-35,042**	**-41,033**
Tax	7,499	8,781
Net income continuing disoperations	**-27,543**	**-32,252**

Assets held for sale

Amounts in SEK thousands	31 Dec 2019
SEK thousands	
ASSETS	
Capitalized expenditure for development	79,756
Equipment	250
Deferred tax asset	13,598
Other receivables	186
Cash and cash equivalents	50
TOTAL ASSETS	**93,840**
LIABILITIES	
Other liabilities	2,995
TOTAL LIABILITIES	**2,995**

Cashflow from discontinued operations

Amounts in SEK thousands	2019	2018
Cash flow from discontinued operations, net		
Cash flow from operating activities	-17,424	-32,811
Cash flow from investment activities	-26,109	-29,760
Cash flow from financing activities	-	-
Cash flow from discontinued operations, net	**-43,533**	**-62,571**

NOTE 16 EARNINGS PER SHARE

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

Earnings per share	2019	2018
Continuing operations		
Net income attributable to stockholders of the parent, SEK thousands	-4,644	-25,935
Average number of shares	382,758,009	383,478,009
Earnings per share before dilution, SEK	-0.01	-0.07
Earnings per share after dilution, SEK	-0.01	-0.07
Discontinuing operations		
Net income attributable to stockholders of the parent, SEK thousands	-27,543	-32,252
Average number of shares	382,758,009	383,478,009
Earnings per share before dilution, SEK	-0.07	-0.08
Earnings per share after dilution, SEK	-0.07	-0.08
Total, including discontinued operations		
Net income attributable to stockholders of the parent, SEK thousands	-32,187	-58,187
Average number of shares	382,758,009	383,478,009
Earnings per share before dilution, SEK	-0.08	-0.15
Earnings per share after dilution, SEK	-0.08	-0.15

The change in average number of shares relates to the parent company's repurchase of own shares, see note 25.

NOTE 17 INTANGIBLE ASSETS

Capitalized expenditure for development	Group		Parent company	
SEK thousands	2019	2018	2019	2018
Accumulated cost at beginning of year	855,552	780,123	-	-
Acqusitions within group	-	-	120,365	-
New purchases	89,356	75,060	13,674	-
Retirements	-265,660	-	-	-
Reclassification	-15,208	369	-	-
Exchange diffrences	-1,849	-	-	-
Discontinuing operations	-111,751	-	-	-
Closing accumulated cost	**550,440**	**855,552**	**134,039**	**-**
Accumulated amortization and impairment at beginning of year	-621,488	-528,501	-	-
Amortization for the year	-57,261	-58,424	-7,991	-
Impairment for the year	-	-34,563	-	-
Retirements	265,660	-	-	-
Reclassification	15,208	-	-	-
Exchange differences	27	-	-	-
Discontinuing operations	31,995	-	-	-
Closing accumulated amortization	**-365,859**	**-621,488**	**-7,991**	**-**
Carrying amount	**184,581**	**234,064**	**126,048**	**-**

Goodwill	Group	
SEK thousands	2019	2018
Accumulated cost at beginning of year	63,307	58,452
Exchange differences for the year	2,275	4,855
Closing accumulated cost	**65,582**	**63,307**
Carrying amount	**65,582**	**63,307**

Other intangible assets	Group		Parent company	
SEK thousands	2019	2018	2019	2018
Accumulated cost at beginning of year	37,399	39,393	11,522	15,159
New purchases	802	366	802	366
Scraped	-1,318	-3,634	-1,318	-3,634
Reclassification	-1,561	-369	-	-369
Exchange differences for the year	651	1,643	-	-
Closing accumulated cost	**35,973**	**37,399**	**11,006**	**11,522**
Accumulated amortization and impairment at beginning of year	-23,153	-19,935	-7,523	-8,284
Amortization for the year	-4,630	-4,411	-1,567	-1,478
Impairment for the year	-	-1,318	-	-1,318
Scraped	1,318	3,557	1,318	3,557
Reclassifications	1,561	-	-	-
Exchange differences for the year	-509	-1,046	-	-
Closing accumulated amortization	**-25,413**	**-23,153**	**-7,772**	**-7,523**
Carrying amount	**10,560**	**14,246**	**3,234**	**3,999**
Other intangible assets consists of:				
Trademark	4,156	4,625	-	-
Customer relationships	2,953	5,615	-	-
Other	3,451	4,006	3,234	3,999

Impairment losses in 2018

In 2018, impairment losses on capitalized development expenditures of SEK -34.6 million for Nimbra Media Gateway was recognized. Sales for this product has not met expectations, and further investments would be required for a competitive solution. We prioritize other areas with larger future potential for the Nimbra platform and will not make such investments. Hence, we have recognized impairment losses for the capitalized development expenditures related to Nimbra Media Gateway in full. We also recognized impairment losses on other intangible assets of SEK -1.3 million in connection with reprioritizations of the Nimbra portfolio.

No impairment losses have been recognized in 2019.

Allocation of goodwill

In 2019, the Company has changed its segment reporting from geographical regions to business areas, see note 1.3, hence the allocation of goodwill has been reallocated accordingly. At year-end, SEK 41.1 million of goodwill was attributable to Media Networks and SEK 24.5 million to Resource Optimization. The change in the value of goodwill during the year is attributable to currency translation at the closing day rate.

Impairment test

Each operating segment is a cash-generating unit (CGU). The value in use method has been used for goodwill impairment testing for all CGUs, which means that the recoverable amounts for CGUs are established as the present value of expected future cash flows based on three-year business plans approved by management.

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 five- year period are extrapolate using an estimated growth rate. The perpetuity growth rate applied was two (2) percent.

Media Networks

The discount rate before tax applied is 9.4%. 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.

Resource Optimization

The discount rate before tax applied is 11.7%. 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 18 TANGIBLE FIXED ASSETS

Inventory	Group		Parent company	
SEK thousands	2019	2018	2019	2018
Accumulated cost at beginning of year	54,145	24,997	48,191	22,497
New purchases	1,930	31,659	1,898	26,937
Scraped	-580	-2,749	-278	-1,243
Reclassification	-23	-	-	-
Exchange differences for the year	224	238	-	-
Discontinuing operations	-280	-	-	-
Closing accumulated cost	**55,416**	**54,145**	**49,811**	**48,191**
Accumulated amortization at beginning of year	-20,565	-20,361	-19,290	-18,083
Amortization for the year	-5,927	-2,763	-4,967	-2,357
Scraped	580	2,656	22	1,150
Reclassification	23	-	-	-
Exchange differences for the year	-26	-97	-	-
Discontinuing operations	30	-	-	-
Closing accumulated amortization	**-25,885**	**-20,565**	**-24,235**	**-19,290**
Carrying amount	**29,531**	**33,580**	**25,576**	**28,901**

NOTE 19 INVENTORIES

Inventories	Group		Parent company	
SEK thousands	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Products in process	-	1,563	-	1,563
Finished goods	44,584	44,825	44,584	44,825
Total	**44,584**	**46,388**	**44,584**	**46,388**

The expensed inventories are included in cost of sales and amount to SEK 75,828 (87,296) thousand. Inventories with a value of SEK 73,766 (75,357) thousand were impaired to an estimated net realizable value of SEK 44,584 (46,388) thousand.

This year's effect in profit or loss of impairment and scrap of inventories for the year amounts to SEK -4,486 (-6,108) thousand and is recognized in cost of sales.

NOTE 20 CONTRACT ASSETS AND LIABILITIES

Contract assets	Group		Parent company	
SEK thousands	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Hardware	-	-	-	-
Software licenses	24	2,672	-	-
Support and Services	601	1,906	601	1,900
Total	**625**	**4,578**	**601**	**1,900**
Whereof:				
Non-current assets	-	-	-	-
Current assets	625	4,578	601	1,900
Total	**625**	**4,578**	**601**	**1,900**

Contract liabilities	Group		Parent company	
SEK thousands	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Hardware	-	42	-	42
Software licenses	-	1,207	-	-
Support and Services	71,500	63,443	32,135	27,124
Total	**71,500**	**64,692**	**32,135**	**27,166**
Whereof:				
Non-current liabilities	15,890	12,654	6,915	4,143
Current liabilities	55,610	52,038	25,221	23,023
Total	**71,500**	**64,692**	**32,136**	**27,166**

Revenue reconized that was included in the contract liability balance at the beginning of the period	Group		Parent company	
SEK thousands	2019	2018	2019	2018
Hardware	42	59	42	59
Software licenses	-	-	-	-
Support and Services	51,996	49,125	22,981	16,872
Total	**52,038**	**49,184**	**23,023**	**16,931**

Transaction price allocated to the remaining obligations[1]	Group							
SEK thousands	2020	2021	2022	2023	2024	2025	2026	**Total**
Hardware	-	-	-	-	-	-	-	**-**
Software licenses	-	-	-	-	-	-	-	**-**
Support and Services	55,610	13,694	1,601	154	154	154	133	**71,500**
Total	**55,610**	**13,694**	**1,601**	**154**	**154**	**154**	**133**	**71,500**

[1]Revenue from performamace obligations that are unsatisfied (or partly unsatisfied) at December 31, 2019, are expected to be recognized as stated in the table above.

NOTE 21 ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	Group		Parent company	
SEK thousands	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Accounts receivable	111,900	108,218	104,364	97,160
Provision for impairment of receivables	-7,569	-1,561	-6,264	-1,561
Provisions in accordance to IFRS 9	-560	-590	-	-
Accounts receivable, net	**103,771**	**106,067**	**98,100**	**95,599**
Receivables from group companies	-	-	20,826	135,583
Other receivables	8,085	10,124	4,739	7,601
Prepaid expenses	8,469	9,222	9,715	8,305
Carrying amount of accounts receivable and other receivables	**120,325**	**125,413**	**133,380**	**247,088**

In 2019, the group reported SEK 8,281 (5,027) 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 invoices, SEK thousands	31 Dec 2019	31 Dec 2018
Less than a month	18,008	19,344
1-3 months	30,596	32,532
3-6 months	5,877	4,497
More than 6 months	11,942	17,724
Total	**66,423**	**74,097**

Group’s movements on the provisions for impairment of accounts	2019	2018
As of January 1	**-2,151**	**-3,937**
Reversed unused amounts	-	-
Used reserve	-	3,937
Provisions for receivables impairment	-6,039	-1,561
Provision expected credit losses (ECLs)	40	-590
Exchange differences for the year	21	
As of December 31	**-8,129**	**-2,151**

Group’s accounts receivable and other receivables,carrying amount/currency, SEK thousands	2019	2018
SEK	18,424	10,005
USD	68,896	68,842
EUR	32,574	45,582
GBP	420	973
SGD	11	11
Total	**120,325**	**125,413**

	31 Dec 2019		31 Dec 2018	
Group’s accounts receivables, SEK thousands	Amount	Proportion	Amount	Proportion
Accounts receivables < 1 SEK million per customer	26,098	25%	27,460	26%
Accounts receivables 1- 5 MSEK million per customer	54,593	53%	54,335	51%
Accounts receivables > 5 SEK million per customer	23,080	22%	24,272	23%
Total	**103,771**	**100%**	**106,067**	**100%**

Current receivables contain the following major items:	Group		Parent company	
SEK thousands	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
VAT claims	4,622	8,286	2,128	5,749
Foreign currency swaps	-	181	-	181
Other	3,463	1,657	2,611	1,671
Total	**8,085**	**10,124**	**4,739**	**7,601**

Prepaid expenses include the following major items:	Group		Parent company	
SEK thousands	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Prepaid rent[1]	595	3,130	2,691	2,701
Prepaid employee-ralated expenses	1,407	1,524	1,220	1,353
Other items	7,092	4,568	5,804	4,251
Total	**9,094**	**9,222**	**9,715**	**8,305**

NOTE 22 CASH AND CASH EQUIVALENTS

	Group		Parent company	
SEK thousands	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Cash and bank balances	52,330	92,893	40,849	79,681
Total cash and cash equivalents	**52,330**	**92,893**	**40,849**	**79,681**
Of which in blocked account	-	-	-	-

NOTE 23 FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category	31 Dec 2019			31 Dec 2018		
SEK thousands	Value-tier	Assets measured at amotized 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	-	181
Accounts receivable and other receivables, excluding non-financial assets		110,147	-		113,406	-
Cash and cash equivalents		52,280	-		92,893	-
Total		**162,427**	**-**		**206,299**	**181**

Group's financial instruments by category	31 Dec 2019			31 Dec 2018		
SEK thousands	Value-tier	Liabilites measured at amortized cost	Liabilites measuerd at fair value trough profit and loss	Value-tier	Liabilites measured at amortized cost	Liabilites measuerd at fair value trough profit and loss
Liabilities in Balance Sheet						
Synthetic options	2	-	68	2	-	299
Derivative instruments	2	-	-	2	-	-
Accounts payable and other liabilities, excluding non-financial liabilities		46,689	-		42,955	-
Lease liabilities		52,103			-	
Total		**98,792**	**68**		**42,955**	**299**

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 liabilites due dates:	31 Dec 2019	31 Dec 2018
<1 year	55,942	42,955
1-5 yeas	41,587	299
>5 years	1,333	
Total	**98,862**	**43,254**

NOTE 24 PARTICIPATIONS IN GROUP COMPANIES

Subsidiaries to the parent company and other major subsidiaries within the group as of December 31, 2019:

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	493
Net Insight Pte. Ltd., registered office: Singapore	100	100	1	0	2,112
Q2 Labs AB, corp. ID. no. 556640-8570, registered office: Solna, Sweden	100	100	142,864	171,721	142,451
Net Insight Intellectual Property AB (NIIP AB), corp. ID. no. 556579-4418, registered office: Solna, Sweden	-	100		-	76,438
SchduALL EMEA Ltd; registered office: London, UK	100	100		-	2,379
VizuALL Inc; registered office: Florida, USA	100	100		71,506	67,037
Live Streamning Sweden AB, org.nr. 559228-2304, Registred office Solna, Sverige	100	100	50	50	50
Net Insight UK Ltd; registered office: London, UK	100	100		-	-
Net Insight Inc; registered office: Delaware, USA	100	100		-	-
Total				**243,777**	**290,960**

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, SEK thousands	31 Dec 2019	31 Dec 2018
Accumulated cost at beginning of year	**295,068**	**295,068**
Shareholders' contribution	30,459	34,900
Impairment	-81,800	-34,900
Purchase cost for the period	50	-
Total participations in group companies	**243,777**	**295,068**

NOTE 25 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 December 21–28, the parent company repurchased an additional 470,000 B shares on Nasdaq Stockholm for a total of SEK 1.2 million. Since the company was registered as the owner of these shares in 2019, these are reported as repurchased shares in 2019. During 2019, the parent company acquired another 230,000 of its own class B shares through purchases on Nasdaq Stockholm for SEK 0.6 million. In total, the Company has purchased 700,000 of its own shares and the total amount paid to acquire the shares, net of income tax, was SEK 1.8 million. 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.

For more information about the share, see section The Share on pages 22-23.

	31 Dec, 2019			31 Dec, 2018		
The division of shares	A-shares	B-shares	Total	A-shares	B-shares	Total
Outstanding shares	1,000,000	381,758,009	**382,758,009**	1,000,000	382,458,009	**383,458,009**
Repurchased own shares	-	7,175,000	**7,175,000**	-	6,475,000	**6,475,000**
Issued shares	**1,000,000**	**388,933,009**	**389,933,009**	**1,000,000**	**388,933,009**	**389,933,009**

NOTE 26 OTHER NON-CURRENT LIABILITIES

	2019		2018	
Group, SEK thousands	Synthetic options	Total	Synthetic options	Total
As of January 1	**299**	**299**	**283**	**283**
-Additional items affecting liquidity	-	**-**	1,381	**1,381**
-Synthetic options, change in value	-231	**-231**	-1,333	**-1,333**
-Reclassification, current	-	**-**	-12	**-12**
- final settlements options	-	**-**	-20	**-20**
As of December 31	**68**	**68**	**299**	**299**

	2019		2018	
Parent company, SEK thousands	Synthetic options	Total	Synthetic options	Total
As of January 1	**287**	**287**	**276**	**276**
-Additional items affecting liquitity	-	**-**	1,153	**1,153**
-Synthetic options, change in value	-219	**-219**	-1,131	**-1,131**
-Reclassification, current	-	**-**	-11	**-11**
- final settlements options	-	**-**	-	**-**
As of December 31	**68**	**68**	**287**	**287**

Neither the group nor the parent company has any liabilities, except for lease liabilities, that matures later than five years.

NOTE 27 OTHER PROVISIONS

	Current provision			Non-current provisions			
Group, 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, 2018	**1,910**	**3,257**	**-**	**1,910**	**3,271**	**435**	**10,783**
- additional provisions	-	-148	**-**	-	599	2,672	**3,123**
- used amount affecting liquidity	-	-4,522	**-**	-	-	-	**-4,522**
- reversed unused amount	-498	-100	**-**	-498	-376	-435	**-1,907**
- share-based remuneration	-	-157	**-**	-	-164	-	**-321**
- reclassification	-	2,461	**-**	-	-2,461	-	**-**
As of December 31, 2018	**1,412**	**791**	**-**	**1,412**	**869**	**2,672**	**7,156**
As of January 1, 2019	**1,412**	**791**	**-**	**1,412**	**869**	**2,672**	**7,156**
- additional provisions	31	527	**-**	31	573	-	**1,162**
- used amount affecting liquidity	-	-1,097	**-**	-	-	-	**-1,097**
- reversed unused amount	-	-127	**-**	-	-340	-	**-467**
- share-based remuneration	-	-7	**-**	-	-21	-	**-28**
- reclassification	-	506	**-**	-	-506	-	**-**
As of December 31, 2019	**1,443**	**593**	**-**	**1,443**	**575**	**2,672**	**6,726**

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, SEK thousands	Current provision Warranty provisions[1]	Variable incentive program[2]	Other provisions	Non-current provisions Warranty provisions[1]	Variable incentive program[2]	Other provisions	Total
As of January 1, 2018	**1,910**	**2,883**	**-**	**1,910**	**2,650**	**435**	**9,788**
- additional provisions	-	-118	**-**	-	576	2,672	**3,130**
- used amount affecting liquidity	-	-4,106	**-**	-	-	-	**-4,106**
- reversed unused amount	-498	-	**-**	-498	-2	-435	**-1,433**
- commitment transfered between group companies	-	-	**-**	-	-	-	**-**
- share-based remuneration	-	-147	**-**	-	-112	-	**-259**
- reclassification	-	2,264	**-**	-	-2,264	-	**-**
As of December 31, 2018	**1,412**	**776**	**-**	**1,412**	**848**	**2,672**	**7,120**
As of January 1, 2019	**1,412**	**776**	**-**	**1,412**	**848**	**2,672**	**7,120**
- additional provisions	31	496	**-**	31	562	938	**2,058**
- used amount affecting liquidity	-	-1,061	**-**	-	-	-	**-1,061**
- reversed unused amount	-	-127	**-**	-	-340	-	**-467**
- commitment transfered between group companies	-	31	**-**	-	11	-	**42**
- share-based remuneration	-	-7	**-**	-	-21	-	**-28**
- reclassification	-	485	**-**	-	-485	-	**-**
As of December 31, 2019	**1,443**	**593**	**-**	**1,443**	**575**	**3,610**	**7,664**

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 28 OTHER LABILITIES

SEK thousands	Group 31 Dec 2019	31 Dec 2018	Parent company 31 Dec 2019	31 Dec 2018
Employee-related taxes	2,397	2,485	2,397	2,285
Synthetic options	-	-	-	-
Other current liabilities	3,021	1,641	2,393	1,641
Total current liabilities	**5,418**	**4,126**	**4,790**	**3,926**

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

SEK thousands	Group 31 Dec 2019	31 Dec 2018	Parent company 31 Dec 2019	31 Dec 2018
Vacation pay liability	8,348	9,146	6,469	7,893
Social security contribution	2,440	3,271	2,267	2,919
Accred remuneration to employees	11,455	18,922	8,401	9,457
Other	25,609	12,307	22,449	11,082
Total accrued expenses	**47,852**	**43,646**	**39,586**	**31,351**

NOTE 30 CASH FLOWS STATEMENTS

Other items not affecting liquidity	Group		Parent company	
SEK thousands	2019	2018	2019	2018
Synthetic options, change in value	-231	-2,649	-227	-2,446
Capital gain/losses	4,366	7,076	4,372	7,076
Impairment of equities	-	-	81,800	34,900
Income realized from deferred income	-	665	-	-
Provisions	8,720	2,391	5,142	2,380
Unrealized exhange differences	2,374	937	-	-
Total	**15,229**	**8,420**	**91,087**	**41,910**

NOTE 31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	Group		Parent company	
SEK thousands	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Deposits	5,186	5,211	4,649	4,695
Total	**5,186**	**5,211**	**4,649**	**4,695**

Contingent liabilities	31 Dec 2019		31 Dec 2019	
SEK thousands	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Guarantee[1]	-	-	655	1,420
	-	**-**	**655**	**1,420**

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

NOTE 33 PROPOSED APPROPRIATION OF PROFIT

The following funds are at the disposal of the parent company (SEK thousands):	2019
Premium reserve	51,296
Retained earnings	415,886
Net income	-88,039
Total	**379,143**

The Board of Directors proposes that funds be appropriated as follows:	2019
Brought forward:	379,143
Total	**379,143**

NOTE 34 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 3, 2020, the divestment of the Sye business was completed. The purchase price amounted to approximately SEK 350 million, of which 90 per cent was paid in cash on the closing day. The remaining 10 percent is held as collateral for customary guarantees over a period of 18 months. The divestment is generated a capital gain of approximately SEK 245 million

On March 6, 2020, Net Insight acquired the US company Aperi Corporation's entire product portfolio, intellectual property, brand and inventory for $ 1.2 million.

Crister Fritzson assume the role as CEO as of April 1, 2020.

The outbreak of the Covid-19 pandemic which started in Q1 2020 has already had far-reaching effects on society and the economy. At the time of writing, many of our geographical markets are still at the early stages of the outbreak. This, in combination with extensive uncertainty regarding the continued spread of the virus and its impact on the economy, makes it difficult to predict the effects on Net Insight's operations with any certainty. Cancelled or postponed sporting events and leagues, in combination with travel and visiting restrictions and generally increased uncertainty and caution amongst our customers has had a negative impact during part of the first quarter, and the impact will probably continue into the second quarter. The company actively follows the developments and is taking measures on a continuous basis to limit the negative effects.

The Consolidated Income Statement and Consolidated Balance Sheet will be submitted to the Annual General Meeting on May 8, 2020 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 April 3, 2020

Gunilla Fransson Chairman	Jan Barchan Board member
Mathias Berg Board member	Charlotta Falvin Board member
Anders Harrysson Board member	Crister Fritzson CEO and board member

Our Audit Report was submitted April 3, 2020
Deloitte AB

Therese Kjellberg
Authorized Public Accountant

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

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 2019-01-01 - 2019-12-31. The annual accounts and consolidated accounts of the company are included on pages 26-31 and 35-73 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 2019 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 20198 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) 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 as of December 31, 2019, amount to SEK 449 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 1.15 on pages 47- 48 and description of significant estimates and assessments in Note 3 A on page 50.

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
- audit of a sample of transactions and events that have been accounted for, to ensure that they have occurred and that those transactions and events relate to the entity
- evaluation of the group’s principles and that sufficient disclosures are included in the financial statements

RECOGNITION AND VALUATION OF INTANGIBLE ASSETS

The group’s capitalized development expenditures amount to SEK 185 million as of 31 December 2019 which mainly includes internally capitalized expenditures. Furthermore the group accounts for goodwill amounting to SEK 66 million. Expenditures for development is capitalized as an intangible asset provided that the criteria’s described in the group’s accounting policies on page 45 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.

Assessment of recoverable amount of goodwill involves estimates from management in identifying and subsequently valuing cash-generating units. Management normally determines the recoverable amount based on its value in use. Value in use calculations are based on management's assessment of factors such as sales growth, ebitda margin development, weighted average cost of capital, level of future investments and perpetual growth rate.

For further information please refer to the group's accounting policies in note 1.6 A on page 45 and the description of important estimates and assessments in note 3 C + D on page 51 and note 17 regarding intangible assets.

Our audit procedures included but were not limited to:

- review of the capitalization and valuation 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 data of internally generated development costs and evaluation of management's assessment of capitalization
- review of the Group's procedures for evaluating impairment
- 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 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

ACCOUNTING FOR DISCONTINUED OPERATIONS

Net Insight signed an agreement on December 17, 2019 to sell the streaming solution Sye, which in all material aspects corresponds to the segment Streaming Solutions, for cash consideration. The decision of selling Sye has further led to the segment being presented as discontinued operations in the consolidated income statement and as assets held for sale in the consolidated balance sheet, separately from continuing operations with comparative numbers represented accordingly. Accounting for discontinued operations requires judgements by management to identifying and separating the assets and liabilities from continuing and discontinued operations as well as determining the selling price and circumstances that could impact the selling price. Accounting for discontinued operations also requires ensuring that the criteria's in IFRS are fulfilled.

For further information see group accounting principles in note 1.1 on page 45 and description of essential estimates and judgements in note 3 H on page 51 and note 15 for assets held for sale for discontinued operations and note 15 for liabilities held for sale for discontinued operations.

Our audit procedures included, but were not limited to:

- assessing policies and procedures for accounting for discontinued operations in compliance with IFRS,
- assessment of the financial effects from the discontinued operations and that they have been appropriately separated from continuing operations
- evaluation of the group's principles 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 and is found on pages 1-25, 32-34 and 83-90. 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 and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's 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.

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 2019-01-01 - 2019-12-31 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 Directors 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.

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

Stockholm April 3, 2020
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

It is the Board of Directors who is responsible for the statutory sustainability report for the year 2019 on pages 16-21 and 32-34, and that it is prepared in accordance with the Annual Accounts Act.

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.

A statutory sustainability report has been prepared.

Stockholm April 3, 2020
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.

Corporate Governance Report

Net Insight AB (publ) is a public limited company with its registered office in Solna, Sweden. Net Insight's shares are listed on Nasdaq Stockholm. The basis for governance of the company and group includes its Articles of Association, the Swedish Companies Act and Nasdaq Stockholm's regulations for issuers, including the Swedish Code of Corporate Governance, applicable from January 1, 2020 as well as internal regulations and policies.

Introduction

The Articles of Association describe the business of the company, its share capital, the number and classes of share, allocation of votes, the number of directors and auditors, notices of, and matters to be dealt with at the Annual General Meeting (AGM), and the requirement that this meeting be held in Stockholm, Sweden. In the period between AGMs, Net Insight's Board of Directors is the highest decision-making body in the Company. The duties of the Board are regulated by the Swedish Companies Act and the Articles of Association. The current Articles of Association were adopted at the AGM on May 8, 2018. The full Articles of Association are available at https://investors.netinsight.net/corporate-governance/.

In 2019, the company has not contravened Nasdaq Stockholm's Issuer Rules or accepted practice on the stock market. Net Insight departed from the Code section 4.2 in that a personal deputy was elected to main shareholder Jan Barchan (Briban Invest). The departure was motivated by continuity reasons.

Annual General Meeting, AGM

The AGM of Net Insight AB (publ) was held on May 8, 2019. The company's Nomination Committee is responsible for proposing a chairman for the AGM. Gunilla Fransson was elected Chairman of the Meeting. The AGM made the following resolutions:

• Adoption of annual financial statement, appropriation of profits and discharging the Board members and CEO from liability.

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

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

• Deloitte AB was elected as the company's Auditor, with Therese Kjellberg as Auditor in Charge.

• The AGM decided that Directors' fees should amount to SEK 2,200,000 to be allocated at SEK 700,000 to the Chairman of the Board and SEK 240,000 to each of the other Board members not employed by the company. For the deputy, the remuneration was SEK 120,000. Remuneration for Committee work, payable to members appointed by the Board of Directors, is SEK 50,000 for the Chairman of the Committee and SEK 40,000 for each Committee member.

• Remuneration to the auditor, Deloitte AB to be on approved account.

• The AGM resolved to approve the Board of Directors' proposal regarding guidelines for remuneration and other terms of employment for senior executives.

• The AGM decided to authorize the Board of Directors to, in the period until the next AGM is held, repurchase shares totaling up to 2 percent of all the shares in the company, and to reach Board resolutions regarding the transfer of these shares.

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

Nomination Committee

According to a decision at the AGM, Net Insight's Nomination Committee consists of the Chairman of the Board of Net Insight AB and the company's four largest shareholders as of the last banking day each August, who are then each entitled to appoint a member of the Nomination Committee. The composition of the Nomination Committee was published on October 10, 2019.

Net Insight's Nomination Committee for 2020 has the following members: Jan Barchan (Briban Invest), Martin Wallin (Lannebo Fonder), Ramsay Brufer (Alecta), Christian Brunlid (Handelsbanken fonder) and Gunilla Fransson (Chairman of Net Insight AB). The Nomination Committee appointed Ramsay Brufer (Alecta) as its Chairman. The Nomination Committee held four meetings where minutes were kept in preparation for the AGM 2020, prior to the date for signing the Annual Report.

With the objective of achieving multilaterlaism and diversity on the Board in terms of experience, competence and background, the Nomination Committee applied the Swedish Code of Conduct p 4.1 as its Diversity Policy, in connection with the nomination of the Board ahead of the AGM 2020.

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 2019 to serve in the period until the AGM 2020. Therese Kjellberg was appointed Auditor in Charge.

Board of Directors

The Board of Directors administers 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 administer 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 18 meetings during the year when minutes were kept, not counting one per capsulam meeting. 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 paid to management with principles for variable salary portions, as well as monitoring these issues and audit matters. During the year, the Board's main focus was appointing a new CEO, the progress of Sye and establishing activities to ensure sales in the core business revert back to expected sales volumes. The Board meeting following election addressed and adopted the Board of Directors' Agenda and the instructions for the CEO.

Each year, the Chairman initiates an evaluation of the Board's work. The evaluation for 2019 was carried out by the Nomination Committee meeting with each Board member separately discussing the work of the Board. The Nomination Committee carried out its own evaluation based on this.

The Board of Directors continuously appraises the CEO on the basis of specific targets. A formal appraisal 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, are independent of the company's principal owners.

For more information on Board members and the CEO, see pages 24-25.

Remuneration Committee

The Board has instituted a Remuneration Committee charged with consulting on issues 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 staff that report directly to the CEO. The Committee reports to the Board on a continuous basis.

The Remuneration Committee members are Chairman of the Board Gunilla Fransson and Board member Anders Harrysson. During the year, the Committee held 5 meetings when minutes were kept, not counting per capsulam meetings, and consulted on the following matters: The CEO's variable remuneration for 2018 to be decided by the Board; a decision on variable remuneration for 2018 for the rest of management; business goals and compensation structure for the CEO for 2019 to be decided by the Board and the remuneration structure for the rest of management.

Audit Committee

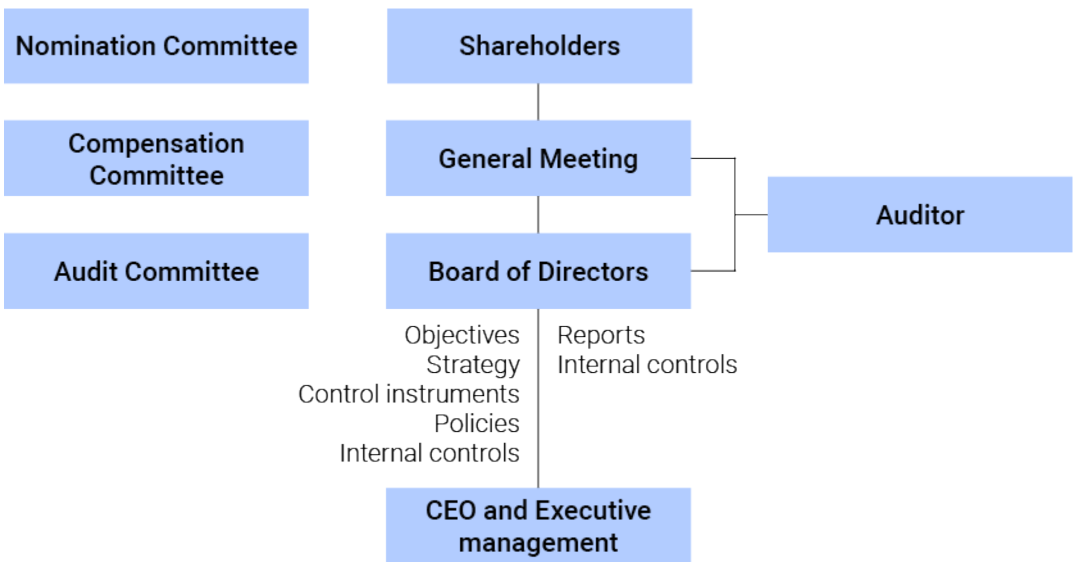
During the year, Net Insight's Board of Directors instituted an Audit Committee, charged with obtaining greater depth and efficiency of the Board's overseeing responsibility of internal controls, audit, internal audit, risk assessment, accounting and financial reporting. The Audit Committee shall also provide questions for the audit tendering process and for tender of other audit related services. In addition, the Committee is responsible for preparing accounting and audit questions that need the attention of the Board. In 2018, Net Insight's Audit Committee had the following members: Charlotta Falvin, Chairman, and Crister Fritzson. 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 four meetings in 2019. The auditors participated at one meeting. 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 2019

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

Name	Attendance at Board meetings	Remu-neration Committee	Audit Committee
Jan Barchan	18/18	2/7	
Mathias Berg	16/18		
Charlotta Falvin	16/18		4/4
Gunilla Fransson	18/18	7/7	
Crister Fritzson	16/18		4/4
Anders Harrysson	18/18	5/7	

CORPORATE GOVERNANCE AT NET INSIGHT



CEO and management

The CEO leads the company according to the terms of the instructions to the CEO, reports to the Board of Directors on financial and operational progress against financial and operational objectives set by the Board of Directors on a monthly and quarterly basis. The CEO attends Board meetings and provides the Board of Directors with the necessary information and decision-support data. The company is organized into functions, with each functional manager also being members of management. Management holds regular meetings with a standing agenda, and weekly reviews, as well as additional meetings when required.

For more information on the CEO and members of management, see pages 25.

The Board's report on Internal controls

Purpose of Internal controls

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

- Ensure satisfactory compliance with applicable laws, rules and ordinances.
- Ensure that financial reporting gives a fair and true view of the company's financial situation and gives accurate decision support data for shareholders, the Board and management.
- Ensure the company's operations are organized and managed so financial and operational objectives are realized and that significant risks are dealt with in a timely and appropriate manner

Roles and responsibilities

Net Insight's Board is responsible for ensuring that internal controls over financial reporting meet the standards of the Swedish Companies Act and Swedish Code of Corporate Governance. For Net Insight, internal controls over financial reporting are an integral part of corporate governance. These controls contain processes and methods to safeguard the group's assets and accuracy in financial reporting, in order to protect owners' investments in the company.

The Board adopts rules of procedure yearly, which formalizes the work of the Board and processing issues. The Board issues instructions to the CEO, which stipulate the matters for which the CEO may exercise his authority to act on behalf of the company, subject to the Board's authorization or approval. These instructions are reviewed annually. The Board also issues instructions to the CEO regarding financial reporting. According to his instructions, the CEO is responsible for reviewing and ensuring the quality of all financial reporting, as well as ensuring that the Board otherwise receives the reports it needs to be able to continually assess the group's accounting position and risks. The Board of Directors determines important policies, including Finance Policy, Guidelines for Business Ethics and Whistleblower policy.

Risk identification and monitoring

Net Insight's overarching risk evaluation, meaning identifying and evaluating the 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, 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 29-30 in the Administration Report and in the Sustainability Report on pages 32-34.

External reporting

The Board monitors and evaluates quality assurance 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.

On two occasions each year, the company's auditor attends Board meetings to present the outcome of the full year audit and the third-quarter financial review. On these occasions the Auditor also presents any changes to accounting policies that affect the company. Coincident with the presentation of the full-year audit and the third quarter Interim Report, the auditor also states his view, on the adequacy of the organization and competence of the finance function, without management's attendance.

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. Besides laws and ordinances, internal policies and guidelines include finance policies, an approvals list, a financial handbook, credit and accounting policy and documented procedures for the most important tasks of the finance department. 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 access rights and signatory authority, as well as manual controls such as duality, in regular bookkeeping and closing entries. The business-specific controls are complemented by detailed financial analyses of the company's results and follow-ups against budget and forecasts, which provides overall confirmation of the quality of reporting.

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 2019. In its reasoning, the Board stated that internal control is primarily exercised through:

- The central accounting function.
- Management's supervisory controls
- Audit Committee

These factors, combined with the company's size and limited complexity, means that the Board considers that such a further function would not be financially justifiable at present.

Auditor’s Report on the Corporate Governance 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 corporate governance statement for the financial year 2018-01-01 – 2018-12-31 on pages 82-85 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of audit

Our examination has been conducted in accordance with FAR’s auditing standard RevU 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 April 3, 2020

Deloitte AB

Therese Kjellberg

Authorized public accountant

Five year summary

Five Year Summary[2]

SEK millions (if not defined differently	2019	2018	2017	2016	2015
Earnings continuing operations[1]					
Netsales per business area					
Media Networks	377.8	375.1	347.0	425.7	358.3
Resource Optimization	70.8	74.4	78.9	73.9	14.1
Streaming Solutions	9.5	2.1	1.1	3.9	3.1
Discontinuing operations	-9.5	-2.1	-	-	-
Net sales	**448.6**	**449.5**	**427.0**	**503.5**	**375.8**
Gross earnings	282.3	273.0	247.6	315.8	226.1
Operating expenses	266.9	270.5	256.8	266.4	206.8
Total development expenditure	134.0	140.3	149.7	149.1	96.6
EBITDA	-6.6	-49.0	-23.7	38.6	23.3
Operating earnings	-3.6	-34.1	-7.5	49.4	19.2
Profit/loss before tax	-6.6	-32.7	5.3	44.0	6.7
Net income	-4.6	-25.9	3.5	35.2	1.9
Balance sheet and cash flow including discontinued operations					
Cash and cash equivalents	52.3	92.9	177.7	214.9	193.6
Working capital	46.8	42.8	37.4	47.1	41.9
Total cash flow	-41.2	-85.5	-36.8	20.9	-101.1
The share					
Dividend per share, SEK	-	-	-	-	-
Earnings per share basic and diluted continuing operations, SEK	-0.01	-0.07	0.01	0.09	0.00
Earnings per share basic and diluted discontinuing operations, SEK	-0.07	-0.08	-	-	-
Earnings per share basic and diluted total, SEK	-0.08	-0.15	0.01	0.09	0.00
Cash flow per share, SEK	-0.11	-0.22	-0.10	0.05	-0.26
Equity per share basic and diluted, SEK	1.21	1.29	1.42	1.46	1.37
Average number of outstanding shares basic and diluted, thousands	382,812	383,478	385,057	386,582	389,138
Number of outstanding shares at the end of the periodbasic and diluted, thousands	382,758	383,458	383,618	385,658	387,158
Share price at end of period, SEK	2.30	2.68	4.73	8.90	8.30
Employees and consultants discontionued operations					
Average number of employees and consultants	189	202	245	241	179
KPI continuing operations[1]					
Net sales YoY, change in %	-0.2%	5.3%	-15.2%	34.0%	-0.9%
Gross margin	62.9%	60.7%	58.0%	62.7%	60.2%
Total development expenditure/Net sales	29.9%	31.1%	35.0%	29.6%	25.7%
Operating margin	-0.8%	-7.6%	-1.8%	9.8%	5.1%
EBITDA margin	-1.5%	3.0%	-5.5%	7.7%	6.2%
Net margin	-1.0%	-5.8%	0.8%	7.0%	0.5%
KPI Group including discontinued operations					
Return on capital employed	-7.4%	-14.1%	-1.3%	9.0%	3.5%
Equity/asset ratio	67.6%	76.0%	78.3%	77.3%	79.3%
Return on equity	-8.0%	-14.4%	0.6%	6.4%	0.4%

[1] Seperate reporting of disconting operations has only been made for the years 2018-2019, thus previous years' figures also include the Streaming Solution business area.

[2] Previous years was not restated at the transition to IFRS 16. The impact of IFRS 16 is presented on pages 43-44.

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 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	2019	2018	2017	2016	2015
Continuing operations					
Net sales	448.6	449.5	427.0	503.5	375.8
Net sales YoY, change in %	*-0.2%*	*5.3%*	*-15.2%*	*34.0%*	*-0.9%*
Cost of sales ex. amortization of capitalized development	-126.6	-126.3	-118.8	-130.8	-95.8
Gross earnings ex. amortization of capitalized development	**321.9**	**323.2**	**308.3**	**372.7**	**280.0**
Gross margin ex. amortization of capitalized development	*71.8%*	*71.9%*	*72.2%*	*74.0%*	*74.5%*
Cost of sales amortization of capitalized development	-39.6	-50.2	-60.7	-56.9	-54.0
Gross earnings	**282.3**	**273.0**	**247.6**	**315.8**	**226.1**
Gross margin	*62.9%*	*60.7%*	*58.0%*	*62.7%*	*60.2%*
Sales and marketing expenses	-128.8	-153.2	-144.7	-137.1	-122.4
Administration expenses	-67.4	-54.9	-49.7	-54.2	-40.5
Development expenses	-70.8	-62.4	-62.4	-75.0	-44.0
Operating expenses	**-266.9**	**-270.5**	**-256.8**	**-266.4**	**-206.8**
Operating expenses/net sales	*59.5%*	*60.2%*	*60.1%*	*52.9%*	*55.0%*
Other operating income and expenses	-19.0	-36.5	1.6	-	-
Operating earnings	**-3.6**	**-34.1**	**-7.5**	**49.4**	**19.2**
Operating margin	*-0.8%*	*-7.6%*	*-1.8%*	*9.8%*	*5.1%*
Net financial items	-3.0	1.4	12.9	-5.4	-12.6
Profit/loss before tax	**-6.6**	**-32.7**	**5.3**	**44.0**	**6.7**
Tax	2.0	6.7	-1.8	-8.8	-4.7
Net income continuing operations	**-4.6**	**-25.9**	**3.5**	**35.2**	**1.9**
Net margin	*-1.0%*	*-5.8%*	*0.8%*	*7.0%*	*0.5%*
Discontinued operations, net after tax	-27.5	-32.3	-	-	-
Net Income	**-32.2**	**-58.2**			

Development expenditure continuing operations SEK millions (if not defined differently)	2019	2018	2017	2016	2015
Development expenses	70.8	62.4	62.4	75.0	44.0
Capitalization of development expenditure	63.2	45.7	87.3	74.1	52.7
Total development expenditure	**134.0**	**108.1**	**149.7**	**149.1**	**96.6**
Capitalization rate	*47%*	*42%*	*58%*	*50%*	*55%*
Net Sales	448.6	449.5	427.0	503.5	375.8
Total development expenditure/net sales	**30%**	**24%**	**35%**	**30%**	**26%**

EBITDA margin continuing operations SEK millions (if not defined differently)	2019	2018	2017	2016	2015
Operating earnings	-3.6	-34.1	-7.5	49.4	19.2
Amortization of capitalized development expenditure	39.6	50.2	60.7	56.9	54.0
Other depreciation, amortization & impairment	20.6	43.1	10.5	6.3	2.8
Capitalization of development expenditure	-63.2	-45.7	-87.3	-74.1	-52.7
EBITDA	**-6.6**	**13.5**	**-23.7**	**38.6**	**23.3**
Net sales	448.6	449.5	427.0	503.5	375.8
EBITDA margin	**-1.5%**	**3.0%**	**-5.5%**	**7.7%**	**6.2%**

Capital and return measures	Shows how capital is utilized and the company's financial strength. Return is a financial term that describes how much the value of an asset changes from an earlier point in time.	
Non-IFRS 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					
SEK millions	2019	2018	2017	2016	2015
Current assets	255.0	321.5	371.2	377.4	411.3
Cash and cash equivalents	-64.5	-139.2	-204.3	-203.1	-279.7
No interest-bearing short term liabilities	-143.8	-139.5	-129.4	-127.2	-89.7
Working capital	**46.8**	**42.8**	**37.4**	**47.1**	**41.9**

Capital employed					
SEK millions (if not defined differently)	2019	2018	2017	2016	2015
Capital employed					
Total balance	695.0	694.3	716.5	704.3	637.0
No interest-bearing liabilities	-165.3	-159.1	-159.1	-155.7	-95.1
Capital employed	**529.7**	**535.2**	**557.4**	**548.6**	**541.9**
Operating earings less interest income R4Q					
Operating earnings R4Q	-38.6	-75.1	-7.5	49.4	19.2
Interest income R4Q	0.7	0.3	0.2	0.1	0.5
Operating earnings less interest income R4Q	**-39.3**	**-75.4**	**-7.3**	**49.3**	**18.7**
Return on capital employed	**-7.4%**	**-14.1%**	**-1.3%**	**9.0%**	**3.5%**

Equity/asset ratio					
SEK millions (if not defined differently)	2019	2018	2017	2016	2015
Equity	463.7	493.9	546.1	563.0	531.6
Total equity and liabilities	686.5	649.9	697.4	728.0	670.4
Equity/asset ratio	**67.6%**	**76.0%**	**78.3%**	**77.3%**	**79.3%**

Return on equity including discontinued operations					
SEK millions (if not defined differently)	2019	2018	2017	2016	2015
Net income - R4Q	-32.2	-58.2	3.5	35.2	1.9
Average equity - R4Q	485.4	535.2	557.4	548.6	541.9
Return on equity	**-6.6%**	**-10.9%**	**0.6%**	**6.4%**	**0.4%**

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	2019	2018	2017	2016	2015
Average number of employees	183	205	208	208	155
Average number of consultants	34	34	36	33	24
Total average number of emplyees and consultants	**217**	**239**	**245**	**241**	**179**
Average number of employees and consultants continuing operations	-28	-38			
Net Average number of employees and consultants continuing operations	**189**	**202**			

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

SEK millions	Note	2019	2018	2017	2016	2015
Effects of the Net Insight share price development during the period						
Share-based benefits	(a)	0.0	0.3	3.4	-1.0	-2.8
Synthetic opitons, change in value	(b)	0.2	2.6	14.5	-3.2	-11.8
Total		**0.3**	**3.0**	**17.9**	**-4.2**	**-14.6**
Items affecting comparability						
Restructuring	(C)	-12.0	-10.2	-	-3.4	-
Impairment of intangible assets	(d)	-	-35.9	-0.9	-	-
Empty office lease	(e)	-	-2.2	-	-	-
Strategic advisory services and preperation for capital injection	(f)	-15.8	-	-	-	-
Total		**-27.8**	**-48.3**	**-0.9**	**-3.4**	**-**
Operating earnings		**-3.6**	**-34.1**	**-7.5**	**49.4**	**19.2**
Items affecting comparability, as per above		27.8	48.3	17.0	-7.6	-14.6
Items affecting comparability discontinuing operations		-2.9	-4.3	-	-	-
Operating earnings excluding items affecting comparability		**21.3**	**9.9**	**9.5**	**41.8**	**4.6**

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, see note 7.

(b) Net Insight has 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 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) During 2018 and 2019, Net Insight has initiated structural changes.

(d) Impairment losses on intangible fixed assets, recognized as a result of re-prioritization in the Nimbra portfolio.

(e) Lease for empty office refers to costs for remaining lease for the former head office after the move.

(f) Costs for strategic advisory services and preparation for capital injection, which were interrupted as a result of the divestment of the Sye business.

Industry-specific terminology

ACCESS NETWORK
The part of the public network closest to end-users. Consists of copper lines in the telephone network and coaxial cable for cable TV. Fiber and wireless solutions are also becoming more widespread.

ATSC 3.0
A new version of the ATSC standards for digital TV transmission over terrestrial, cable and satellite networks, which is mainly used in North America and South Korea.

BANDWIDTH
Measure of how much information can be transmitted. Measured in bits per second, bps.

BROADCAST
Transmission from a single sender to all possible recipients in a network.

CDN
(Content Delivery Networks)
An overlay network of customer content, distributed geographically to enable rapid, reliable retrieval from any end-user location.

CONTENT
TV content that is distributed in the network.

CONTRIBUTION
Communication for production and processing of material before it is transmitted to the end-user.

CORE
Larger transport networks between cities and backbone networks.

DTT
(Digital Terrestrial Television)
Name of digital terrestrial TV to regular TV sets equipped with set-top boxes. Also called DVB-T.

ERM
(Enterprise Resource Management)
Software that lets an enterprise manage its network resources efficiently.

ETHERNET
The most common technology for communication in local area networks, LANs. Transmission speeds of 10/100 mbps,1 Gbps and 10 Gbps.

GIGABIT ETHERNET
Development of the Ethernet primarily used in large LANs and backbone networks. Can process transmission speeds of up to 1,000 mbps.

HD/HDTV
(High definition/TV)
High resolution/TV.

UHD/TV
(Ultra High Definition/TV)
Ultra High resolution TV. Available digital video formats are 4K and 8K.

HEADEND
A master facility for receiving television signals for processing and distribution over a cable television system.

IP
(Internet Protocol)
Protocol used for data transmission over the internet. All internet traffic is transmitted in IP packets.

IPTV
Television that is broadcast over IP (broadband).

NODE
A unit that is connected to a network, either as a sender/ receiver, or to connect different networks.

NPS
(Net Promotor Score)
Is both a measure and a survey method that provides a value on how loyal a company's customers or employees are.

ORCHESTRATRION
Automated coordination of virtual resources, functions and people.

OTT
(Over-The-Top)
Internet-based distribution of TV.

POST PRODUCTION
Post production of TV shows or films, for example.

PROTOCOL
An agreed set of rules for how different network equipment should communicate.

QOS
(Quality of Service)
Name for the quality of service (that can be provided by a network). Video and speech require higher QoS. QoS is achieved in a network either by separating traffic so that interference cannot occur or by prioritization where the highest-priority traffic is sent first.

REAL TIME
Immediate transmission of material without delay.

REMOTE PRODUCTION
Also called REMI or at-home production. Camera feeds are transported via media networks and the studio production is made remotely.

ROUTER/ SWITCH
A unit to guide and forward data packets, over the internet, for example.

ROUTING
Guiding and forwarding data packets through a computer network.

SAAS
(Software as a Service)
A software licensing and delivery model where the software is licensed on a subscription basis and hosting takes place centrally.

SDN
(Software Defined Networking)
Networking technology that makes media networks more agile and flexible to support for example automated, customer provisioned networks and the increased use of virtualization and data center technologies within the media industry.

SLA
(Service Level Agreement)
Is a part of a service contract where the level of service is formally defined.

UPLINK STATION/TELEPORT
Station where media content in a terrestrial network is transferred to a satellite network for further distribution.

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Shareholder information

Annual General Meeting

The Annual General Meeting (AGM) will be held at 10 a.m. on Wednesday, May 8, 2020 at Net Insight's offices in Solna, Sweden. Shareholders recorded in the shareholders' register maintained by Euroclear Sweden AB on April 30, 2020, and who have notified the company no later than May 4, 2020, are entitled to attend, and vote, at the AGM.

Shareholders can notify their attendance at the meeting by mail to

Net Insight AB (publ),
Att; Pelle Bourn
Box 1200, 171 23 Solna, Sweden,
or by e-mail to agm@netinsight.net

Dividend

The Board of Directors is proposing to the AGM to resolve not to pay any dividend for the financial year 2019

Distribution of Annual Report

The Annual Report 2019 will be published on April 17, 2020 at https://investors.netinsight.net/.
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: www.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.

April 29, 2020

INTERIM REPORT January – March

May 8, 2020

ANNUAL GENERAL MEETING 2020

July 21,2020

INTERIM REPORT January – June

November 4, 2020

INTERIM REPORT January –September

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