NET INSIGHT

Annual report 2020

netinsight

Photo: Jonathan Ching, Unsplash

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Tools for advanced media distribution

Net Insight is defining new ways of distributing media content with no latency and drives the transformation of video networks towards IP, virtualization and cloud solutions that enable our customers to broadcast live video content easily and cost-efficiently.

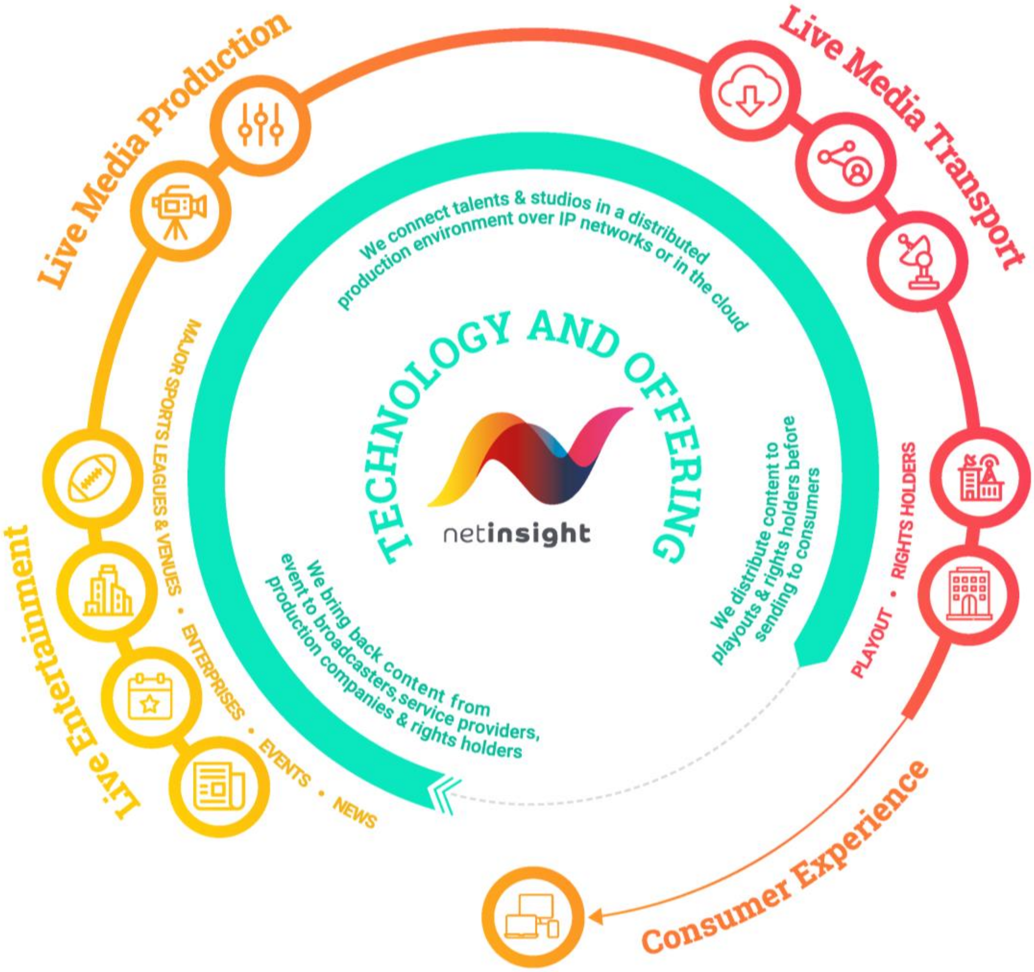
Net Insight enables customers to produce and deliver content in new ways regardless of where viewers are located. Revenue is generated through sales of hardware and software solutions, and services to companies that distribute video content.

Net Insight is a global market leader in video distribution that offers effective and cost-efficient solutions. The company's core operations, Media Networks, includes the best-seller Nimbra. Nimbra's large installed base of over 16,000 units comprises a significant proportion of the world's infrastructure for transporting media content. We have acquired Aperi's product portfolio, which complements Nimbra with a lower price that allows us to broaden our market offering. Nimbra Edge enables flexible use of cloud services, and we plan to launch products using open IP technology.

Nimbra is the only platform that supports all major sector protocols, such as Zixi, SRT and RIST, and we are currently developing support for the new IP standard ST 2022/2110.

We are technology agnostic and are open to playing a constructive part in all types of collaboration. We can integrate our expertise in third-party products as well as offer total solutions. We give our customers the tools to maximize capacity in the infrastructure of the customer's choice, including open or closed networks, cloud-based or dedicated

The media sector is facing ever-increasing demands, where growing supply and intensifying competition on a globalized market generates increased demand for live broadcasts, which, alongside demands for increasing resolution, requires flawless, cost-efficient high capacity media transport. The media sector has been moving towards increased remote production for some time. The pandemic accelerated this development in 2020, and Net Insight offers the tools that enable it. Through innovation, research and development, Net Insight's ambition is to lead the media sector into a world where demanding media transport takes place using standardized IP technology and proprietary or commercial cloud services, regardless of content.



20
Over 20 years of experience of the biggest live events

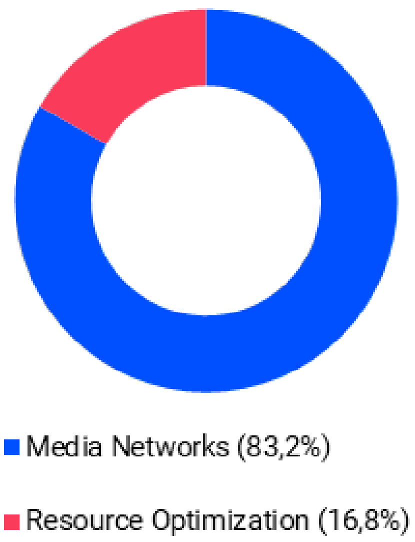
399
399 MSEK in revenue

500
More than 500 customers

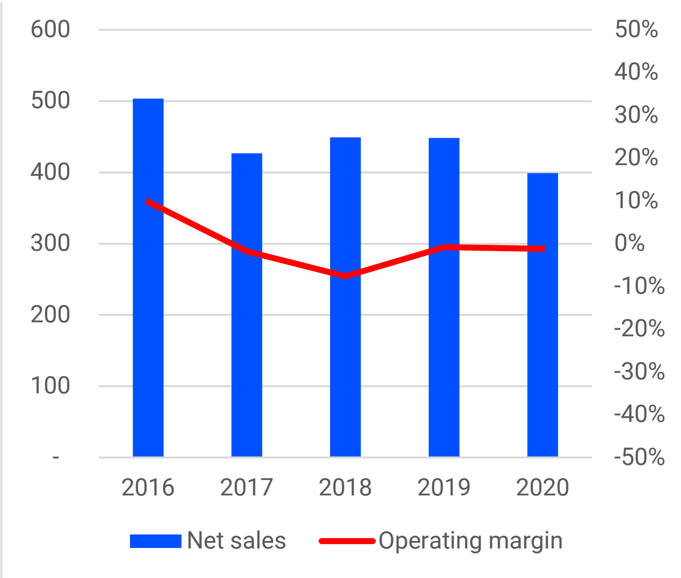
70
Global presence with customers in more than 70 countries

KEY FIGURES

Revenues by business areas



Net sales & operating margin



KPI[1]	2020	2019	2018
Continuing Operations[1]			
Netsales per business area, SEK millions			
Media Networks	331.7	377.8	375.1
Resource Optimization	67.2	70.8	74.4
Streaming Solutions	-0.4	9.5	2.1
Discontinued operations	0.4	-9.5	-2.1
Net sales	398.9	448.6	449.5
Operating earnings, SEK millions	-4.6	-3.6	-34.1
Operating earnings, adjusted, SEK millions	-11.9	21.3	9.9
Net income, SEK millions	-9.2	-4.6	-25.9
Earnings per share, SEK	-0.02	-0.01	-0.07
Average number of employees	168	166	179
Total, including discontinued operations			
Net income, SEK millions	237.4	-32.2	-58.2
Earnings per share, SEK	0.62	-0.08	-0.15
Average number of employees	168	183	205
Total cash flow, SEK millions	232.6	-41.2	-85.5
Equity/asset ratio, %	80.3	67.6	76.0
Equity per share, SEK	1.81	1.21	1.29

[1] Five year summary, definitions and calculations, see pages 79-84

CEO'S STATEMENT

Developing what we are best at

During the year, we set our sights firmly on the future by setting a new strategy that focuses on what we are best at, with the aim of achieving profitable growth on a rapidly changing market. We have world-class expertise, high-quality products and solutions, and a strong market position that we can continue to develop. A sharper focus allows us to capitalize on opportunities more effectively, and achieve the long-term profitability required for sustainable growth.

"Our strategy is to move from a position of being small and exclusive towards becoming large and accessible, from narrow to broad, from proprietary to open standard."

2020 was a dramatic year with a pandemic that has shaken the world and changed the conditions in a number of different sectors. The pandemic affected our industry through postponed events, restrictions on public gatherings and general economic uncertainty. But we also noted growing optimism as media consumption is increasing while the shift to remote production is being accelerated by travel restrictions and limits on public gatherings. This shift is driving the transition towards more flexible networks and cloud-based media solutions, areas where Net Insight is well positioned.

We still need to expand further, and to succeed in achieving profitable growth we need to be smart about how we use our resources. Our focus on the core operations in Media Networks allows us to build on our strong market position, with leading competencies, a strong brand, a large installed base and the potential to move from selling products to generating income through subscription-based revenue streams. We are implementing our strategy in three phases, where phase one and two are launched in parallel and relate to sharpening our focus. This is less about introducing any advanced measures, and more about increased self-awareness and common sense.

- First, we build the company's internal foundation. We develop the internal organization and our working methods so that we can utilize our potential fully. This means that we have restructured operations and recruited new staff, including a new CFO and the new position of Chief Commercial Officer. We develop and streamline our methods and workflows, and renew marketing, sales and pricing. We work on improving our internal culture so that we move forward as a strong, united company and avoid splitting our resources over more market segments than we can handle. The key words are focus, efficiency and profitable growth.

- We will grow in Media Networks, where we are strongest, with a competitive solutions portfolio, a strong brand and well-established customer relationships. This means that we are well-positioned to benefit fully from existing and future demand. Our core markets, production and transport of live content, are undergoing a major shift with ongoing technology changes and growing demand for time-critical media transport of high quality. This relates to affirming and capitalizing on the fact that our market segments are heading towards more open standards using IP technology and cloud-based solutions, even if dedicated connections continue to constitute a large part of the market. We have a Nimbra customer base that we will upgrade to allow our customers to benefit from the flexibility and scalability of IP technology and cloud services.

- The third phase of the strategy involves offering our existing customers new solutions, finding new customers on adjacent markets, and launching an acquisition strategy. We intend to take the step into the third phase from a position of stable and profitable growth on our core markets.

We have divested the streaming solution Sye, and we signed an agreement to divest ScheduALL in early 2021. Although the development of Sye was an achievement, and the sale constituted an attractive deal, internally Sye was using up our resources. The lack of focus on Media Networks meant that we were splitting our resources, which slowed us down. However, the development of Sye contributed to building the unique competencies that are the foundation for our solutions in the strongly growing segment for cloud solutions. ScheduALL was acquired in 2015 and is divested as part of the focus on the core operations.

Focus on the core business

We are now focusing on the part of Media Networks where we foresee the greatest growth and profitability, and which we consider worth investing in. In recent years, we have lost market share on an expanding market, a trend we need to change by developing what we are good at. We are now focusing on the core business, research and development and will further develop our best-selling Nimbra solution, the sector leader in content-heavy video distribution. Nimbra Edge allows us to take the step to cloud distribution, while Aperi's recently acquired product portfolio complements Nimbra due to its positioning between Nimbra 400 and 600 in performance and price. Alongside cloud solutions, another important trend is IP technology for distribution, where we see significant potential for utilizing the new IP standard SMPTE ST 2110. By opening up to standardized technology solutions we help our customers to develop their operations, while we simultaneously locate new business ourselves.

Production industry transformation

The production industry is another interesting market segment, where the shift towards remote production has been underway for some time but has gathered pace as a result of the pandemic, which has prevented businesses from having staff on-site to same extent as previously. Demand is growing for the capacity to send unedited video and audio from dozens of cameras to a central production location, which requires high transmission capacity and precise time synchronization. This is exactly where our strength lies.

During the spring, canceled sporting events affected our industry and although sports have re-entered the arenas again, physical audiences are still absent. The sports industry may be facing increased reliance on live broadcasts, which means a growing need for investments in high-quality video distribution.

Another effect of the pandemic is the enforced need for physical distancing of company staff, which may continue. One prediction for post-pandemic business life is that larger companies will need to connect their physically distanced staff through internal and external digital communication. They have already understood the value of online video communication for external communication and marketing but are now also seeing the need for increasing the quality of production and distribution. This sharply expanding market segment benefits from the new, flexible and cost-efficient cloud and network solutions that have been developed for sporting and other live events in recent years, and where Net Insight, particularly Nimbra Edge, is well advanced.

From product to solution

Our strategy involves working very closely with our major customers and establishing a growing number of significant partnerships. Our product family has gradually shifted towards software and cloud solutions and will become fully virtualized in 2021, which increases flexibility for our customers and streamlines our progress. We are moving towards selling solutions rather than products, and towards recurring revenue streams where customers pay per use, which lowers the threshold for customers hesitant to complete major initial investments. Recurring revenue streams, or moving from Capex to Opex, is attractive to both parties. With a growing share of recurring revenue streams we ensure predictability and security, which makes it easier to invest in new technology and market segments.

Our strategy is to move from a position of being small and exclusive towards becoming large and accessible, from narrow to broad, from proprietary to open standard. This is the direction the market and our customers are moving in and it is not enough for us to follow, we need to lead progress.

We have achieved a great deal over the year, we are investing and have created the foundation for increased profitability and growth, and even if no one can say what will happen after the pandemic, there will be an after. It is clear that a recovery is underway, and we hope that it will be characterized by the recently elected US President Joe Biden's campaign motto: "Build Back Better".

Solna, Sweden, March 2021

Crister Fritzson
CEO

Focus on core operations for profitable growth

The strategy focuses on core operations, which is equipment for live distribution of video content. The strategy is based on Net Insight's strong position in the Media Networks business area, with high technological expertise and a large installed base that the company can build on. Because the global media market is growing, demand for high-capacity media transport is also increasing as a result of the technology shift away from dedicated networks towards IP transport and cloud services.

This creates demand for improvements in digital infrastructure which creates potential for Net Insight to upgrade existing solutions and sell solutions to new customers. As a result of focusing on core operations Net Insight will achieve the profitability required to invest and grow sustainably.

The work associated with the new strategy has been carried out during the year in a process involving both our employees and the Board, and the work of implementing the changes set out in the strategy has begun. The strategy is based on Net Insight having access to the resources required, although these need to be used wisely. This means that the company needs to focus on operations that have the best potential to benefit from investment.

Revenue from the core operations Media Networks have remained unchanged since 2014. This is due to the splitting of our resources in areas such as development, investments and internal competencies. The work with Sye and ScheduALL has consumed resources which has meant that core operations have suffered. Accordingly, we have not been able to expand into new customer segments. We have not had a unified and shared view of our market and direction, and the internal culture has pulled us in several different directions resulting in lack of focus. However, the initiatives aimed at cloud solutions during the development of Sye means that Net Insight is well positioned in relation to its competitors now that the market is moving towards open IP solutions and cloud services.

The first two phases of the strategy, which are implemented in parallel, aim to develop core operations and achieve long-term profitable growth ahead of the third phase, which constitutes expansion into adjacent market segments.

- The work associated with developing the internal organization and its working methods is currently underway with a new organizational structure, new services and a dynamic internal culture. Furthermore, changes to internal processes are being implemented and external market communication improved.

- Demand is growing on a media market that is shifting towards open transport networks and cloud services, and where production is moving from onsite to remote production with increased demand for real-time media transport.

- There are promising adjacent market segments which may also generate demand for Net Insight's products. The increased use of IP and cloud-based solutions could mean a range of new market segments emerging. This kind of expansion will be possible when Net Insight has achieved long-term sustainable profitability in its core operations.

The strategy focuses on developing the core operations Media Networks, by launching functionality such as improved time synchronization, adaptations to all major video formats and potential for cloud distribution. The strategy also includes a sharper focus on packaging and selling services and solutions, rather than products, particularly where market segments comprise companies that distribute more specialized content to smaller target groups, and where operators are hesitant about investing heavily in equipment.

Solutions rather than hardware

Many market segments have potential for offering solutions rather than hardware, such as software integrated into third-party products, while simultaneously offering subscription payment solutions for a service or benefit. Solutions with pay-per-use models are attractive to customers that hesitate to make substantial investments and prefer to subscribe for a service. We are seeing a general shift away from hardware towards software, from products to solutions, from Capex to Opex, and this is something that we will capitalize on. For Net Insight, recurring revenue streams generate security which makes it easier to plan investments.

The sale of our streaming solution Sye, and the acquisition of the product portfolio from Aperi, are part of our sharpened focus on the core operations Media Networks. Sye allowed us to expand into new markets, while the acquisition of the Aperi portfolio strengthens our core operations and is a good fit with the ecosystem surrounding the Nimbra products. Over the next few years, more resources will be allocated to developing Net Insight's ecosystem of products and services. From arenas, across all possible infrastructures and protocols, transported with control and perfect synchronization, to any location and in the manner the customer prefers. The key concepts are open standards and seamless integration to make it easier for our customers to upgrade operations.

Development in synchronization

The area of synchronization is an important part of the strategic focus on Media Networks, as it represents the foundation of time-critical distribution, particularly as content from a large number of cameras and other sources need to be compiled into a production in real time. Our Nimbra products include patented technology that enables the management of precise synchronization and distribution across the network without the complex and costly GPS antennas associated with this functionality. Simply put, synchronization is an embedded function. Developing synchronization for time-critical applications is a promising area, particularly because it helps develop new market segments.

During the winter, Net Insight completed a research study alongside Sweden's innovation agency Vinnova and the Royal Institute of Technology on communication and time synchronization in real time networks based on Net Insight's technology and expertise. Projects such as this are a central part of the strategic focus on core operations. The study was carried out under the strategic innovation program Smarter Electronics Systems, a joint initiative between Vinnova, Formas and the Swedish Energy Agency.

Net Insight's strategy

In brief, the strategy involves focusing on the core market and select growth areas to reach profitability that enables continued growth:

- Growing the business by developing existing products alongside new products and services and winning an increased share of media market growth.
- Growing on the expanding market segments for remote production and distribution, with products and solutions for flexible cloud services.
- Developing technology for time-critical synchronization, a major competitive advantage.

In addition, the "soft" part of the strategy involves further enhancing Net Insight's internal business culture to act and focus on long-term profitable growth for the company.

A changing and growing market

The number of streaming services on the market is increasing, of which many are global, while more local and niche content is also in demand. This demand generates investments in increased transport capacity and smarter production technology. These changes have been in progress for some time, but the pandemic has accelerated developments and increased demand for more flexible and distributed workflows, which benefits Net Insight's network-based solutions. The increased supply together with the technology shift creates significant potential for Net Insight.

Consolidation is underway amongst traditional broadcasters while global streaming services are continuously expanding into new markets. Broadband suppliers and telecom companies are entering the market to deepen customer relationships by acquiring rights to sporting events and by broadcasting live content. The value of the most popular sporting rights is increasing. Companies owning sporting rights have also shown an increased interest in distributing content directly to the consumer market. Competition and increasingly accessible technology are also driving demand for live broadcasts of sports with smaller, special-interest audiences. This has resulted in an increased number of operators fighting over a market that is being integrated technologically and geographically. Alongside competition between screen manufacturers, viewer demand is also driving higher resolution, where 4K is becoming the new standard with 8K around the corner. Overall, demand is increasing for high-quality video production and distribution, and even if the market does eventually become saturated, this is unlikely to occur in the foreseeable future because operators need to make investments and win market share.

Improved production and distribution

Production of live content is changing, and the shift towards remote production is accelerating. Production on location using traditional OB vans (mobile studios for Outside Broadcasting) is being replaced by remote production with cameras that stream unedited video content to a central production point where editing and broadcasting takes place. Such a central location can produce several events simultaneously, which allows productivity to increase while reducing the environmental impact. For Net Insight, this means that instead of a complete produced stream, all camera streams from an event are transported over the network, which increases volumes for Net Insight's products.

For remote production to take place, distribution from the recording site needs to be fully synchronized with multiple cameras delivering video content which is then compiled into a finished production in real time. If the synchronization is not precise, video from different cameras will fall out of phase with each other while individual camera flows risk disappearing entirely. Even if the time differences are small, they will be noticeable and irritating to viewers, if a collated video flow even appears. Our Nimbra products include patented technology that enables synchronization without complex and costly GPS antennas. Simply put, synchronization is an embedded function. We are also developing synchronization further, as there exists potential demand in new market segments such as fintech, mobile networks and control of power networks, for example.

Technology shift drives investments

A technology shift is underway where media transport is moving from separate networks towards open IP networks, while efficient cloud services are becoming increasingly accessible. The benefit to distributors is lower ongoing costs and increased flexibility. Standardization, such as the IP standard ST 2110, is driving the technology shift, as well as the use of different cloud services. The global research leader Omdia predicts that 38 percent of owners of premium rights (sporting leagues, broadcasters, digital service providers and OTT-TV, companies that reach viewers via the open internet) will move to IP-based media production over the coming three years. Net Insight benefits from this and is strongly positioned in IP-based remote production but also in cloud-based media solutions with Nimbra Edge, which will have a key role in offering cloud-based distribution. We will also be able to add new functionality to the Nimbra and Aperi products that lets customers to communicate directly with Nimbra Edge and the new cloud services.

The overall market for remote production is expected to grow by 33 percent in the period 2020–24, while the market share relating to transport with IP technology is expected to grow by as much as 62 percent annually in the same period, according to Omdia. As indicated in Net Insight's strategy, the focus is now on growing on the markets where the company has traditionally been strongest, that is by developing existing products and services in Media Networks, utilizing the large installed base and developing functionality for cloud services and IP technology. The technology shift is driving upgrades and is making Net Insight's products and solutions highly relevant. The goal is to win a growing share of the expanding market.

One of the market trends relates to attempts at consolidation. For example, Sony acquired Norwegian company Nevion in the year with the aim of combining its strong position on the market for production equipment with media transport. This kind of consolidation represents an effort to offer customers all parts of the value chain. But many customers want flexibility, the ability to combine different solutions and especially to develop their own technology legacy. One of Net Insight's strengths is openness and the potential to be included in other suppliers' offering and integrating its solutions with others. There is a general market shift towards openness and flexibility, and it is hard to envisage individual suppliers dominating the entire value chain in a market characterized by growth and rapid technological progress. Net Insight will further invest in open standards, support all major protocols and move away from proprietary solutions, simply because this is also what our customers want.

A challenging future

The pandemic affected operations in the year and the effects can be expected to continue in 2021. Neither Net Insight or our customers have been able to work as usual and the economic effects of the pandemic have created uncertainty and made planning difficult. Canceled sporting events in the first half of the year created uncertainty and delayed planned investments. When the major sporting leagues restarted in the second half of the year, it was without physical audiences. Broadcasts via TV and streaming platforms have worked as a substitute, but not entirely as sports clubs are dependent on audience revenue to finance investments. If the pandemic has lasting effects we can envisage adaptations such as smaller physical audiences alongside increased consumption of media services.

The pandemic will probably be controlled although the lasting effects on the global economy and various sectors are unclear. Most indicators foresee that the media sector will change and expand with growing demand for live broadcasts with higher image resolution, and with investments in networks able to handle demanding media transport. This is a market development that Net Insight is well equipped to meet. What governments, businesses and others have learned from the pandemic is that we all need to be better equipped when the next unforeseen phenomenon comes along. For Net Insight, this means focusing on core operations, profitability and long-term growth.

Open solutions and flexible payment model

Nimbra is a high-profile and well-established solution for media industry processing and transport of video content with the very highest quality requirements. The platform is a sector standard for media transport, and as the industry is now moving towards more flexible cloud solutions, Nimbra Edge has been launched to accelerate developments. Nimbra is at the center of the Media Networks business area, and the business area is at the center of Net Insight's new strategic focus on core operations.

Media Networks strives for open solutions and simple integration with third-party suppliers. Nimbra uses a mix of technologies that are adapted to the underlying infrastructure to create flawless media transport across all types of infrastructure. From retransmission technology which enables high-quality transport over the open internet, to content protection technology capable of handling network disruption without affecting transported content. Nimbra supports all major sector protocols, such as Zixi, SRT and RIST, and we are developing support for the new IP standard ST 2022/2110.

With time synchronization, different video flows can be adjusted in time after delivery, which enables synchronized playback for remote production and primary distribution. Our Nimbra products include patented network-based synchronization technology that replaces GPS and is more precise than the commonly used Precision Time Protocol (PTP) over IP. Synchronization is a central function and the research project initiated alongside research authority Vinnova and KTH Royal Institute of Technology aims to further develop functionality.

The Nimbra series is undergoing promising development with the flagship Nimbra 1060 which has mainly been used to aggregate traffic from the Nimbra 600 series to date. But the media sector is moving towards increasingly high-resolution images with 4K, and in some cases even 8K. An increasing number of productions in very high resolution, alongside the shift towards remote production, is driving demand for connecting video and data signals directly in Nimbra 1060. This means that more virtualized functions will be moved from Nimbra 600 to Nimbra 1060 to meet increasing customer demands.
Several major deals in the year, including those with Tata Communications and The Switch, related to upgrading backbone networks to 100GE with Nimbra 1060.

Open solutions

A key market development is the move from dedicated, closed network solutions to offering transport across all types of cloud services. The openness engenders flexibility that suits both the largest network operators, a growing group of production companies that are moving towards remote production, and smaller content owners that want to distribute individual events to limited target groups. Nimbra Edge offers flexible cloud solutions and helps customers to move production and distribution to public and private clouds alike.

Another significant development is that proprietary, often closed, transport protocols are being complemented with IP technology and transport over the internet. Nimbra 400, formerly known as Nimbra VA, offers cost-efficient transport using standardized technology, which increases the addressable market. Using the internet as the main route for media transport makes it economically viable to offer sports and other types of events aimed at a smaller, but equally interested audience willing to pay for the benefit.

Acquisition of the Aperi product family

Net Insight acquired Aperi's product portfolio for live IP Media Function Virtualization (MFV) in 2020. These open and standard-based solutions are an attractive complement to the Nimbra series where customers use existing data network installations for video content. This is partly aimed at new customers as it is a smaller product size wise with a lower price, but it also enables additional sales to the large installed base of Nimbra customers. With more than 16,000 installed units, there is considerable potential for Net Insight to deliver updates and new versions.

During the year, both Nimbra Edge and Aperi won several industry awards. Nimbra Edge won the leading industry publication TV Technology's Best of Show Award, and subsequently both Nimbra Edge and Aperi won TV Technology Product Innovation Award, both clear signs that the industry appreciates the solutions.

Pay-per-use model

Revenue from software licenses and updates have increased in recent years, and the strategy includes offering customers service functionality through subscription payments. Nimbra Edge uses such as pay-per-use model where the customer pays for actual use on a monthly basis. Such a subscription-based model compared to a one-off payment makes it easy for customers to buy updates at a pace with business growth. The Media Networks business area is moving away from mainly selling physical units towards selling a service where customers pay for the benefits of use.

The pandemic year 2020 was exceptional, with sporting events taking place without physical audiences and where audiences were forced to follow their favorite sports on traditional TV or via streaming services. Production companies also needed to adapt quickly to a situation where they were unable to send large production teams to arenas and events, which created the conditions for a rapid shift towards remote production. At the same time, a large proportion of the service sector shifted to working remotely, including digital meetings, and virtual conferences and seminars. As most people have probably experienced, video quality has not always been optimal, and in many cases even poor. Predictions show that the significantly expanded market for live broadcasts of sporting and other events will remain after the pandemic, as well as demand for remote production. The virus has accelerated a development that was already underway, although previously at a more hesitant and slower pace. Net Insight is now equipping the Media Networks business area to meet the expansive investment plans of businesses demanding a media environment that offers flawless live broadcasts of very high quality.

» Business model: Media Networks

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

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

Nimbra Edge has a different business model, where customers make monthly payments based on use, known as the pay-per-use model, which generates recurring revenue streams.

The flexible pricing model based on customer value, with the associated shift from capex to opex, will gradually be introduced for other products.

Tata Communications invests

Tata Communications of India, a global leader in high-quality media transport, is investing heavily and upgrading its media network with Net Insight's high-capacity platform Nimbra 1060.

Tata is a global giant with an estimated third of the world's internet infrastructure from a consumer perspective. Customers include MotoGP, PGA European Tour, World Rally Championship and the English Premier League. Net Insight and Tata Communications have had a close relationship since 2008 when Tata selected Nimbra to deliver transport solutions in its global media network, mainly because the solutions were scalable and of high-quality.

100 Gbps backbone network

The first version of the backbone network that Net Insight delivered had capacity of 622 Mbps (Megabit per second), the next version could handle 2.5 Gbps (Gigabit per second), the current network offers 10Gbps and with the latest upgrade to Nimbra 1060, capacity will be 100 Gbps, giving Tata a major competitive advantage on an increasingly demanding market. Tata offers a wide range of contribution and distribution services to the broadcast industry, production companies and content owners who want to distribute content independently, as well as the growing e-sports segment, a complex and capacity-hungry service.

Live events place high demands on high resolution and extremely low latency. As production companies are shifting towards remote production, up to 50 simultaneous video streams of unedited content can be sent to a central production location where editing takes place. A typical just to manage the HD format 1080p.

production requires basic capacity of between 4 and 10G Tata has chosen Nimbra to offer distribution of next generation HD content in 4K and 8K, improve quality and save time and resources for its customers. In order to start to offer flexible cloud services, Tata is now implementing Nimbra Edge, a solution that ensures both flexibility and cost efficiency.

> 100% reliability is key for remote live production, and Nimbra offers a number of unique mechanisms to assure content is delivered with perfect quality.
>
> Jeremy Dujardin, CTO Media and Entertainment Services at Tata Communications.

ScheduALL divested to Xytech

The Resource Optimization business area, with the solution ScheduALL, offers the global media industry intelligent scheduling and efficient resource management that enables better and more cost-efficient ways of producing media content. In February 2021, Net Insight signed an agreement with Xytech Systems Corporation relating to the divestment of ScheduALL's operations.

The business area launched ScheduALL® Evolution in the year, a cloud-based solution offering resource optimization for the media industry. ScheduALL offers updated technology, a modern user interface and new functionality. ScheduALL Evolution enables the merger of existing systems which can be moved to a cloud environment, highly relevant functionality in a media sector characterized by consolidation and cost pressure.

In 2020, the business area extended the service offering with ScheduALL Analytics Business Intelligence services, which offers customers systems integration, architecture for data analysis, predictive analysis and data visualization. ScheduALL Analytics is the market leader in technology for Business Technologies, platforms, security and cloud solutions.

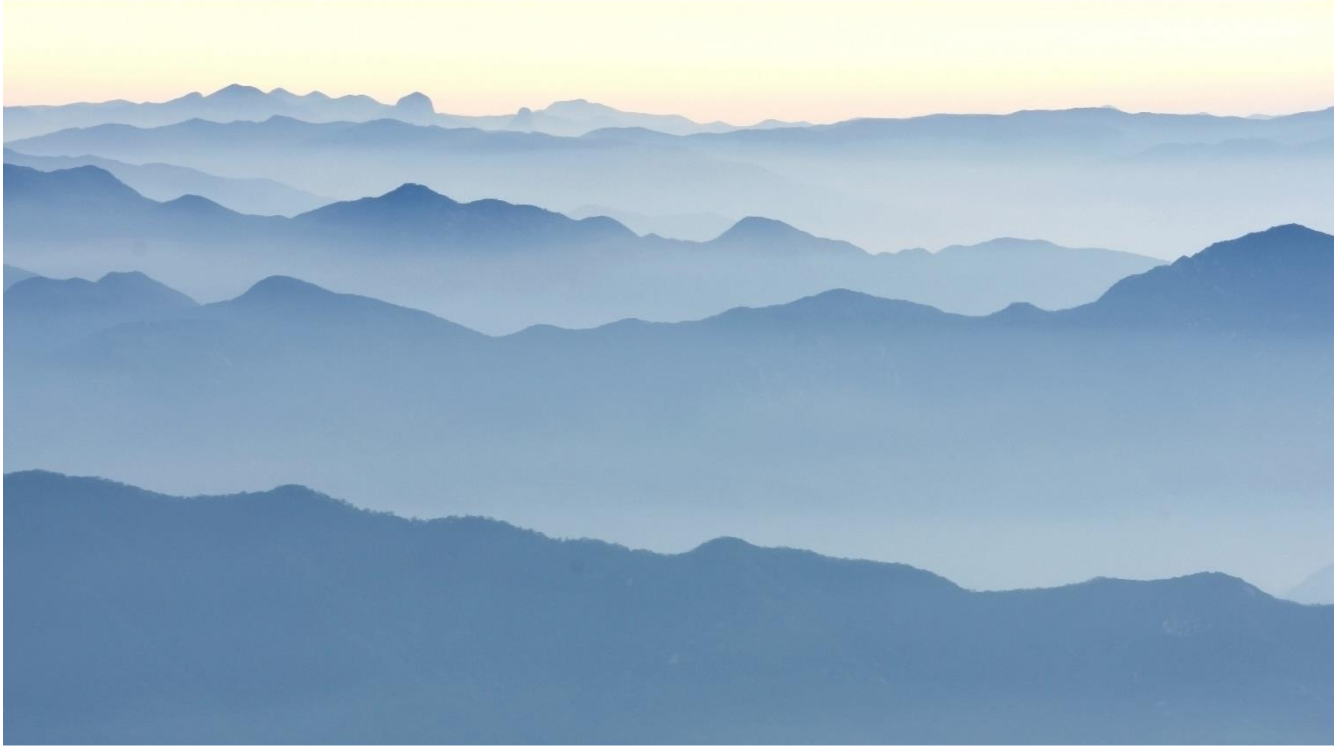
ScheduALL remains a valued tool and market leader in resource optimization. In addition, the Professional Services team offers attractive corporate services such as systems consolidation, workflow analysis and data processing workshops.

Resource Optimization was restructured in the year, and the focus is now on retaining and nurturing existing customers, launching Software as a Service (SaaS) solutions and substantially improving the business area's financial and business conditions – in the midst of an ongoing global pandemic. To prepare for divestment, ScheduALL has been restructured as a more independent business area, which has meant significant cost cuts as well as recruitment and training of new sales staff in order to focus on resource optimization and BI (Business Intelligence), the merger of the sales and service organization under dedicated geographical management – at the same time as continuing to invest in research and development.

In February 2021, Net Insight signed an agreement with Xytech Systems Corporation relating to the acquisition of Resource Optimization. The transaction is expected to close in the coming weeks. For more information see Significant events after the reporting period on page 68. Xytech offers the product MediaPulse, which provides comprehensive services for scheduling, resource management and reporting for media companies, all in a scalable and cloud-based platform-independent solution. Net Insight and Xytech will continue to work closely to offer solutions to shared customers in the media sector.

Sustainability Report

Net Insight has a responsibility to ensure that operations allow its employees to thrive and develop, that business is conducted with the highest ethical standards, that owners always have access to the transparency they are entitled to, that the impact on the environment and climate is minimal and to otherwise act as a good citizen in the societies where the company operates.



The sustainability work is based on a materiality analysis produced in 2017, which showed that prioritized areas include the 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 cycle and materials choices.

These priorities remain relevant and drive Net Insight's sustainability work. Net Insight's ambition was to update the materiality analysis and associated policies in 2020, but the serious disruptions caused by the global pandemic, including short-time furloughs and restrictions on gatherings, meant that this work needed to be postponed. Now that the work is restarting with new members of management and a focused strategy, Net Insight considers it important that its sustainability work is founded on a new materiality analysis presented in a cohesive system that employees, shareholders, customers and other stakeholders can easily relate to.

» Net Insight's business

Net Insight develops and sells products and solutions for the global media industry that are key components in secure and reliable media networks for live and/or interactive media in real time. Media consumption, mainly of video content, is growing and is an important part of the commercial, social and democratic structures that build open societies. Net Insight's products have a key role in the technological infrastructure that enables increased information exchange and shared experiences. At the same time, a shift away from consumption of physical goods towards media experiences reduces the environmental and climate impact. In particular, the shift towards remote production by production companies prevents substantial volumes of CO_2 from being released, while more media content can be produced with less resources in the form of materials and hours worked. The shift to remote production is assumed to have been significant for reducing infection rates during the Covid-pandemic.

» Information about the report

The Sustainability Report has been prepared in accordance with Chapter 6 of the Annual Accounts Act, and comprises pages 14-19 and 29-31 of the Annual Report.

Collaboration and innovation drive Net Insight to reach its goals

Net Insight is a global company with employees and customers across most of the world. With its head office and base in Sweden, our success is largely built on Swedish values such as a flat organization that encourages collaboration and helpfulness, values which permeate the entire organization.

A year of change

2020 was a year characterized by change, as a result of widely different factors such as the Covid pandemic, a new CEO, a new strategy and the implementation of a collective agreement for Net Insight AB. Throughout these changes, we have focused on keeping our promises to customers, maintaining the pace of development and ensuring our employees' well-being.

To keep our employees well-informed about the company's progress and the changes taking place, we have introduced monthly digital company-wide meetings for all staff, led by CEO Crister Fritzson. We have also felt the need to have a closer dialog between divisions and countries and experimented with a new concept aimed at increased transparency and stronger collaborations towards the end of the year. In short but frequent digital sessions relating to customer-specific matters, we have attempted to inspire our employees to increase their engagement and commitment. We have received positive feedback on these sessions and will continue to develop the concept in 2021.

Impact of the Covid-pandemic on Net Insight and its employees

Net Insight has been affected by the Covid pandemic because of reduced revenue as many customers are holding off investments due to canceled live events.

Since the beginning of the pandemic, Net Insight has focused on ensuring operations continue and continue to deliver on customer needs according to plan. In order to keep infection rates down and ensure that our staff stays healthy, we have based our internal guidelines on the recommendations of the authorities in the various parts of the world where we operate. To protect the small number of employees that are required to work from one of our offices, most of our staff have worked from home since March 2020. This has meant a range of different challenges for our operations, but also some positives and benefits.

All employees have been offered a computer and other tools needed to carry out their work, including an office chair to ensure the best possible conditions are in place for a functional home office. The HR department has supported managers to provide remote leadership, and the company has encouraged various kinds of digital social meetings such as remote coffee breaks.

The digital tool for employee surveys, Winningtemp, introduced in January 2020, allows HR personnel, managers and other staff to monitor key performance indicators relating to engagement, collaboration, leadership and job satisfaction. Net Insight is proud to report that most key performance indicators remained relatively unchanged throughout the pandemic, although the index for working conditions declined, particularly towards the end of 2020. Net Insight has introduced a special survey within the framework of Winningtemp that exclusively relates to temporarily working from home during the pandemic. The survey allows Net Insight to monitor employee well-being through eleven specific questions every three weeks. The main challenge relates to shutting off at the end of the working day. Some employees find the physical working environment at home challenging, as well as disruptive factors from family members also working from home or being home schooled. Most employees also experience benefits in the form of more leisure time available for family or physical exercise, and increased well-being as time is freed up from the daily commute.

Due to lower sales, Net Insight has needed to focus on cost savings as a result of the pandemic. For example, the company has utilized job retention schemes from local authorities, such as furlough support in Sweden, salary contributions in Singapore and government loans in the US. Furthermore, the company closed its office in London, a measure that will be evaluated before a new office is potentially reopened.

Collective agreement for employee security

During the year, Net Insight decided to apply for membership of Almega for inclusion in Swedish collective agreements. Although the company already offers benefits and terms of employment that largely match most collective agreements, being included in collective agreements provides employees with that final degree of security and certainty that they are protected under Swedish labor market practice. The collective agreement makes it easier to demonstrate to job applicants that Net Insight is a serious employer that cares for its employees and seeks dialog with employee representatives. After signing the collective agreement, the company has restructured its processes and routines for negotiations under the Co-determination in the Workplace Act (MBL), which is required in connection with changes affecting employees, such as reorganizations or appointing new management.

Net Insight's inclusion in the collective agreement also meant that all staff employed before signing of the agreement were invited to choose between staying in the previous pension plan, or switching to ITP1 through Collectum, which is the pension solution that applies under the collective agreement and therefore also to all new employees. Employees have been offered advice by an external expert when making this choice.

In this connection, the company also chose to change its provider of pension and insurance solutions. Net Insight has selected Advinans to ensure that as little as possible of its employees' pension premiums is lost in hidden costs.

Health and well-being

The focus on health and well-being has mainly been on working from home during the year and providing a safe working environment for staff required to work in the office. Net Insight's managers have been encouraged to maintain a regular dialog with teams and individuals to capture any ill health. Employees have been encouraged to take micro breaks and use their lunch break to exercise or go for a walk.

To further encourage physical activity, Net Insight has increased its employee wellness allowance to SEK 3,400 per employee and year from the beginning of the year. The company introduced a runners' group that meets at the office to go for a run during two lunch hours a week. Since working from home started, Net Insight launched an exercise competition with voluntary participation to encourage moving around during the day.

A survey carried out through Winningtemp was completed in January (61 questions), and eight questions have been sent out after this on a bi-weekly basis. The answers resulted in nine indices. Due to the change of model, it has not been possible to compare results between years, but one question remains universal and is measured in both the new and earlier surveys: eNPS (Employee Net Promotor Score). The higher the eNPS, the more ambassadors and more satisfied employees the company has, which in turn generates more loyal customers. The eNPS was 6 at the end of the year, compared to 20 in the previous year (on a scale from -100 to +100). This decrease has been analyzed and several factors are probably involved, including the lengthy period of working from home, which has unavoidably led to distance and other difficulties for the teams. Furthermore, the concerns generated by the Covid pandemic are also thought to have affected results.

New strategy

In 2020, the company developed a new strategy, focused on growth. A number of activities have been identified with the aim of ensuring growth. These will be initiated over the coming year. In the area "employees and social environment," the focus will be on defining what leadership means at Net Insight.

The employee survey shows that Net Insight's strengths are collaboration and team spirit, strong leadership and a high level of engagement amongst employees. The company will continue to build on this, but also create a clearer, more behavior-oriented leadership model. The work is expected to result in increased clarity regarding the company's strengths and what distinguishes it from other sector employers, important factors for strengthening the employer brand, internally and externally.

Diversity and equal opportunities

Diversity and equal opportunities remain key areas for Net Insight. The company has an uneven gender distribution, with 78 percent of the workforce comprising men (79 percent in 2019). Net Insight believes that a more even gender balance and diversity in terms of ethnicity and educational background, for example, promotes innovation and collaboration. Ahead of 2020, the company planned to approach more women in connection with recruitment and employer branding, but the pandemic meant that most recruitment was paused, and marketing initiatives cancelled. This means that fewer appointments have been made compared to previous years. Of new positions appointed,17 percent were women (excluding Aperi).

During fall 2020, Net Insight completed a training program that included discussion forums for company leaders on the themes of Diversity and Inclusion. This included how equal opportunities affect a Company's profitability, how to enable and safeguard inclusion measures, as well as potential pitfalls and risks. Net Insight's leadership collective agreed that the work relating to diversity and equal opportunities needs to continue and that a plan needs to be produced for attracting more women to the company.

Taking responsibility

Net Insight is dependent on the company's good reputation as an employer, supplier, purchaser and as a citizen in the surrounding world. Net Insight has zero tolerance to corruption and other unethical behavior.

The company's business ethics policy describes the principles that guide all Net Insight's employees in their professional life, as well as distribution of responsibilities and control models. The business ethics policy is the overarching description of the company's operational methods: to act in accordance with applicable legislation and regulations, to compete honestly, to avoid conflicts of interest and ensure that all contacts with customers and partners are strictly professional.

The company's anti-corruption work is systematized in the anti-corruption policy which, alongside the anti-corruption guidelines, protects the company from behavior that is or can be considered inappropriate. Net Insight has zero tolerance to corruption, including undue advantage, improper influence and other types of unethical or ethically questionable behavior.

Net Insight safeguards human rights in its various business relationships and raises the question of the origin of goods in its contacts with suppliers and others that are included in the value chain.

Counteracting bribery and corruption

The anti-corruption policy and guidelines govern the work against bribery and other corruption. Both documents are consistent with applicable legislation and the Swedish Anti-corruption Institute's code on gifts, rewards and other benefits in business. The policy and guidelines aim to clarify what measures and behaviors are illegal or inappropriate, and how corruption damages the company, its stakeholders and society generally. The policy encompasses all employees and certain business partners, such as distributors, agents and suppliers.

In the event of criminal actions that breach the company's policy, employees can anonymously report incidents to Net Insight's HR department. The external whistleblower function previously in place has been deemed unsatisfactory and will be replaced during the first quarter 2021.

Insider policy

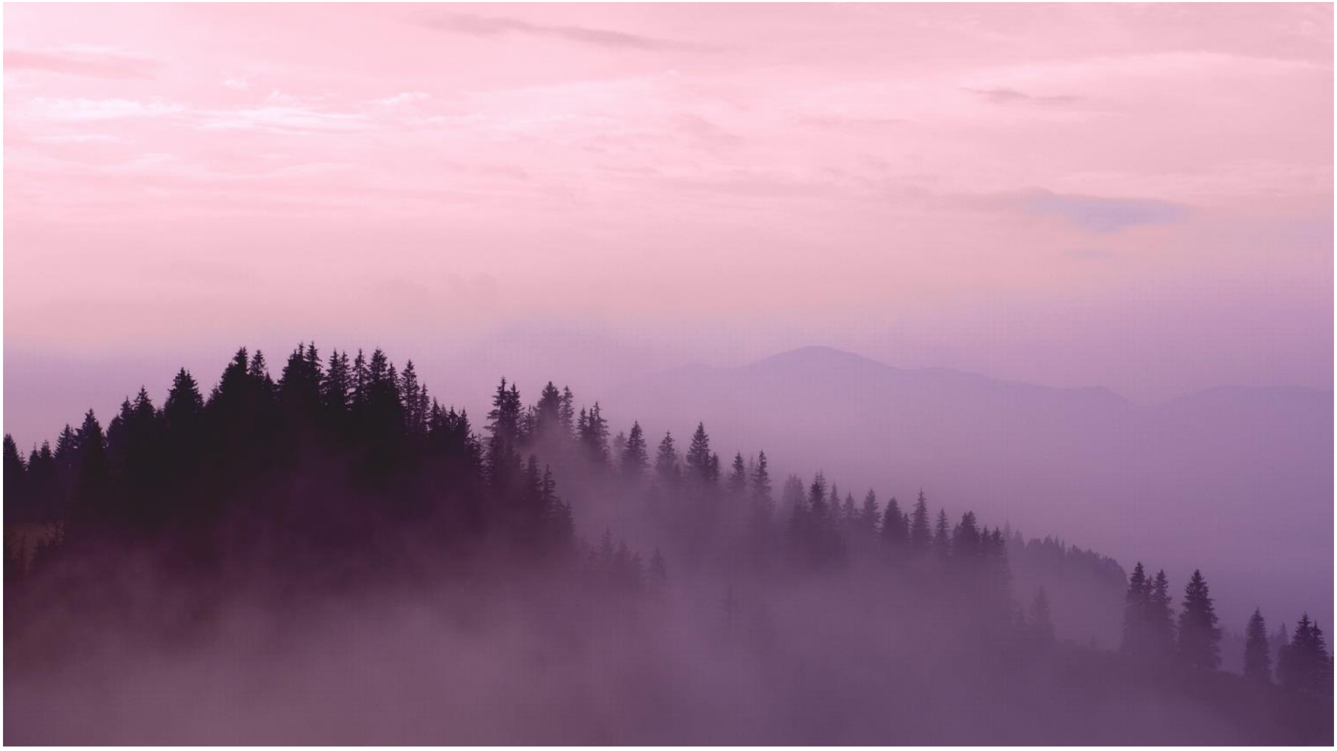
The company's insider policy describes the relevant regulatory frameworks and sets out the company's rules for trading in shares when insider considerations may apply. The policy includes detailed instructions for trading in the company's shares and outlines responsibilities for ensuring compliance with the policy. The demands included in the policy are, in some respects, more stringent than existing legislation.

Training in business ethics

Net Insight strives to maintain a high level of business ethics. Information relating to ethics is included in the company's digital onboarding that all new employees are required to complete and is included in all employment contracts. Because all employees in Sweden signed new employment contracts in 2020 in connection with Net Insight's inclusion in collective agreements, the company has provided all staff with updated information about the company's policies. Information about gifts and entertainment is also included in Net Insight's travel policies. This work will be reviewed and renewed as part of the ongoing sustainability work.

Continuous efforts to reduce Net Insight's environmental impact

Net Insight's environmental impact is considered to be low, and mainly relates to employees' travel, and to some extent manufacture, electricity consumption and recycling. Still, the company continuously works to reduce its environmental footprint.



Reducing the company's environmental impact is important for three reasons: minimizing the environmental impact contributes to reducing local pollution and global warming, lower resource consumption reduces costs and improves profitability, and more resource-efficient equipment with improved performance can help the media industry to streamline networks and save energy and money.

Although Net Insight's environmental impact can be considered minor, the company actively works to contribute to reducing the climate footprint. The materiality analysis showed that the company's main environmental impact is related to employee travel, mainly by air, with some additional impact through goods transports and product energy consumption. It is considered possible to exert an influence over all these factors over time. The pandemic has minimized the number of flights taken while familiarity with working remotely has increased, a habit that can largely be expected to continue. The company's shift towards software sales can contribute to reducing transports while product development focuses on reducing energy consumption per unit and Megabit used by customers.

Product responsibility and conscious supplier choices, waste and reuse

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. Small amounts of gold and pewter are included in Net Insight's products, and according to Net Insight's policy for conflict minerals, suppliers are required to document that neither the company nor its suppliers use metals from conflict regions. This relates to regions where it is known that human rights are being breached, mainly in the Republic of the Congo and a number of neighboring countries. Net Insight also ensures that its suppliers have relevant policies in place. CFSI's framework and CMRT's reporting template are used to identify potential conflict minerals.

Net Insight takes environmental considerations into account in the design of its products and services and prioritizes reducing electricity consumption of its products.

The guidelines for environmental considerations in the design process stipulate that Net Insight and its suppliers are required to specify how energy consumption is being limited. One goal is for Net Insight's systems to achieve 10 percent lower energy consumption compared to its competitors. It is worth noting that the new Nimbra 1060 platform reduces electricity consumption by at least 50 percent compared to older Nimbra platforms.

Waste from electrical and electronic equipment is one of the fastest-growing waste flows globally. The EU's WEEE directive (Waste Electrical and Electronic Equipment) aims to increase reuse and recycling of electrical waste. Net Insight has an internal policy for meeting its obligations through an effective organization for return and repair of products, and recycling e-waste. The company has a warehouse for obsolete products where parts and components are used in repairs wherever possible. The company also sells renovated used products and often uses these as demo equipment. The company reuses packaging wherever possible.

The policies that govern design, manufacture, use and recycling are updated continuously.

Fewer travel hours, reduced climate footprint

A high proportion of Net Insight's climate impact is linked to its employees' air travel. When moving office in 2018, Net Insight invested in video conferencing equipment that has reduced the need for travel. During the pandemic year 2020, these systems have been used intensively to achieve efficient online meetings on various platforms. After the pandemic, the company will evaluate whether part of the work can be carried out remotely to a greater extent. If such remote working is organized effectively, the need for commuting can be reduced, which can generate time savings, increase quality of life and reduce the climate footprint.

Cooling system reduces environmental impact

A key part of limiting the company's environmental impact relates to reducing energy consumption by the company's offices and server halls. When Net Insight relocated its head office to new premises, it was particularly important that the new offices were energy efficient with minimal power consumption. This meant that Net Insight is now located in one of Sweden's most energy-efficient office spaces. A state-of-the-art cooling system allows the relatively cold outdoor temperatures to cool the server halls for most of the year.

At the same time, surplus heat is harvested and transported for use by other tenants. This means that Net Insight has been able to contribute to reducing its environmental impact and generate operational cost savings. The cooling system is expected to be reinvested over the coming years. The new office has obtained 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 9,673 shareholders on December 31, 2020, compared to 10,607 in the previous year. As of December 31, 2020, the 20 largest shareholders accounted for 45.0 percent of the capital and 44.0 percent of the votes. Foreign ownership represented 14.4 percent of capital, compared to 13.6 percent in the previous year.

Share price performance

The share price decreased by 31 percent throughout the year from SEK 2.30 to SEK 1.58. The high in the financial year, of SEK 2.67, was set on June 23, 2020, and the low, of SEK 1.53, was set on November 30. Net Insight's total market capitalization was SEK 616 million on December 31, 2020, down by 31 percent on the previous year, when market capitalization was SEK 895 million.

Trading volume

A total of 245 million shares were turned over for a total value of almost SEK 487.9 million, corresponding to a turnover rate of 79 percent, in 2020. In 2020, 96 percent of the trading volume was on Nasdaq Stockholm and 4 percent on other marketplaces.

An average of some 1,900,000 shares were traded per trading day in the financial year, an increase of 27 percent on the previous year.

Options

Based on the warrants program approved during the Annual General Meeting in 2020, in June and November management and key personnel acquired a total of 3,055,000 warrants valued at a fair value of a total of SEK 1,277,850. The warrants have a vesting period of three years, after which the warrant holder has the right to utilize the warrants for subscription of B-shares in the parent company for a period of three months at an exercise price of SEK 2.80 and SEK 2.00, respectively. For more information see note 7 on pages 52-53.

Share capital

Share capital was SEK 15,597,320 as of December 31, 2020. There were 1,000,000 class A shares and 388,933,009 class B shares, a total of 389,933,009 shares.

The AGM 2020 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.

The parent company's holding of own B shares as of December 31, 2020 amounted to 7,175,000 shares (corresponding to 1.8 percent of the total number of shares). No own shares were repurchased in 2020.

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, 2020. For more information, see note 25 on page 65.

The Board has decided to propose that the AGM authorize the repurchase of shares. As the assessment is that the company will be negatively affected by the pandemic in the first half of 2021, it is estimated for capital redistribution to take place in October 2021 at the earliest.

Dividend policy

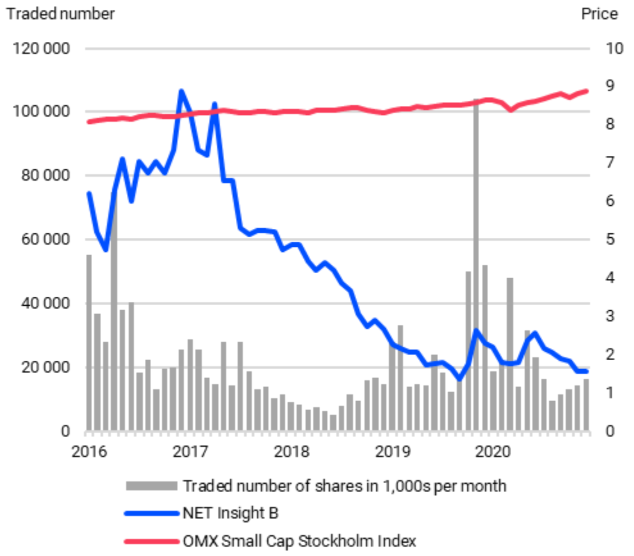
A secure cash position is important for enabling the company to demonstrate long-term financial sustainability to customers, and for enabling initiatives in growth segments. The Board of Directors is proposing to the AGM that no dividend is paid for the financial year 2020.

1) Anonymous ownership accounts for 11.3% (10.9%) of the capital and 11.0% (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)
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
2020		1,000,000	388,933,009	389,933,009	0.04	15,597,320

Share price movements 2016-2020



Ownership structure as of December 31, 2020

Size class	Known shareholders, %	Share capital, %
1 - 1000	46.9%	0.4%
1001 - 10000	35.2%	3.5%
10001 - 15000	3.5%	1.1%
15001 - 20000	2.6%	1.2%
20001 -	11.9%	82.4%
Anonymous ownership		11.3%
Total	**100.0%**	**100.0%**

Class of shares as of December 31, 2020

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, 2020

	Name	Class A shares	Class B shares	Holdings (%)	Votes (%)	Market value SEK thousands
1	Briban Invest AB[1]		53,152,568	13.6%	13.3%	83,981
2	Avanza Pension		21,001,449	5.4%	5.3%	33,182
3	Lannebo Fonder		20,100,000	5.2%	5.0%	31,758
4	Alecta Pensionsförsäkring		12,285,000	3.2%	3.1%	19,410
5	Nordnet Pensionsförsäkring		11,880,836	3.0%	3.0%	18,772
6	Wilda Go AB[2]		11,715,000	3.0%	2.9%	18,510
7	Shares owned by Net Insight		7,175,000	1.8%	1.8%	11,337
8	Edgar Sesemann		4,785,000	1.2%	1.2%	7,560
9	Nordea Liv & Pension		4,512,327	1.2%	1.1%	7,129
10	Hanna Barsum		4,264,730	1.1%	1.1%	6,738
11	Bajram Nuhi		3,107,000	0.8%	0.8%	4,909
12	Lars Bergkvist		2,822,000	0.7%	0.7%	4,459
13	Dan Hemström		2,514,300	0.6%	0.6%	3,973
14	Mikael Hägg		2,500,000	0.6%	0.6%	3,950
15	Otto Nordhus		2,400,000	0.6%	0.6%	3,792
16	Abboud Malkoun		2,308,736	0.6%	0.6%	3,648
17	Swedbank Försäkring		2,299,601	0.6%	0.6%	3,633
18	Handelsbanken Fonder		2,285,650	0.6%	0.6%	3,611
19	Marcus Liljeqvist		2,270,660	0.6%	0.6%	3,588
20	Dimensional Fund Advisors		2,191,940	0.6%	0.5%	3,463
Total of the 20 largest owners		**-**	**175,571,797**	**45.0%**	**44.0%**	**277,403**
Total other owners		1,000,000	213,361,212	55.0%	56.0%	722,601
Total		**1,000,000**	**388,933,009**	**100.0%**	**100.0%**	**1,000,004**

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

Board of Directors

Gunilla Fransson
Chairman of the Board since 2018 and Board member since 2008.
Born: 1960. Gunilla Fransson holds a Licentiate of Technology in Nuclear Chemistry from KTH Royal Institute of Technology in Stockholm. Up until 2016, Gunilla was a member of Saab AB's group management. She possesses over 20 years' experience of the telecom sector, formerly holding several senior positions in the Ericsson group. Gunilla is a Board member of Trelleborg AB, Nederman AB, Eltel AB and some unlisted companies, including Board member of Dunkerstiftelserna. Independent of the company and management, independent of the company's major shareholders.

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

Attendance at Board meetings in 2020: 10/10

Kjell Arvidsson
Board member since 2020
Born: 1961. Kjell Arvidsson is an engineer and holds a Diploma in Business Administration. He has a background as founder and head of Ericsson IPX, co-founder and CEO of CLX Networks and CEO of Symsoft. Kjell is a Board member of Coach and Capital Nordic 1 AB and P&CS Invest. Independent of the company and management, independent of the company's major shareholders.

Shareholding in Net Insight through P&CS Invest AB
600,000 class B shares.

Attendance at Board meetings in 2020: 6/10

Jan Barchan
Board member since 2015.
Born: 1946. Jan Barchan holds a B.Sc. in Business Administration and is CEO of Briban Invest AB, Chairman of the Board of nok9 AB. Board member of Studsvik AB, Västraby Energi AB and Anbace invest AB. Independent of the company and management, dependent of the largest shareholder Briban Invest AB.

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

Attendance at Board meetings in 2020: 9/10

Mathias Berg
Board member since 2018.
Born: 1975. Mathias Berg holds a B.Sc. in Business Administration from Stockholm School of Economics. Mathias is Deputy CEO and Head of Advertising Nordic at TV4 Media, part of Telia Corporation. He brings more than 20 years of experience from companies in the telecom and media industry, such as TDC, MTG and multiple positions within the TV4 Group. Independent of the company and management, independent of the company's major shareholders.

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

Attendance at Board meetings in 2020: 8/10

Charlotta Falvin
Board member since 2016.
Born: 1966. Charlotta Falvin holds a B.Sc. in Business Administration with 20 years' experience in different senior positions in IT and telecom focusing on international business and organizational development. Charlotta Falvin is a Board member of listed companies Bure Equity, Boule Diagnostics, Invisio, Tobii AB, NEL ASA in Norway. She is also Chairman of the Board of directors of Lunds Tekniska Högskola and Handelsbankens södra regionstyrelse. Independent of the company and management, independent of the company's major shareholders.

Shareholding in Net Insight:
0 shares.

Attendance at Board meetings in 2020: 10/10

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

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

Attendance at Board meetings in 2020: 10/10

Stina Barchan
Personal deputy for Jan Barchan
Board member since 2017.
Born: 1977. Stina Barchan has studied at the University of Lund and University College in London and holds a Ph.D. Stina has many years of experience from board work, and also has experience from nomination committee work from listed companies. Currently, she is a Board member of Briban Invest AB and Stiftelsen Momentum Malmö. Independent of the company and management, dependent of the largest shareholder Briban Invest AB.

Shareholding in Net Insight:
0 shares.

Changes to Net Insight's Board of Directors
Crister Fritzson left as Board member after taking office as CEO in April 2020.

Kjell Arvidsson was appointed a Board member in May 2020.

Executive management

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

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

Synthetic options:
0.

Warrants:
400,000.

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

Shareholding in Net Insight:
0.

Synthetic options:
0

Warrants:
300,000.

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

Shareholding in Net Insight:
0.

Synthetic options:
0

Warrants:
300,000.

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

Shareholding in Net Insight:
0.

Synthetic options:
75,000.

Warrants:
300,000.

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

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

Synthetic options:
0

Warrants:
300,000.

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

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

Synthetic options:
150,000.

Warrants:
300,000.

Changes to Net Insight's management team

Pelle Bourn resigned as CFO in October 2020.

Katarina Dufvenmark resigned as Vice President People in February 2021.

Marcus Sandberg resigns as Vice President Corporate Development at the end of March 2021.

Ken Graham resigns the management team 2021 in conjunction to the divestment of ScheduALL.

During the year, the following members joined the management team:
Joakim Schedvins, Per Lindgren, Mårten Blixt and Christer Bohm.

Board member Anders Harrysson was interim CEO until March 31, 2020 and Crister Fritzson took office as CEO 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 2020. Numerical information stated in brackets in these annual accounts are comparative figures with the financial year 2019 or the reporting date of December 31, 2019. Rounding deviations may occur in these annual accounts.

SIGNIFICANT EVENTS IN 2020

JANUARY-MARCH
- Acquisition of innovative product portfolio Aperi
- Accelerated product development
- First Nimbra Edge order

APRIL–JUNE
- Crister Fritzson assumes the CEO position
- First Aperi orders
- Change and strengthening of executive management

JULY–SEPTEMBER
- Continued negative impact from Covid-19
- Multiple new product functions launched

OCTOBER–DECEMBER
- Growth continued despite negative impact from Covid-19
- New deals signed for Nimbra Edge

DIVESTED OPERATIONS

The Streaming Solutions business area (consumer streaming operations Sye) was divested on 3 January 2020 and has been presented as divested operations in this report. The purchase consideration was SEK 348.0 million, of which 10% will be paid at the beginning of July 2021. The divestment generated capital gains of SEK 246.4 million and affects liquidity (less the retained portion of purchase consideration and transaction expenses) by SEK 302.3 million. For more information about operations under divestment, see tables in Note 15.

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

ACQUISITION OF APERI'S PRODUCT PORTFOLIO

As part of the strategic focus on growth in core operations in Media Networks, on 6 March Net Insight acquired assets from Aperi Corporation totaling SEK 12.7 million, including transaction expenses of SEK 1.4 million. The acquisition encompasses all Aperi's product portfolio, intangible rights, brand, equipment, inventories and accounts receivable.

The purchase consideration has been allocated to the following Balance Sheet items: property, plant and equipment SEK 2.9 million, inventories SEK 7.5 million and accounts receivable SEK 2.3 million. Net Insight hired seven former Aperi employees in the US in connection with the acquisition. Aperi's operations affected operating earnings by SEK -6.7 million (-).

OPERATIONS

Net Insight is defining new ways of distributing media content with no latency and drives the transformation of video networks towards IP, virtualization and cloud solutions that allow our customers to broadcast live video content easily and cost-efficiently. Net Insight enables customers to produce and deliver content in new ways regardless of where viewers are located.

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

Net Insight has more than 500 customers in 70 countries. The Company was founded in 1997 and had an average of 198 (189) employees and consultants in 2020, mainly based in its offices 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

A number of organizational changes were introduced in 2020. The new CEO (Crister Fritzson) took up his position in April, and Mårten Blixt was appointed to the new position of CCO later in the year. Joakim Schedvins was appointed new CFO in October 2020, and one of the company's founders Christer Bohm was appointed VP Product Management.

2020 was characterized by change as a result of widely different factors such as the Covid pandemic, a new CEO,

new strategy and the implementation of a collective agreement for Parent Company Net Insight AB. Throughout these changes, we have focused on keeping our promises to our customers, maintaining the pace of development projects and ensuring the well-being of our employees. For more information, see Employees and social environment on page 15.

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. Net Insight has as of December 31, 2020, 37 patents and patent applications in 15 patent families, of which 10 with registered patents in one or more countries. This is a decrease from the previous one when a number of Net Insight's early patents expired during the year and a number of patent families were included in the intellectual property rights that were part of the divestment of Sye.

One additional patent was registered, and four new patent applications were submitted in 2020.

In 2021, the company intends to submit a further three or four new patent applications in strategic areas.

Net Insight's 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 environments.

Net Insight's development is carried out in Stockholm, Camarillo (California) and Miami. Total development expenditure was SEK 141.0 million (134.0).

SUSTAINABILITY

For more details, see the company's Sustainability Report on pages 14-19 and sustainability notes on pages 29-31.

CORPORATE GOVERNANCE REPORT

For the company's Corporate Governance Report see pages 75-77.

SHAREHOLDERS AND THE SHARE

For information about the company's major shareholders, share price performance and share buy-backs, see pages 20-21 and Note 25.

NET SALES AND RESULTS OF OPERATIONS

The Group's net sales were SEK 398.9 (448.6) million in 2020, a decrease of -11.1%.

Net Sales for Media Networks totaled SEK 331.7 (377.8) million, this was a decrease of -12.2% compared to the previous year, primarily attributable to a decrease in hardware revenue. Net sales for Resource Optimization were SEK 67.2 (70.8) million, a decrease of -5.1% year-on-year, attributable to reduced licensing revenue and exchange rate differences.

Operating earnings for the full year were SEK -4.6 (-3.6) million, corresponding to an operating margin of -1.2 % (-0.8) percent. Excluding exchange rate differences of SEK -16.0 million (-3.2) and items affecting comparability of SEK 7.3 million (-24,9), see table on page 84, operating earnings were SEK 4.1 million (24.6).

Operating earnings for Media Networks totaled SEK 6.8 (46.5) million, corresponding to an operating margin of 2.0% (12.3) percent. The lower earnings were mainly due to decreased sales as a result of Covid-19 in the first three quarters. The operations in Aperi, which were acquired in the first quarter (see Acquisition of Aperi's product portfolio above), affected operating earnings by SEK -6.7 million (-). Total development expenses increased due to an uptake in investments in the portfolio, including the acquisition of Aperi, and totaled -105,9 MSEK (-85,8).

Operating earnings for Resource Optimization totaled SEK 4.1 (-31.8) million. The fact that net income improved despite the lower revenue was due to a higher gross margin, lower operating expenses, mainly due to rationalizations but also lower development expenses and because the US government Covid support loan was recognized in revenue. Total development expenditure was SEK -35.5 (-48.2) million.

Net income for remaining operations was SEK -9.2 (-4.6) million in 2020. Net income for the year, including divested operations, was SEK 237.4 (-32.2) million. This includes capital gains of SEK 246.6 million (-) relating to divested operations in the first quarter.

Covid-19 and impact on business operations

The pandemic has had a negative financial impact on the entire ecosystem for live sports (clubs, content owners, distributors etc.), which impacted sales negatively. In the second half of the year, live sports largely took place as planned, in some cases with adjusted planning. However, uncertainty relating to major planned events continued in the fourth quarter and into the new year. For our part, it is positive that market operators have adjusted well to the new conditions, which resulted in continued demand for cloud solutions and remote production. For our staff in Sweden, the limitation to hours worked under government job retention schemes decreased slightly in the fourth quarter. Our assessment is that the pandemic will continue to have a negative impact on the company in the first half of 2021.

Operating earnings for the full year were positively affected by SEK 9.9 million (-) and SEK 13.1 million (-) respectively in government support relating to the Covid-19 pandemic, of which SEK 0.9 million (-) and SEK 3.4 million (-) respectively relates to support in Sweden. For the US operations, Net Insight was granted a loan of just under USD 1 million in government support in the second quarter of the year. The loan will be written off provided that a number of criteria are met. Although we are still awaiting a final decision, Net Insight's assessment when submitting the application is that the criteria have been satisfied, and accordingly the amount was recognized in revenue under other operating earnings in the fourth quarter, which had a positive effect of SEK 9.1 million on net income. Operating earnings for the second half-year were affected by SEK -0.3 million relating to provisions for expected bad debt due to Covid-19.

CASH FLOW AND INVESTMENTS, INCLUDING DISCONTINUED OPERATIONS

Total cash flow for 2020 amounted to SEK 232.6 (-41.2) million. The divestment of the Streaming Solutions business area in the first quarter affected total cash flow by SEK 302.3 million (-).

Full year investments for 2020 were SEK 77.4 (92.1) million, of which SEK 71.9 (89.4) million related to capitalization of development expenditure. Depreciation and amortization were SEK -59.9 (-77.8) million, of which SEK -38.5 (-57.3) million related to amortization of capitalized development expenditure.

The net value of capitalized development expenditure at the end of the period was SEK 208.9 million. The net value of capitalized development expenditure as of 31 December 2020 was SEK 184.6 million for remaining operations and SEK 264.3 million for the Group, including divested operations.

Capitalization principles are described in note 1.6 A.

CASH AND CASH EQUIVALENTS AND FINANCIAL POSITION [INCLUDING OPERATIONS UNDER DIVESTMENT]

At year-end, cash and cash equivalents were SEK 283.2 (52.3) million. Equity was SEK 692.6 (463.7) million, with an equity/assets ratio 80.3 (67.6) percent.

PARENT COMPANY

In 2020, Parent Company net sales were SEK 340.7 (487.3) million and net income was SEK 174.3 (-88) million. Net financial items include earnings from shares in subsidiaries of SEK 199.5 million (-80.0), capital gains from sales of subsidiaries SEK 197.2 million (-) and dividend from subsidiaries SEK 2.2 million (1.8) and, in the previous year, the aforementioned impairment of shares in subsidiaries of SEK -81.8 million.

Progress in the Parent Company substantially mirrored the Group's progress as presented above for the Media Networks business area.

During the year, the Parent Company had an average of 127 (113) employees and consultants.

SEASONALITY

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

RISK AND SENSITIVITY ANALYSIS

Since a number of external and internal factors influence Net Insight's operations and earnings, the company relies on a continuous process of identifying existing risks and assessing how each risk should be managed. The risks the company is exposed to include market-related risks and operational risks connected to sustainability and financial risks. Sustainability risks are described in the sustainability notes on page 31 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 had far-reaching effects on society and the economy, and also affected Net Insight in 2020. We assess that the company will be negatively affected in the first half of 2021. As of the reporting date, we do not assess that Covid-19 has or will have a material impact on the company's assets. However, it is difficult to predict how the situation with Covid-19 will progress and the company continuously monitors the situation and the need for new measures.

Net Insight's overarching strategy in this extraordinary situation is to ride out the storm – prioritize R&D and continue to drive strategic development projects, protect the company's financial position through active cost control and prepare a rapid increase in activity as the signs of market recovery emerge.

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 equivalents. Staff potentially exposed to corruption receive training in the matter.

Some countries have export prohibition or export restrictions. Net Insight has well established routines and system support to ensure compliance with these regulations and restrictions. Operating in, and exporting to, several markets involves compliance with a large number of laws and regulations which can make export complicated. This specifically comprises tax, customs, employee rights, technology standards and reporting standards. Net Insight has extensive internal expertise in the areas above but often also consults external experts. See also the Sustainability Report on pages 14-19 and Sustainability notes on pages 29-31.

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, accordingly direct risks are considered limited. Products also undergo extensive testing and verification in the development process and in the shipping process before products are sent to customers.

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

Customer dependency and contract risks

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

Supplier risk

Net Insight is dependent on a limited number of suppliers for components and production. To mitigate the effects of potential supply chain disruptions, the Company has consequential loss coverage, maintains dialog with alternative suppliers, and ensures that the relevant preferred suppliers have prepared disruption plans.

Competence risks

Net Insight's operations involve advanced technology in complex global situations where skilled, competent and motivated staff is needed to ensure the Company's competitiveness. The competition to attract the best resources is strong and the risk of losing skilled staff is always present. Similarly, the ability to continue attracting new competent staff is crucial. Net Insight has implemented processes and guidelines to ensure competence training and support in the form of staff appraisal, employee surveys, compensation packages and training. See also the Sustainability Report on pages 14-19 and Sustainability notes on pages 29-31.

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 7, 2021.

At the AGM 2021 a proposal with guidelines for remuneration to senior executives essentially based on existing guidelines but adjusted for the collective agreement signed in the year and changes to management. will be presented.

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 2020.

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):	2020
Premium reserve	51,296
Retained earnings	284,625
Net income	174,292
Total	**510,213**

The Board of Directors proposes that funds be appropriated as follows:	2020
Brought forward:	510,213
Total	**510,213**

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

Brought forward: SEK 510,213,000

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

Sustainability notes

About the sustainability report and reporting principles

Net Insight AB (publ)'s Sustainability Report covers Net Insight AB and its subsidiaries for the financial year 2020 on pages 14-19 and the Sustainability notes below. The Sustainability Report has been produced to meet the requirements of the Swedish Annual Accounts Act (ÅRL).

Materiality analysis and stakeholder dialog

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, shareholders, Board members, suppliers, employees and others seeking information about the company. In 2017, Net Insight completed a more extensive and documented dialog with its stakeholders relating to sustainability reporting in order to capture the stakeholders' focus and expectations regarding important sustainability factors. The dialog was held in the form of interviews and surveys, see table to the right for more information.

Net Insight's management completed a materiality analysis workshop defining the most important sustainability aspects for Net Insight based on the outcome of the dialogs, alongside an analysis of Net Insight's competitors and an overview of the business climate and global trends related to sustainability. The analysis was based on information from the stakeholder dialogs, and risks and opportunities related to sustainable business covering areas such as legislation, the environment, social responsibility, employees, respect for human rights, anti-corruption and governance.

The materiality analysis is considered to still be valid in 2020, which is confirmed by the continuing regular dialog with all stakeholders.

Corporate governance of key sustainability aspects

The Board of Directors has overall responsibility for corporate governance at Net Insight. Corporate governance includes sustainability. The Board of Directors is responsible for the guidelines governing many of the sustainability areas in this report.

The Board of Directors has been informed about the results of the materiality analysis. Further information on this year's work by the Board is described in the Corporate Governance report on pages 77-79.

The CEO is responsible for executing the Board's decisions and strategies and ensuring that Net Insight and all employees comply with relevant legislation and guidelines. Management supports the CEO in implementing the decisions taken by the Board and ensuring that all employees understand and act in accordance with such principles and guidelines.

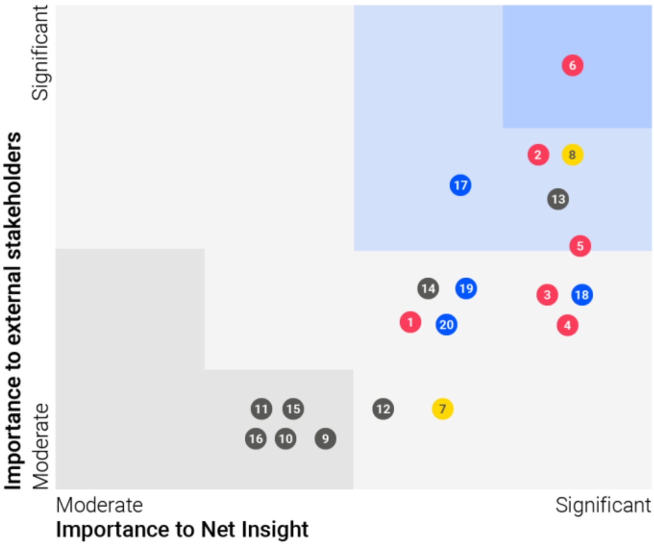
Steering documents and guidelines

The Board has approved several guidelines. Part of the guidelines, such as objectives and ambitions, are set out in this Sustainability Report. The Board has adopted Group-wide business ethics guidelines that apply to all employees. The guidelines consist of Net Insight's Business Ethics Policy, which sets the tone for how the company conducts its business globally, including separate guidelines for anti-corruption. The company also has a policy governing insider trading, updated in 2019, with the intention of maintaining a high ethical standard. The policy is intended 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 aiming to enhance equal treatment and diversity. The aim of the policies is to guarantee that employees and others work in an environment with equal treatment regardless of gender identity, ethnicity, religion, beliefs, disability, sexual orientation or age. Both policies were updated in 2020. The policies are reflected in many of the company's processes and are very important in areas such as the recruitment process.

The company's policies form the basis of internal routines and procedures for day-to-day operations. Net Insight also has internal guidelines for environmental issues related to its products, the company and its suppliers. The guidelines cover areas such as conflict minerals, WEEE and waste management, 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 guidelines and routines have been well integrated in the company's internal procedures over many years and are evaluated regularly to ensure they are updated and relevant to the business. Management and executive managers are responsible for the follow-up, and all policies and guidelines 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. Product 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 regulatory developments in the countries where the company operates. The company has a process for handling new regulations and legislation. The company has implemented guidelines with respect to environmental regulation and internal processes. This assures a high standard of company products and compliance with regulatory frameworks.
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 aimed at key employees and other employees, and a warrants program was introduced in 2020. The company signed a collective agreement in 2020, which offers a good range of benefits and security for employees. Employees are evaluated yearly in a performance review. Employee satisfaction and engagement are measured regularly in pulse checks that capture and address major variations.
Insufficient control of working environment (health and well-being) High standards and good control relating to the working environment can be at risk if Net Insight fails to respect labor law and regulations. If Net Insight fails to provide a satisfactory working environment, this can present a risk to employee health and well-being.	The company continuously monitors long-term sick leave and reviews employee satisfaction in pulse-check surveys and performance reviews to ensure that employees achieve a good work-life balance. Through insurance, the company also has access to preventative health care in the form of stress management strategies. If situations related to stress amongst employees require further actions the employee and line manager, with support of HR, will find a suitable plan based on the needs of the individual to create a sustainable work balance.
Non-compliance with Business Ethics Policy and 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 guidelines are not respected.	The sales department has been identified as the area with the highest risk of not complying with the Business Ethics Policy. Since 2018, all new employees complete a web-based onboarding program which includes the company's guidelines for business ethics and anti-corruption. In 2020, in connection with signing a collective agreement, all employees in Sweden were required to read and sign the business ethics guidelines. HR is responsible for compliance with the equality and diversity guidelines. 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 Policy and Anti-Corruption and other principles guide Net Insight's employees in respecting ethical standards and complying with relevant legislation. The guidelines are included in the company's employment contracts, and in connection with signing a collective agreement in Sweden, all employees were required to read and sign the Business Ethics Policy. The Ethical Policy also form part of the onboarding program for new staff.

Group Financial Report

Consolidated Income Statement

Amounts in SEK thousands	NOTE	2020	2019
Continuing operations			
Net sales	4,20	398,948	448,550
Cost of sales	9	-155,240	-166,251
Gross earnings		**243,708**	**282,299**
Sales and marketing expenses	9	-111,354	-128,816
Administration expenses	9,11,12	-61,970	-67,355
Development expenses	6,9,11	-69,086	-70,776
Other operating income and expenses	8	-5,909	-18,952
Operating earnings	**7,10**	**-4,612**	**-3,600**
Result from financial items			
Financial income	13	270	1,825
Financial expenses	13	-5,404	-4,834
Result from financial investments		**-5,134**	**-3,009**
Profit/loss before tax		**-9,746**	**-6,609**
Tax	14	549	1,965
Net income continuing operations		**-9,197**	**-4,644**
Discontinued operations, net after tax	15	246,580	-27,543
Net Income		**237,383**	**-32,187**
company		**237,383**	**-32,187**
Earnings per share basic and diluted, continuing operations, SEK	16	-0.02	-0.01
Earnings per share basic and diluted, including discontinuing operations, SEK	16	0.62	-0.08

Consolidated Statement of Comprehensive Income

Amounts in SEK thousands	NOTE	2020	2019
Net income		237,383	-32,187
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			
Translations differences		-9,740	3,904
Total other comprehensive income for the year, after tax		**-9,740**	**3,904**
Total comprehensive income for the year		**227,643**	**-28,283**

Consolidated Balance Sheet

SEK thousands	NOTE	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Capitalized expenditure for development	4, 17	208,938	184,582
Goodwill	4, 17	58,166	65,582
Other intangible assets	4, 17	7,830	10,560
Right-off use assets	10	45,231	52,394
Equipment	4, 18	24,989	29,531
Deferred tax asset	14	27,428	26,997
Deposits	31	5,400	5,186
Total non-current assets		**377,982**	**374,832**
Current assets			
Inventories	19	52,470	44,584
Contract assets	20	4,744	625
Accounts receivable	21	98,116	103,771
Other receivables	21	41,046	8,085
Prepaid expenses	21	4,830	8,469
Cash and cash equivalents	22, 31	283,184	52,280
Assets held for sale	15	-	93,840
Total current assets		**484,390**	**311,654**
TOTAL ASSETS	23	**862,372**	**686,486**
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		-267	9,473
Accumulated deficit		-515,441	-754,052
Total equity		**692,616**	**463,745**
Non-current liabilities			
Contract liabilities	20	13,498	15,890
Lease liabilites	10	35,500	41,517
Other non-current liablities	26	-	68
Provisions	27	4,730	4,691
Total non-current liabilities		**53,728**	**62,166**
Current liabilities			
Lease liabilities	10	10,231	10,586
Accounts payable		17,093	35,821
Contract liabilities	20	47,459	55,610
Current tax liabilities		647	257
Other liabilities	28	5,506	5,418
Liabilities directly associated with assets held for sale	15	-	2,995
Provisions	27	2,059	2,036
Accrued expenses	29	33,033	47,852
Total current liabilities		**116,028**	**160,575**
TOTAL EQUITY AND LIABILITIES	23	**862,372**	**686,486**

Consolidated Statement of Cash Flow[1]

Amounts in SEK thousands	NOTE	2020	2019
Ongoing activities			
Profit/loss before tax[2]		236,897	-41,651
Income tax paid		-313	-371
Depreciation, amortization and impairment	9	59,887	77,848
Other items not affecting liquidity	30	-229,893	15,229
Cash flow from operating activities before changes in working capital		**66,578**	**51,055**
Changes in working capital			
Increase (-)/Decrease (+) in inventories		-13,669	-2,682
Increase (-)/Decrease (+) in receivables		7,014	-1,572
Increase (+)/Decrease (-) in liabilities		-44,056	14,043
Cash flow from operating activities		**15,867**	**60,844**
Investment activities			
Investments in intangible assets	17	-74,346	-90,159
Investments in tangible assets	18	-3,062	-1,930
Disposal of subsidiary, net effect on cash		302,348	-
Investments in financial assets	30	-278	46
Cash flow from investment activities		**224,662**	**-92,043**
Financing activities			
Amortization leasing		-9,134	-8,154
Option premiums paid	7	1,228	-
Final settlements options	7	-	-
Repurchase of own shares	25	-	-1,837
Cash flow from financing activities		**-7,906**	**-9,991**
Net change in cash and cash equivalents		**232,623**	**-41,190**
Exchange differences in cash and cash equivalents		-1,769	627
Cash and cash equivalents at the beginning of the year		52,330	92,893
Cash and cash equivalents at the end of the year	**22**	**283,184**	**52,330**

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 146 (681) thousand. Interest paid SEK-1856 (-4269) thousand, of which interest paid related to lease liabilities SEK -1670 (-1948) thousand.

Changes in Consolidated Equity

Amounts in SEK thousands	Share capital	Other paid-in capital	Translation reserve	Accumulated deficit	Total shareholders' equity
	Attributable to parent company's shareholders				
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**
January 1, 2020	**15,597**	**1,192,727**	**9,473**	**-754,052**	**463,745**
Comprehensive income					
Net income	-	-	-	237,383	**237,383**
Translation differences	-	-	-9,740	-	**-9,740**
Total comprehensive income	**15,597**	**1,192,727**	**-267**	**-516,669**	**691,388**
Transactions with owners in their capacity as owners:					
Warrants issued	-	-	-	1,228	**1,228**
Total transactions with owners	**-**	**-**	**-**	**1,228**	**1,228**
December 31, 2020	**15,597**	**1,192,727**	**-267**	**-515,441**	**692,616**

Parent Company Financial Report

Parent Company Income Statement

Amounts in SEK thousands	NOTE	2020	2019
Net sales	4,20	340,663	487,319
Cost of sales	9	-131,448	-207,349
Gross earnings		**209,215**	**279,970**
Sales and marketing expenses	9	-109,835	-119,586
Administration expenses	9,11,12	-55,771	-55,491
Development expenses	6,9,11	-56,102	-104,133
Other operating income and expenses	8	-15,190	-18,406
Operating earnings	**7,10**	**-27,683**	**-17,646**
Result from financial items			
Financial income	13	199,392	-79,958
Financial expenses	13	324	2,336
Result from financial investments	13	-3,515	-2,884
Loss before tax		**168,518**	**-98,152**
Tax	14,15	5,774	10,113
Net income		**174,292**	**-88,039**

Parent Company Statement of Comprehensive Income

Amounts in SEK thousands	NOTE	2020	2019
Net income		**174,292**	**-88,039**
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			-
Total other comprehensive income for the year, after tax		**174,292**	**-88,039**

Parent Company Balance Sheet

Amounts in SEK thousands	NOTE	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Capitalized expenditure for development	17	144,776	126,049
Other intangible assets	4, 17	3,981	3,234
Equipment	4, 18	20,407	25,576
Participations in group companies	24	246,400	243,777
Deferred tax asset	14	20,919	15,144
Deposits	31	4,927	4,649
Total non-current assets		**441,410**	**418,429**
Current assets			
Inventories	19	52,470	44,584
Contract assets	20	4,416	601
Accounts receivable	21	90,453	98,100
Receivables from group companies	21	-	20,826
Other receivables	21	35,719	4,739
Prepaid expenses	21	10,385	9,715
Cash and cash equivalents	22, 31	263,558	40,849
Total current assets		**457,001**	**219,414**
TOTAL ASSETS		**898,411**	**637,843**
EQUITIY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	25	15,597	15,597
Statutory reserve		112,822	112,822
Development reserve		58,106	13,656
Non-restricted equity			
Share premium reserve		51,296	51,296
Retained Earnings		284,625	415,886
Net Income		174,292	-88,039
Total equity	**32**	**696,738**	**521,218**
Non-current liabilities			
Contract liabilities	20	6,251	6,915
Other non-current liablities	26	-	68
Other provisions	27	5,106	5,628
Total non-current liabilities		**11,357**	**12,611**
Current liabilities			
Accounts payable		15,557	32,381
Contract liabilities	20	18,375	25,221
Liabilities to group companies		120,390	-
Other liabilities	28	13,006	4,790
Other provisions	27	2,059	2,036
Accrued expenses	29	20,929	39,586
Total current liabilities		**190,316**	**104,014**
TOTAL EQUITY AND LIABILITIES		**898,411**	**637,843**

Parent Company Statement of Cash Flow

Amount in SEK thousands	NOTE	2020	2019
Ongoing activities			
Profit/loss before tax		168,518	-98,152
Income tax paid		-	-
Depreciation and amortization	9	38,563	14,525
Other items not affecting liquidity	30	-189,887	91,087
Cash flow from operating activities before changes in working capital		**17,194**	**7,460**
Changes in working capital			
Increase (-)/decrease (+) in inventories		-13,895	-2,682
Increase (-)/decrease (+) in receivables		27,796	-40,269
Increase (+)/decrease (-) in current liabilities		-58,054	14,874
Cash flow from operating activities		**-26,959**	**-20,617**
Investment activities			
Investments in intangible assets	17	-52,937	-14,476
Investments in tangible assets	18	-222	-1,898
Acquisition of group companies	23	-2,673	-50
Disposal of subsidiary, net effect on cash		304,550	-
Investments in financial assets		-278	46
Cash flow from investment activities		**248,440**	**-16,378**
Financing activities			
Option premiums paid	25	-	-
Final settlements options	25	-	-
Repurchase of own shares	24	1,228	-1,837
Cash flow from financing activities		**1,228**	**-1,837**
Net change in cash and cash equivalents		**222,709**	**-38,832**
Cash and cash equivalents at the beginning of the year		40,849	79,681
Cash and cash equivalents at the end of the year	**21**	**263,558**	**40,849**

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, 2019	**15,597**	**112,822**	**-**	**51,296**	**475,596**	**-44,216**	**656,050**
Total comprehensive income							
earnings	-	-	-	-	-44,216	44,216	**-**
Redistribution to development reserve, net			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**
January 1, 2020	**15,597**	**112,822**	**13,656**	**51,296**	**415,886**	**-88,039**	**521,218**
Total comprehensive income							
earnings	-	-		-	-88,039	88,039	**-**
Redistribution to development reserve, net			44,450		-44,450		**-**
Net income	-	-		-		174,292	**174,292**
Total comprehensive income	**15,597**	**112,822**	**58,106**	**51,296**	**283,397**	**174,292**	**695,510**
Transactions with owners in their capacity as owners:							
Warrants issued	-	-	-	-	1,228	-	**1,228**
Total transactions with owners	**-**	**-**	**-**	**-**	**1,228**	**-**	**1,228**
December 31, 2020	**15,597**	**112,822**	**58,106**	**51,296**	**284,625**	**174,292**	**696,738**

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.

A review of the Group's performance in terms of the financial position is available in the administration report on pages 21 to 28.

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.

Due to the Covid-19 outbreak, accounting of government grants are of relevance since the Group obtained such grants from several countries in which the Group operates. The grants reflect measurements made to cope with the effects linked the pandemic outbreak, 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 24-28.

Accounting of government grants

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

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 2020 and 2019. 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.

Discontinued operations are included in the Group's Consolidated Statement of Cash Flow. Further information regarding 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.

On the February 24, 2021 Net Insight announced that the Company had signed an agreement for divestment of the business area Resource Optimization. The business area Resource Optimization will from that moment be presented in reports as Discontinued operations.

New standards, amendments and Interpretations adopted by the group

There are no new amendments to IFRS during 2020 affecting the Company's financial report to a significant extent.

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

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

1.2 Consolidation

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

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

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

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

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

The Group composed of the parent company, Net Insight AB (publ), with subsidiaries presented in note 24.

1.3 Segment reporting

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

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 and the Aperi portfolio, acquired in 2020. A Nimbra/Aperi 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.

On February 24, 2021 Net Insight announced that the Company signed an agreement for divestment of the business area Resource Optimization, and Net Insight will from that moment only have one business area and segment. The business area Resource Optimization is from that moment to be presented in reports as discontinued operations.

In connection with this, certain costs for central functions will be reallocated between the various business areas. Most of these costs are fixed and do not accompany the divested operations.

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 ten years.

B. Goodwill
Goodwill consists of the amount by which the purchase cost exceeds the fair value of the Group's share of the

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

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

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

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

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

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

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

C. Financial assets at fair value through profit or loss (FVTPL)
All financial assets that are not classified as either amortized cost or FVOCI are classified as FVTPL. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near term. Derivatives are classified as held for trading, unless they are designated as hedging instruments for the purpose of hedge accounting.

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

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

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

For accounts receivable, the Group has prepared a reservation matrix based on history and where export credit premiums, as an alternative cost to secure the receivables, are used to estimate the effect of changes in current and future factors when calculating the ECLs. The losses are recognized in the income statement. When there is no reasonable expectation of collection, the asset is written off.

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

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

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

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

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

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

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

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

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

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

1.14 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 apply to business in all segments.

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

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

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

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

B. Customized solution

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

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

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

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

C. Intellectual Property Rights (IPR)

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

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

D. Customer contract related balances

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

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

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

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

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

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

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

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

1.17 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 its subsidiaries and associates operate and generate taxable income.

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

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

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

1.18 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 71 percent linked to the USD and to some 12 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 2020, with all other variables constant, the group's revenues and earnings/equity after tax for 2020 would have been positively/negatively affected by some SEK 8.1 million and SEK 6.1 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 2020, with all other variables constant, the group's revenues and earnings/equity after tax for 2020 would have been positively/negatively affected by some SEK 10.9 million and SEK 4.2 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, 2020 or December 31, 2019.

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, 2020, the parent company had net exposure of SEK 68.8 (54.3) million and SEK 106.1 (60.1) million in EUR and USD respectively for these items. The subsidiaries basically have cash and cash equivalents, accounts receivable and accounts payable in local currencies exclusively. If the exchange rate of the EUR had been 5 percent higher/lower than the exchange rate applying on December 31, 2020, consolidated earnings/equity after tax would have been affected positively/negatively by some SEK 2.7 million. If the exchange rate of the USD had been 5 percent higher/lower compared to the exchange rate on December 31, 2020, consolidated earnings after tax would have been affected positively/negatively by some SEK 4.1 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, 2020, some SEK 71.6 (61.5) 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, 2020, consolidated earnings/equity after tax would have been positively/negatively affected by some SEK 2.7 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.

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

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

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

Customer contract related balances
The Company monitors the financial stability of its customers, the environments in which they operate and historical credit losses. A provision for impairment of receivable is applied when there is objective proof and other indications that the group will not be able to recover all amounts due according to the receivables' original terms. This is combined with expectations of future economic conditions to calculate expected credit losses (ECLs). Since the company's customers are generally mid-size to large and well-established companies spread over several geographical markets, without any significant concentration of credit risks, either geographically or on any particular customer segment, Net Insight has used premium for export credits, as alternative cost for the credit risk, when calculating the ECLs. Actual credit losses may be higher or lower than expected. Total allowances for expected credit losses as of December 31, 2020 were SEK -0.1 million or 0.1% 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, 2020, the total inventory reserve was SEK 34.1 (29.2) 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 ten years.

E. Deferred tax
Deferred tax assets pertaining to tax loss carry-forwards are recognized to the extent that it is probable that future taxable profit will be available against which unused tax losses can be applied. In 2020, Net Insight utilized deferred tax assets on tax loss carry-forward of net SEK 1.5 (-7.0). million. The capitalization is based on expected long-term profitability. In cases where the conditions for capitalization deferred tax assets on tax loss carry-forward are not met, no capitalization is made. At each reporting period, the Company assesses if any impairment and, where applicable, the conditions for capitalization are met regarding deferred tax assets on tax loss carry-forward.

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

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

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

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

NOTE 4 NET SALES AND SEGMENT INFORMATION

Reporting segments are the business areas:

Media Networks encompasses the Nimbra portfolio and the Aperi portfolio, acquired in 2020. A Nimbra/Aperi 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.

On February 24, 2021 Net Insight announced that the Company signed an agreement for divestment of the business area Resource Optimization, and Net Insight will from that moment only have one business area and segment. The business area Resource Optimization is from that moment to be presented in reports as discontinued operations. As a result of the divestment, certain costs for central functions will be reallocated between the various business areas. Most of these costs are fixed and do not accompany the divested operations.

Segment report	2020				2019			
SEK thousands	Media Networks	Resource Optimization	Unallocated items & eliminations	**Total**	Media Networks	Resource Optimization	Unallocated items & eliminations	**Total**
Net Sales	**331,744**	**67,204**	**-**	**398,948**	**377,764**	**70,786**	**-**	**448,550**
Gross earnings	**201,524**	**42,108**	**76**	**243,708**	**242,357**	**39,850**	**92**	**282,299**
Net margin	*60.7%*	*62.7%*		***61.1%***	*64.2%*	*56.3%*		***62.9%***
Operating earnings	**6,763**	**4,138**	**-15,513**	**-4,612**	**46,479**	**-31,759**	**-18,320**	**-3,600**
Gross margin	*2.0%*	*6.2%*		***-1.2%***	*12.3%*	*-44.9%*		***-0.8%***
Net financial items			**-5,134**	**-5,134**			**-3,009**	**-3,009**
Profit/loss before tax continuing operations				**-9,746**				**-6,609**

Disaggregation of revenue - group, including discontinued operations	2020				2019			
SEK thousands	Media Networks	Resource Optimization	Discontinued operations	**Total**	Media Networks	Resource Optimization	Discontinued operations	**Total**
Net sales by product group								
Hardware	137,111	-	-	**137,111**	171,739	-	-	**171,739**
Software licenses	80,926	3,997	-376	**84,547**	87,134	6,282	8,194	**101,610**
Support and Services	113,707	63,207	-	**176,914**	118,891	64,504	1,316	**184,711**
Total	**331,744**	**67,204**	**-376**	**398,572**	**377,764**	**70,786**	**9,510**	**458,060**
Net sales by region								
Western Europe (WE)	157,628	15,535	-376	**172,787**	168,300	17,906	4,591	**190,797**
Americas (AM)	117,206	37,887	-	**155,093**	137,551	42,008	4,633	**184,192**
Rest of World (RoW)	56,910	13,782	-	**70,692**	71,913	10,872	286	**83,071**
Total	**331,744**	**67,204**	**-376**	**398,572**	**377,764**	**70,786**	**9,510**	**458,060**
Timing of revenue recognition								
Products and services transferred at a point in time	218,064	3,997	-376	**221,685**	258,922	6,282	8,194	**273,398**
Services transferred over time	113,680	63,207	-	**176,887**	118,842	64,504	1,316	**184,662**
Total	**331,744**	**67,204**	**-376**	**398,572**	**377,764**	**70,786**	**9,510**	**458,060**

Disaggregation of revenue - parent company	2020				2019			
SEK thousands	Media Networks	Resource Optimization	Streaming solutions	Total	Media Networks	Resource Optimization	Streaming solutions	Total
Net sales by product group								
Hardware	137,111	-	-	**137,111**	171,739	-	-	**171,739**
Software licenses	80,926	-	-376	**80,550**	87,134	-	8,194	**95,328**
Support and Services	113,707	1,261	-	**114,968**	118,891	-6	1,316	**120,201**
Total	**331,744**	**1,261**	**-376**	**332,629**	**377,764**	**-6**	**9,510**	**387,268**
Net sales by region								
Western Europe (WE)	157,628	-	-376	**157,252**	168,300	-	4,591	**172,891**
Americas (AM)	117,206	-	-	**117,206**	137,551	-	4,633	**142,184**
Rest of World (RoW)	56,910	1,261	-	**58,171**	71,913	-6	286	**72,193**
Total	**331,744**	**1,261**	**-376**	**332,629**	**377,764**	**-6**	**9,510**	**387,268**
Timing of revenue recognition								
Products and services transferred at a point in time	218,064	1,261	-376	**218,949**	258,922	-	8,194	**267,116**
Services transferred over time	113,680	-	-	**113,680**	118,842	-6	1,316	**120,152**
Total	**331,744**	**1,261**	**-376**	**332,629**	**377,764**	**-6**	**9,510**	**387,268**
Not allocated								
Group revenue				**8,034**				**100,051**
Total revenue				**340,663**				**487,319**

For the Group, net sales of SEK 132.2 (146.4) million derivates from USA, SEK 53.2 (60.1) million from Great Britain and SEK 19.5 (25.0) million from Sweden.

During 2020 and 2019, there were not a single external customer of with revenues of ten percent or more of the group's total revenues.

Sales between the segments has not occurred.

Tangible and Intangible assets per region	Group		Parent company	
SEK thousands	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Sweden	215,028	285,259	169,164	154,859
Western Europe (WE) excl Sweden	182	904	-	-
Americas (AM)	129,944	136,492	-	-
Rest of World (RoW)	-	-	-	-
Total	**345,154**	**422,655**	**169,164**	**154,859**

The comparison year also includes assets possessed for sale, see note 15.

INVESTMENT PER BUSINESS AREA

Investments per Business Area only reflects capitalized expenditure for development.

Media Networks- Capitalized expenditure for development amounted to SEK 50.5 (37.3) million and amortization to SEK -31.4 (-34.4) million. At the end of the period, net value of capitalized expenditure for development was SEK 144.8 (126.0) million.

Resource Optimization - Capitalized expenditure for development amounted to SEK 21.4 (25.9) million and amortization to SEK -7.1 (-5.3) million. At the end of the period, net value of capitalized expenditure for development was SEK 64.2 (58.5) million.

Parent company's trasactions with group companies	Parent company	
SEK thousands	2020	2019
Sales to group companies	8,034	100,051
Purchase from group companies	-62,752	-139,332

Intra-Group sales and purchases have decreased compared with the previous year due to the Group internal restructuring that took place in the last quarter of 2019, where, among other things, the parent company acquired all intangible rights regarding Nimbra from a subsidiary. The presentations below refer to intra-group services after the restructuring.

NOTE 5 EXCHANGE RATE DIFFERENCES

	Group		Parent company	
Exchange rate differences of operations, SEK thousands	2020	2019	2020	2019
Exchange rate gains	69,634	22,646	68,952	20,159
Exchange rate losses	-56,186	-24,961	-55,538	-23,211
Net exchange rate differences	**13,448**	**-2,315**	**13,414**	**-3,052**

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

Information in the following note reflects the entire organization including business areas under divestment.

	2020		2019	
Average number of employees	Average no. of employees	Of which men	Average no. of employees	Of which men
Parent company				
Sweden	98	80%	107	81%
Other countries	3	67%	4	76%
Total parent company	**101**	**80%**	**111**	**81%**
Subsidiaries				
Sweden	-	-	5	95%
USA	52	80%	50	80%
Singapore	5	100%	5	100%
Great Britain	10	79%	12	84%
Total subsidiaries	**67**	**82%**	**72**	**83%**
Group	**168**	**81%**	**183**	**81%**

Number of Board members and senior executives	31 Dec 2020	Of which men	31 Dec 2019	Of which men
Group (incl. subsidiaries)				
Board members	10	80%	10	80%
Chief Executive Officer and other senior executives	9	89%	7	71%
Parent company				
Board members	6	67%	6	67%
Chief Executive Officer and other senior executives	8	88%	6	67%

Remuneration to the Board Directors

The amounts below are fees for the parent company as approved by the AGM 2020 and 2019. 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	2020	2019
Gunilla Fransson	750	750
Jan Barchan	280	240
Crister Fritzson	-	280
Mathias Berg	240	240
Anders Harrysson	230	280
Charlotta Falvin	315	290
Kjell Arvidsson	280	-
Stina Barchan, deputy	120	120
Total	**2,215**	**2,200**

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
2020						
Anders Harrysson (acting CEO)[4]	-	-	-	-	-	-
Crister Fritzson (CEO)	4,255	673	-	69	1,163	6,160
Other senior executives (6)[5]	10,767	1,432	-77	158	2,778	15,058
Other employees	131,414	10,773	-	367	15,492	158,046
Total[3]	**146,436**	**12,878**	**-77**	**594**	**19,433**	**179,264**

SEK thousands	Basic salary	Variable remuneration[1]	Share-based benefits[2]	Other benefits	Pension expenses	Total
2019						
Anders Harrysson (acting CEO)[4]	-	-	-	-	-	-
Henrik Sund (CEO)	5,597	266	-	84	1,273	7,220
Other senior executives (5)[5]	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**

1) Variable remuneration includes amounts vested for participating in the synthetic share program in the year, which are held in escrow for three years, and variable remuneration for participants in the synthetic option programs. Descriptions and obligations of the different programs are presented in sections Share-based benefits and Synthetic options below.
2) Share-based benefits are value changes in amounts held in escrow for participation in the synthetic share program. Description and obligations of the program is presented in sections Share-based benefits below.
3) Includes costs for restructuring of totally SEK 2.4 (12.0) million.
4) Remuneration as acting CEO during the period November 2019 -March 2020 has been invoiced and therefore included in the item Other external costs, see note 11. See also section Related party transactions below.
5) Of the total remuneration to CEO and other senior executives of SEK 21.2 (18.3) million, SEK 19.2 (17.0) million relates to the parent company and SEK 2.0 (1.3) 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
2020							
Parent company	75,468	7,445	-77	500	17,153	24,282	124,771
Subsidiaries	70,968	5,433	-	94	2,280	8,943	87,718
Group[3]	**146,436**	**12,878**	**-77**	**594**	**19,433**	**33,225**	**212,489**

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**

1) Variable remuneration includes amounts vested for participating in the synthetic share program in the year, which are held in escrow for three years, and variable remuneration for participants in the synthetic option programs. Descriptions and obligations of the different programs are presented in sections Share-based benefits and Synthetic options below.
2) Share-based benefits are value changes in amounts held in escrow for participation in the synthetic share program. Description and obligations of the program is presented in sections Share-based benefits below.
3) Includes costs for restructuring of totally SEK 2.4 (12.0) 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							
Vesting period	Multiplier (SEK)	Variable remuneration/ Held in escrow	2016	2017	2018	2019	2020	Paid remuneration	Commitments Dec 31, 2020	Payment year
2015	5.06	632	479	-521	-91	-5	-	-495	**-**	
2016	7.56	1,326	-	-496	-72	0	-	-758	**-**	
2017	4.61	186	-	-	-37	-5	-	-115	**30**	2021
2018	2.30	297	-	-	-	-11	-57	-134	**95**	2022
2019	1.86	193	-	-	-	-	-20	-58	**115**	2023
Total		**2,635**				**-22**	**-77**	**-1,560**	**240**	

Option programs

Swedish warrants program

2020

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

Swedish synthetic options program

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

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

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

Variable remuneration

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

Synthetic options, SEK thousands (if not defined differently)			Change in value							
Year issued/Participant	Number, thousands	Premiums received	2016	2017	2018	2019	2020	Final settlement options	Commitments Dec 31, 2020	Payment year
2016										
Other employees, Sweden	1,150	1,001	1,656	-2,542	-115	-	-	-	-	
Total 2016	**1,150**	**1,001**	**1,656**	**-2,542**	**-115**	**-**	**-**	**-**	**-**	**2,019**
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**	**-68**	**-20**	**-**	**2,021**
Total	**5,100**	**3,145**	**1,656**	**-3,137**	**-1,345**	**-231**	**-68**	**-20**	**-**	

Synthetic options & warrants, SEK thousands (if not defined differently)	Variable remuneration							
Year issued/Participant	2016	2017	2018	2019	2020	Paid remuneration	Commitments Dec 31, 2020	Payment year
2016								
Other employees, Sweden	1,251	-	-331	74	-	-994	**-**	
Total 2016	**1,251**	**-**	**-331**	**74**	**-**	**-994**	**-**	
2017								
Other employees, Sweden	-	95	175	123	199	-592	**-**	
Other employees, Global	-	21	-21	-	-	-	**-**	
Total 2017	**-**	**116**	**154**	**123**	**199**	**-592**	**-**	
2018								
2018:1								
Other senior executives	-	-	79	63	88	-173	**57**	
Other employees, Sweden	-	-	71	95	153	-261	**58**	
2018:2								
Henrik Sund (CEO)	-	-	9	-9	-	-	**-**	
Summa 2018	**-**	**-**	**159**	**149**	**241**	**-434**	**115**	**2,021**
2020								
2020:1								
Crister Fritson (CEO)	-	-	-	-	22	-	**22**	
Other senior executives	-	-	-	-	73	-	**73**	
Other employees, Sweden	-	-	-	-	26	-	**26**	
2020:2								
Other senior executives	-	-	-	-				
Other employees, Sweden	-	-	-	-	3	-	**3**	
Summa 2020	**-**	**-**	**-**	**-**	**3**	**-**	**124**	**2,022**
Total	**1,251**	**116**	**-18**	**346**	**443**	**-2,020**	**239**	

The following principles are valid to the Annual General Meeting (AGM) 2021.

During the year, the company deviated from the guidelines as the pensions for senior executives were adjusted to the ITP1 plan in connection with the company signing a collective agreement during the year, and the introduction of the new role CCO.

At the AGM 2021, a new proposal will be submitted, which in all material respects complies with the established guidelines at Annual General Meeting 2020. Adjustments mainly refers to adaptations upon the adjustments mentioned in paragraph above.

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

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

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

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

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

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

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

Types of remuneration, etc.

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

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

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

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

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

Termination of employment

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

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

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

Criteria for awarding variable cash remuneration, etc.

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

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

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

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

Salary and employment conditions for employees

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

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

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

Derogation from the guidelines

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

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

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

Related party transactions

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	2020	2019	2020	2019
Other operating income	10,195	78	480	-
Exchange rate differences, net	-16,000	-3,238	-15,579	-2,614
Losses on fixed assets	-104	-6	-91	-6
Impairment loss on intangible assets	-	-	-	-
Strategic advisory services and preperation for interrupted capital injection	-	-15,786	-	-15,786
Total	**-5,909**	**-18,952**	**-15,190**	**-18,406**

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

	Group		Parent company	
Depreciation, amortization and impairment, SEK thousands	2020	2019	2020	2019
Capitalized expenditures for development	-38,548	-57,261	-31,434	-7,991
Other intangible assets	-5,227	-4,630	-2,316	-1,567
Right-off use assets	-9,936	-10,030	-	-
Equipment	-6,176	-5,927	-4,813	-4,967
Total	**-59,887**	**-77,848**	**-38,563**	**-14,525**
Depreciation, amortization and impairment included in:				
Cost of sales	-41,788	-60,282	-33,026	-9,290
Sales and marketing expenses	-6,876	-7,541	-1,237	-1,335
Administration expenses	-2,708	-2,587	-1,231	-1,196
Development expenses	-8,515	-7,439	-3,069	-2,704
Other operating expenses	-	-	-	-
Total amortization	**-59,887**	**-77,848**	**-38,563**	**-14,525**

NOTE 10 OPERATING LEASES

Lease income and expenses	Group
	2020
Income from subleasing	10,131
Lease expenses:	
Short-term leases	-1,566
Leases of low-value assets	-1,099
Variable lease payments	-622
Depreciation of right-of-use assets	-9,936
Total lease expenses in operating income	**-13,223**
	-1,670

Property, right-of-use	Group
Buildings	2020
Opening balance, January 1, 2019	**52,394**
New additions	3,326
Depreciation of right-of-use assets	-9,936
Exchange rate differences	-553
Closing balance, December 31, 2020	**45,231**

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, 2020, 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	2020	2019	2020	2019
Cost of goods and services	-131,517	-155,234	-137,130	-233,054
Other expenses	-62,395	-90,157	-85,725	-106,469
Employee expenses (note 7)	-215,784	-243,867	-142,262	-146,185
Capitalized expenditure for development (note 17)	71,933	89,356	50,524	13,674
Depreciation and amortization (note 9)	-59,887	-77,848	-38,563	-14,525
Discontinued operations	*-*	*44,552*	*-*	*-*
Total expenses	**-397,650**	**-433,198**	**-353,156**	**-486,559**

Reconciliation with comprehensive income statement	Group		Parent company	
SEK thousands	2020	2019	2020	2019
Cost of sales	-155,240	-166,251	-131,448	-207,349
Sales and marketing expenses	-111,354	-128,816	-109,835	-119,586
Administration expenses	-61,970	-67,355	-55,771	-55,491
Development expenses	-69,086	-70,776	-56,102	-104,133
Total expenses	**-397,650**	**-433,198**	**-353,156**	**-486,559**

NOTE 12 FEES AND REIMBURSEMENT

	Group		Parent company	
Audit services and other assignments, SEK thousands	2020	2019	2020	2019
Deloitte, appointed auditor				
Auditing	1,052	622	1,052	622
Audit-related fees	-	-	-	-
Tax consultancy	-	-	-	-
Other	75	74	75	74
Total	**1,127**	**696**	**1,127**	**696**
Other auditors				
Auditing	193	141	-	-
Audit business in addition to audit engagement	-	-	-	-
Tax consultancy	-	19	-	-
Other	354	284	-	-
Total	**547**	**444**	**-**	**-**

NOTE 13 FINANCIAL INCOME AND EXPENSES

Financial income and expenses	Group		Parent company	
SEK thousands	2020	2019	2020	2019
Financial income				
Interest income	146	681	200	597
Exchange rate differences, net	-	913	-	1,512
Dividends received from group companies	-	-	2,235	1,842
Realization result on divestment of group companies[1]	-	-	197,157	-
Synthetic options, change in value (note 7)	124	231	124	227
Financial income	**270**	**1,825**	**199,716**	**4,178**
Financial expenses				
Interest expenses	-1,856	-2,269	-4	-318
Interest expenses related parties	-	-2,000	-	-2,000
Exchange rate differences, net	-3,489	-	-3,453	-
Impairment of participations in group companies (note 23)	-	-	-	-81,800
Synthetic options, change in value (note 7)	-56	-	-56	-
Other fincial expenses	-3	-565	-2	-566
Financial expenses	**-5,404**	**-4,834**	**-3,515**	**-84,684**
Net financial income and expenses	**-5,134**	**-3,009**	**196,201**	**-80,506**

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

NOTE 14 INCOME TAX EXPENSE

Tax	Group		Parent company	
SEK thousands	2020	2019	2020	2019
Current tax				
Current tax on profits for the year	-802	-489	-	-
Total current tax	**-802**	**-489**	**-**	**-**
Deferred tax (note 15)				
Tax losses carry-forwards	1,503	-7,028	5,774	10,113
Deferred revenue	-228	1,131	-	-
Intangible assets	590	14,616	-	-
Other	-575	1,234	-	-
Total deferred tax	**1,290**	**9,953**	**5,774**	**10,113**
Total tax	**488**	**9,464**	**5,774**	**10,113**
Less tax discontinued operations	61	-7,499		
Tax continuing operations	**549**	**1,965**		

Difference between reported tax expense and tax expense based on applicable tax rate - total	Group		Parent company	
	2020	2019	2020	2019
Profit/loss before tax	**236,897**	**-41,651**	**168,518**	**-98,152**
Tax at the Swedish tax rate of 21.4 (22.0)%	-50,696	8,913	-36,063	21,005
Effect of foreign tax rates	-884	620	-	-
Tax effect of non-deductible expenses and non-taxable revenues	52,534	-144	42,490	-17,249
Adjustments in respect of prior years	170	-451	-	-1
Tax effect of changes in tax rates	-636	526	-653	-160
Tax effect of group contributions	-	-	-	6,518
Tax on income according to Income Statement	**488**	**9,464**	**5,774**	**10,113**
Effctive tax rate for the year	***-0.2%***	***22.7%***	***-3.4%***	***10.3%***

Deferred tax SEK thousands	Group: Tax losses carry-forwards	Group: Deferred revenue	Group: Intangible assets	Group: Other	Group: **Total**	Parent company: Tax losses carry-forwards
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**	
As of January 1, 2020	**23,502**	**2,099**	**57**	**1,339**	**26,997**	**15,144**
– to profit or loss	1,503	-228	590	-575	**1,290**	5,774
– to other comprehensive income	-541	-148	-72	-98	**-859**	-
– through equity	-	-	-	-	**-**	-
As of December 31, 2020	**24,464**	**1,723**	**575**	**666**	**27,428**	**20,919**

Revaluation of deferred taxes due to the change in Sweden corporate income tax rate from January 1, 2021 effected income with net SEK -0.6 (0.5) 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 2020, Net Insight utilized deferred tax assets on tax loss carry-forward of net SEK 1.5 (-7.0) million.

The capitalization is based on expected long- term profitability. Of the tax loss carry-forwards SEK 20.9 (15.1) million are consisting of Swedish loss carry-forwards with indefinite useful lives and SEK 3.5 (8.4) 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 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Tax loss carry-forwards	4	4	-	-

NOTE 15 DISCONTINUED OPERATIONS

Income from discontinued operations

SEK thousands	2020	2019
Revenues	-376	9,510
Expenses	668	-44,552
Capital gain on disposal of discontinued operations	246,350	-
Profit/loss before tax	**246,643**	**-35,042**
Tax	-63	7,499
Net income discontinuing operations	**246,580**	**-27,543**

Assets held for sale

SEK thousands	Jan 2020	31 Dec 2019
Disposed assets and liabilities		
Capitalized expenditure for development	79,756	79,756
Equipment	250	250
Deferred tax asset	13,598	13,598
Other receivables	186	186
Cash and cash equivalents	1,533	50
Other liabilities	-2,875	-2,995
Net assets and liabilities	**92,448**	**90,845**
Cash consideration	348,002	-
Less: Escrow	-34,917	-
Less: Cash and cash equivalents in discontinued operations	-1,533	-
Less: Transaction costs	-9,204	-
Effect on group's cash and cash equivalents	**302,348**	**-**

Cashflow from discontinued operations

Amounts in SEK thousands	2020	2019
Cash flow from discontinued operations, net	-	-
Cash flow from operating activities	293	-17,424
Cash flow from investment activities	302,348	-26,109
Cash flow from financing activities	-	-
Cash flow from discontinued operations, net	**302,641**	**-43,533**

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	2020	2019
Continuing operations		
Net income attributable to stockholders of the parent, SEK thousands	-9,197	-4,644
Average number of shares	382,758,009	382,758,009
Earnings per share before dilution, SEK	-0.02	-0.01
Earnings per share after dilution, SEK	-0.02	-0.01
Discontinuing operations		
Net income attributable to stockholders of the parent, SEK thousands	246,580	-27,543
Average number of shares	382,758,009	382,758,009
Earnings per share before dilution, SEK	0.64	-0.07
Earnings per share after dilution, SEK	0.64	-0.07
Total, including discontinued operations		
Net income attributable to stockholders of the parent, SEK thousands	237,383	-32,187
Average number of shares	382,758,009	382,758,009
Earnings per share before dilution, SEK	0.62	-0.08
Earnings per share after dilution, SEK	0.62	-0.08

NOTE 17 INTANGIBLE ASSETS

Capitalized expenditure for development	Group		Parent company	
SEK thousands	2020	2019	2020	2019
Accumulated cost at beginning of year	550,440	855,552	134,039	-
Acqusitions within group	-	-	-	120,365
New purchases	71,933	89,356	50,524	13,674
Retirements	-	-265,660	-	-
Reclassification	-2,568	-15,208	-	-
Exchange diffrences	-9,665	-1,849	-	-
Discontinuing operations	-	-111,751	-	-
Closing accumulated cost	**610,140**	**550,440**	**184,563**	**134,039**
Accumulated amortization and impairment at beginning of year	-365,859	-621,488	-7,991	-
Amortization for the year	-38,548	-57,261	-31,434	-7,991
Retirements	-	265,660	-	-
Reclassification	2,206	15,208	-363	-
Exchange differences	999	27	-	-
Discontinuing operations	-	31,995	-	-
Closing accumulated amortization	**-401,202**	**-365,859**	**-39,788**	**-7,991**
Carrying amount	**208,938**	**184,582**	**144,776**	**126,049**

Goodwill	Group	
SEK thousands	2020	2019
Accumulated cost at beginning of year	65,582	63,307
Exchange differences for the year	-7,416	2,275
Closing accumulated cost	**58,166**	**65,582**
Carrying amount	**58,166**	**65,582**

Other intangible assets	Group		Parent company	
SEK thousands	2020	2019	2020	2019
Accumulated cost at beginning of year	35,973	37,399	11,006	11,522
New purchases	2,413	802	2,413	802
Scraped	-34	-1,318	-34	-1,318
Reclassification	1,252	-1,561	1,252	-
Exchange differences for the year	-3,024	651	-	-
Closing accumulated cost	**36,580**	**35,973**	**14,637**	**11,006**
Accumulated amortization and impairment at beginning of year	-25,413	-23,153	-7,772	-7,523
Amortization for the year	-5,227	-4,630	-2,316	-1,567
Scraped	3	1,318	3	1,318
Reclassifications	-572	1,561	-572	-
Exchange differences for the year	2,458	-509	-	-
Closing accumulated amortization	**-28,751**	**-25,413**	**-10,656**	**-7,772**
Carrying amount	**7,829**	**10,560**	**3,981**	**3,234**
Other intangible assets consists of:				
Trademark	3,402	4,156	-	-
Customer relationships	4,131	2,953	-	-
Other	296	3,451	3,981	3,234

Allocation of goodwill

At year-end, SEK 36.6 (41.1) million of goodwill was attributable to Media Networks and SEK 21.5 (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 five-year business plans.

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

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

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

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

Media Networks

The discount rate before tax applied is 10.2%. 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 12.0%. 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	2020	2019	2020	2019
Accumulated cost at beginning of year	55,416	54,145	49,811	48,191
New purchases	3,062	1,930	222	1,898
Scraped	-5,391	-580	-5,324	-278
Reclassification	-1,931	-23	-1,706	-
Exchange differences for the year	-946	224	-	-
Discontinuing operations	-	-280	-	-
Closing accumulated cost	**50,210**	**55,416**	**43,003**	**49,811**
Accumulated amortization at beginning of year	-25,885	-20,565	-24,235	-19,290
Amortization for the year	-6,176	-5,927	-4,813	-4,967
Scraped	5,117	580	5,064	22
Reclassification	1,388	23	1,388	-
Exchange differences for the year	335	-26	-	-
Discontinuing operations	-	30	-	-
Closing accumulated amortization	**-25,221**	**-25,885**	**-22,596**	**-24,235**
Carrying amount	**24,989**	**29,531**	**20,407**	**25,576**

NOTE 19 INVENTORIES

Inventories	Group		Parent company	
SEK thousands	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Products in process	-	-	-	-
Finished goods	52,470	44,584	52,470	44,584
Total	**52,470**	**44,584**	**52,470**	**44,584**

The expensed inventories are included in cost of sales and amount to SEK -66,135 (-75,828) thousand. Inventories with a value of SEK 86,530 (73,766) thousand were impaired to an estimated net realizable value of SEK 52,470 (44,584) thousand.

This year's effect in profit or loss of impairment and scrap of inventories for the year amounts to SEK -5,813 (-4,486) thousand and is recognized in cost of sales.

NOTE 20 CONTRACT ASSETS AND LIABILITIES

Contract assets	Group		Parent company	
SEK thousands	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Hardware	2,577	-	2,577	-
Software licenses	1,864	24	1,536	-
Support and Services	303	601	303	601
Total	**4,744**	**625**	**4,416**	**601**
Whereof:				
Non-current assets	-	-	-	-
Current assets	4,744	625	4,416	601
Total	**4,744**	**625**	**4,416**	**601**

Contract liabilities	Group		Parent company	
SEK thousands	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Hardware	-	-	-	-
Software licenses	-	-	-	-
Support and Services	60,957	71,500	24,626	32,135
Total	**60,957**	**71,500**	**24,626**	**32,135**
Whereof:				
Non-current liabilities	13,498	15,890	6,251	6,915
Current liabilities	47,459	55,610	18,375	25,221
Total	**60,957**	**71,500**	**24,626**	**32,136**

Revenue reconized that was included in the contract liability balance at the beginning of the period	Group		Parent company	
SEK thousands	2020	2019	2020	2019
Hardware	-	42	-	42
Software licenses	-	-	-	-
Support and Services	55,610	51,996	25,221	22,981
Total	**55,610**	**52,038**	**25,221**	**23,023**

Transaction price allocated to the remaining obligations[1]	Group							
SEK thousands	2021	2022	2023	2024	2025	2026	2027	**Total**
Hardware	-	-	-	-	-	-	-	**-**
Software licenses	-	-	-	-	-	-	-	**-**
Support and Services	47,459	7,639	3,331	1,458	925	145	-	**60,957**
Total	**47,459**	**7,639**	**3,331**	**1,458**	**925**	**145**	**-**	**60,957**

[1] Revenue from performamace obligations that are unsatisfied (or partly unsatisfied) at December 31, 2020, 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 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Accounts receivable	100,528	111,900	92,048	104,364
Provision for impairment of receivables	-1,872	-7,569	-1,595	-6,264
Provisions in accordance to IFRS 9	-540	-560	-	-
Accounts receivable, net	**98,116**	**103,771**	**90,453**	**98,100**
Receivables from group companies	-	-	-	20,826
Other receivables	41,046	8,085	35,719	4,739
Prepaid expenses	4,830	8,469	10,385	9,715
Carrying amount of accounts receivable and other receivables	**143,992**	**120,325**	**136,557**	**133,380**

In 2020, the group reported SEK 118 (8,281) 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 2020	31 Dec 2019
Less than a month	13,933	18,008
1-3 months	7,415	30,596
3-6 months	6,065	5,877
More than 6 months	21,961	11,942
Total	**49,374**	**66,423**

Group's movements on the provisions for impairment of accounts	2020	2019
As of January 1	**-1,872**	**-7,569**
Reversed unused amounts	-1,596	-6,166
Used reserve	-276	-1,403
Provisions for receivables impairment	**-540**	**-560**
Provision expected credit losses (ECLs)	**-2,412**	**-8,129**

Group's accounts receivable and other receivables,carrying amount/currency, SEK thousands	2020	2019
SEK	44,309	18,424
USD	72,043	68,896
EUR	27,105	32,574
GBP	418	420
SGD	117	11
Total	**143,992**	**120,325**

	31 Dec 2020		31 Dec 2019	
Group's accounts receivables, SEK thousands	Amount	Proportion	Amount	Proportion
Accounts receivables < 1 SEK million per customer	24,116		26,098	25%
Accounts receivables 1- 5 MSEK million per customer	33,202	34%	54,593	53%
Accounts receivables > 5 SEK million per customer	40,798	42%	23,080	22%
Total	**98,116**	**100%**	**103,771**	**100%**

Current receivables contain the following major items:	Group		Parent company	
SEK thousands	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
VAT claims	2,890	4,622	2,583	2,128
Foreign currency swaps	-	-		-
Other	38,156	3,463	33,136	2,611
Total	**41,046**	**8,085**	**35,719**	**4,739**

Prepaid expenses include the following major items:	Group		Parent company	
SEK thousands	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Prepaid rent[1]	264	595	2,563	2,691
Prepaid employee-ralated expenses	787	1,407	787	1,220
Other items	8,523	7,092	7,036	5,804
Total	**9,574**	**9,094**	**10,386**	**9,715**

NOTE 22 CASH AND CASH EQUIVALENTS

	Group		Parent company	
SEK thousands	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Cash and bank balances	283,184	52,280	263,558	40,849
Total cash and cash equivalents	**283,184**	**52,280**	**263,558**	**40,849**
Of which in blocked account	1,200	-	1,200	-

NOTE 23 FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category	31 Dec 2020			31 Dec 2019		
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	-	-
Accounts receivable and other receivables, excluding non-financial assets		130,667			110,147	-
Cash and cash equivalents		283,184			52,280	-
Total		**413,851**	**-**		**162,427**	**-**

Group's financial instruments by category	31 Dec 2020			31 Dec 2019		
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		-	2	-	68
Derivative instruments	2		-	2	-	-
Accounts payable and other liabilities, excluding non-financial liabilities		22,763			46,689	-
Lease liabilities		45,729			52,103	
Total		**68,492**	**-**		**98,792**	**68**

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 2020	31 Dec 2019
<1 year	31,623	55,942
1-5 yeas	36,869	41,587
>5 years	-	1,333
Total	**68,492**	**98,862**

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	492
Net Insight Pte. Ltd., registered office: Singapore	100	100	1	0	2,196
Q2 Labs AB, corp. ID. no. 556640-8570, registered office: Solna, Sweden	100	100	142,864	171,721	142,450
Net Insight Intellectual Property AB (NIIP AB), corp. ID. no. 556579-4418, registered office: Solna, Sweden	-	100		-	76,439
SchduALL EMEA Ltd; registered office: London, UK	-	100		-	767
VizuALL Inc; registered office: Florida, USA	100	100		71,506	71,644
Net Insight UK Ltd; registered office: London, UK	100	100		-	35
Net Insight Inc; registered office: Delaware, USA	100	100		2,673	3,196
Total				**246,400**	**297,219**

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 2020	31 Dec 2019
Accumulated cost at beginning of year	**243,777**	**295,068**
Shareholders' contribution	2,673	30,459
Impairment	-	-81,800
Purchase cost for the period	-	50
Liquidation	-50	-
Total participations in group companies	**246,400**	**243,777**

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 2020 no own shares were repurchased. 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 20-21.

	31 Dec 2020			31 Dec 2019		
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	381,758,009	**382,758,009**
Repurchased own shares	-	7,175,000	**7,175,000**	-	7,175,000	**7,175,000**
Issued shares	**1,000,000**	**388,933,009**	**389,933,009**	**1,000,000**	**388,933,009**	**389,933,009**

NOTE 26 OTHER NON-CURRENT LIABILITIES

	2020		2019	
Group, SEK thousands	Synthetic options	Total	Synthetic options	Total
As of January 1	**68**	**68**	**299**	**299**
-Additional items affecting liquidity	-	**-**	-	**-**
-Synthetic options, change in value	8	**8**	-231	**-231**
-Reclassification, current	-76	**-76**	-	**-**
As of December 31	**-**	**-**	**68**	**68**

	2020		2019	
Parent company, SEK thousands	Synthetic options	Total	Synthetic options	Total
As of January 1	**68**	**68**	**287**	**287**
-Additional items affecting liquitity	-	**-**	-	**-**
-Synthetic options, change in value	8	**8**	-219	**-219**
-Reclassification, current	-76	**-76**	-	**-**
As of December 31	**-**	**-**	**68**	**68**

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 prov-isions¹	Variable incentive program²	Other provisions	Warranty prov-isions¹	Variable incentive program²	Other provisions	Total
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**
As of January 1, 2020	**1,443**	**593**	**-**	**1,443**	**575**	**2,672**	**6,726**
- additional provisions	225	651	**-**	225	219	-	**1,320**
- used amount affecting liquidity	-	-1,020	**-**	-	-	-	**-1,020**
- reversed unused amount	-	-	**-**	-	-136	-	**-136**
- share-based remuneration	-	-4	**-**	-	-97	-	**-101**
- reclassification	-	171	**-**	-	-171	-	**-**
As of December 31, 2020	**1,668**	**391**	**-**	**1,668**	**390**	**2,672**	**6,789**

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]	Current provision: Variable incentive program[2]	Current provision: Other provisions	Non-current provisions: Warranty provisions[1]	Non-current provisions: Variable incentive program[2]	Non-current provisions: Other provisions	Total
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**
As of January 1, 2020	**1,443**	**593**	**-**	**1,443**	**575**	**3,610**	**7,664**
- additional provisions	225	651	-	225	219	-	**1,320**
- used amount affecting liquidity	-	-1,020	-	-	-	-562	**-1,582**
- reversed unused amount	-	-	-	-	-136	-	**-136**
- commitment transfered between group companies	-	-	-	-	-	-	**-**
- share-based remuneration	-	-4	-	-	-97	-	**-101**
- reclassification	-	171	-	-	-171	-	**-**
As of December 31, 2020	**1,668**	**391**	**-**	**1,668**	**390**	**3,048**	**7,165**

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 2020	Group: 31 Dec 2019	Parent company: 31 Dec 2020	Parent company: 31 Dec 2019
Employee-related taxes	2,413	2,397	2,374	2,397
Synthetic options	-	-	-	-
Other current liabilities	3,093	3,021	10,632	2,393
Total current liabilities	**5,506**	**5,418**	**13,006**	**4,790**

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

SEK thousands	Group: 31 Dec 2020	Group: 31 Dec 2019	Parent company: 31 Dec 2020	Parent company: 31 Dec 2019
Vacation pay liability	9,090	8,348	8,699	6,469
Social security contribution	2,112	2,440	2,093	2,267
Accred remuneration to employees	11,429	11,455	9,154	8,401
Other	10,402	25,609	983	22,449
Total accrued expenses	**33,033**	**47,852**	**20,929**	**39,586**

NOTE 30 CASH FLOWS STATEMENTS

Other items not affecting liquidity	Group		Parent company	
SEK thousands	2020	2019	2020	2019
Synthetic options, change in value	-68	-231	-68	-227
Capital gain/losses	-238,977	4,366	-190,000	4,372
Impairment of equities	-	-	-	81,800
Income realized from deferred income	-	-	-	-
Provisions	-32	8,720	181	5,142
Unrealized exhange differences	9,184	2,374	-	-
Total	**-229,893**	**15,229**	**-189,887**	**91,087**

NOTE 31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	Group		Parent company	
SEK thousands	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Deposits	5,400	5,186	4,927	4,649
	1,200	-	1,200	-
Total	**6,600**	**5,186**	**6,127**	**4,649**

Contingent liabilities	31 Dec 2020		31 Dec 2020	
SEK thousands	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Guarantee[1]	-	-	4,271	6,917
	-	**-**	**4,271**	**6,917**

[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):	2020
Premium reserve	51,296
Retained earnings	284,625
Net income	174,292
Total	**510,213**

The Board of Directors proposes that funds be appropriated as follows:	2020
Brought forward:	510,213
Total	**510,213**

NOTE 34 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On February 24, 2021 Net Insight announced that the company had signed an agreement for divestment of the business area Resource Optimization, doing business as “ScheduALL“, via share transfer. The business area Resource Optimization is from that moment to be presented in reports as discontinued operations.

The transaction means that 100% of the shares in the wholly owned subsidiary VizuALL Inc will be sold on a cash and debt basis, including a normalized working capital for a total of USD 6 million, of which USD 3 million in cash in connection with the transfer of ownership and the remainder as a promissory note payable over a 12 -18 months term. ScheduALL has operated as an independent unit, resulting in limited effects on Net Insight's continuing operations. The business area Resource Optimization had net sales of SEK 67.2 (-70.8) million and an operating profit of SEK 4.1 (-31.8) million) for the full year 2020.

The transaction will have a positive effect on earnings for the Group, which is expected to amount to SEK 35-45 million and a negative effect for the parent company, which is expected to amount to between SEK -65 million and SEK -75 million. The exact amount will be determined at deal closing.The transaction is expected to close in the coming weeks, subject to satisfaction of customary closing conditions.

The Consolidated Income Statement and Consolidated Balance Sheet will be submitted to the Annual General Meeting on May 7, 2021 for adoption.

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

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

Solna March 26, 2021

Gunilla Fransson
Chairman

Kjell Arvidsson
Board member

Jan Barchan
Board member

Mathias Berg
Board member

Charlotta Falvin
Board member

Anders Harrysson
Board member

Crister Fritzson
CEO

Our Audit Report was submitted March 29, 2021
Deloitte AB

Therese Kjellberg
Authorized Public Accountant

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

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 2020-01-01 - 2020-12-31. The annual accounts and consolidated accounts of the company are included on pages 24-28 and 32-69 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 2020 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 20208 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, 2020, amount to SEK 399 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 43-44 and description of significant estimates and assessments in Note 3 A on page 46-47.

Our audit procedures included but were not limited to:

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

RECOGNITION AND VALUATION OF INTANGIBLE ASSETS

The group’s capitalized development expenditures amount to SEK 209 million as of 31 December 2020 which mainly includes internally capitalized expenditures. Furthermore the group accounts for goodwill amounting to SEK 58 million. Expenditures for development is capitalized as an intangible asset provided that the criteria’s described in the group’s accounting policies on page 41 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 41 and the description of important estimates and assessments in note 3 D on page 47 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 and independent estimates on key assumptions sales growth, EBITDA development and weighted average cost of capital
- evaluation of the group's principles for capitalization of internally generated development expenses and that sufficient disclosures are included in the financial statements

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts.The Board of Directors and the Managing Director are responsible for this other information. The other information consists of the remuneration report that we obtained before the date of this auditor's report and pages 1-23, 29-31, 75-77, and 79-85.

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 2020-01-01 - 2020-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinion

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 March 29, 2021
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 2020 on pages 14-19 and 29-31, 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 March 29, 2021
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 Solna, 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 2020, the company has not contravened Nasdaq Stockholm's Issuer Rules. 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

The AGM of Net Insight AB (publ) was held on May 8, 2020. 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 re-elected Chairman of the Board.
- Deloitte AB was re-elected as the company's audit firm, with Therese Kjellberg as Auditor in Charge.
- The AGM decided that Directors' fees should amount to SEK 2,225,000 to be allocated with 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. SEK 75,000 is payable to the Chairman of the Audit Committee and SEK 40,000 to members of the Audit Committee. SEK 50,000 is payable to the Chairman of the Remuneration Committee and SEK 40,000 to members of the Remuneration Committee.
- 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

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 September 25, 2020.

Net Insight's Nomination Committee for 2021 has the following members: Jan Barchan (Briban Invest), Martin Wallin (Lannebo Fonder), Marcus Luttgen (Alecta), Pierre Helsén (Wilda Go AB) and Gunilla Fransson (Chairman of Net Insight AB). The Nomination Committee appointed Jan Barchan (Briban Invest) as its Chairman. The Nomination Committee held four meetings where minutes were kept in preparation for the AGM 2021, prior to the date for signing the Annual Report.

With the objective of achieving multilateralism 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, when nominating Board members ahead of the AGM 2021.

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 2020 to serve in the period until the AGM 2021. Therese Kjellberg was appointed Auditor in Charge.

Board of Director

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 10 meetings during the year when minutes were kept, not counting two per capsulam meetings. 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 issued to management with principles for variable salary portions, as well as monitoring these issues and audit matters. 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 2020 has taken place through a written survey that has been compiled and presented to the Nomination Committee and by the Committee meeting with a number of Board members to interview them about the Board's work. The Nomination Committee carried out its own evaluation based on this.

The Board of Directors continuously 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 22-23.

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 Jan Barchan. During the year, the Committee held six meetings when minutes were kept, not counting per capsulam meetings, and consulted on the following matters: The CEO's variable remuneration for 2019 to be decided by the Board; a decision on variable remuneration for 2019 for the rest of management; business goals and compensation structure for the CEO for 2020 to be decided by the Board and the remuneration structure for the rest of management.

Audit Committee

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. For 2020, the Audit Committee consisted of Charlotta Falvin, Chairman, and Crister Fritzson (part of the year) and Kjell Arvidsson (part of the year). In connection with Crister Fritzson taking up his position as CEO, he was replaced by Kjell Arvidsson in the Audit Committee. 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 five meetings in 2020. The auditors participated at three meetings. Oral and written reports are continuously handed over from the Committee to the Board, as well as suggestions in relation to questions that require the Board's attention.

Attendance in 2020

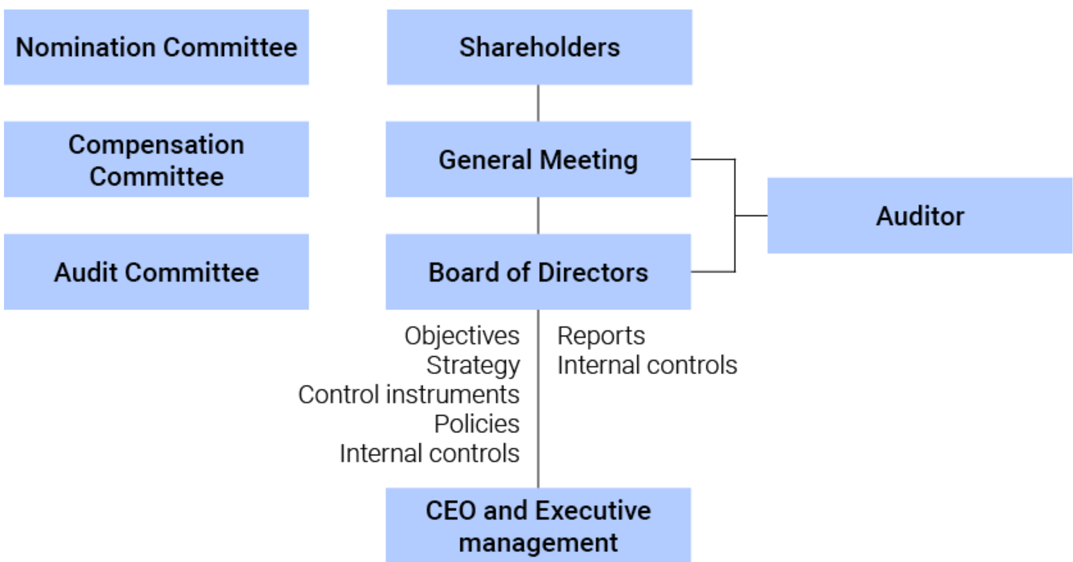
Attendance by each Board member at meetings when minutes were kept is presented below.

Name	Attendance at Board meetings	Remu-neration Committee	Audit Committee
Kjell Arvidsson**	6/10		4/5
Jan Barchan	9/10	6/6	
Mathias Berg	8/10		
Charlotta Falvin	10/10		5/5
Gunilla Fransson	10/10	6/6	
Crister Fritzson*	3/10		1/5
Anders Harrysson	10/10		

*CEO from April 1

**Board member since May

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 Head of Function included in 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 page 23.

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 the Company has good internal control and that it meet the standards of the Swedish Companies Act and Swedish Code of Corporate Governance. For Net Insight, internal control of financial reporting is an integral part of its 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 the processing of 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 financial position and risks. The Board of Directors determines important policies, such as the Company's Finance Policy, guidelines for business ethics and Whistleblower Policy.

Risk identification and follow-up

Net Insight's overarching risk assessment, 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 26-27 in the Administration Report and the Sustainability Report on pages 29-31.

External reporting

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

Risks are assessed continuously as part of the daily processes within Net Insight. The Accounts department evaluates the risk of material error in the financial reporting annually and determines planned measures to reduce the risks identified. The focus lies on material Income Statement and Balance Sheet items, which are associated with relatively higher risk depending on complexity, or where the effects of potential errors are at risk of becoming extensive because values are significant. The results of the analysis of the risk of errors in financial reporting for 2020 have been presented to and discussed with the Audit and Risk Committees. The risk assessment forms the foundation for the work of ensuring the reliability of financial reporting. This is an important part of the Audit and Risk Committees' decisions regarding which identified risks Internal Control should prioritize. Proposed improvements are identified and implemented continuously.

To support the accuracy of external reporting and risk management, the internal reporting and control system builds upon annual financial planning, monthly reports and daily monitoring of key financial ratios. The group's finance department inspects and monitors reporting, as well as compliance with internal and external regulatory frameworks. Besides laws and ordinances, internal rules and guidelines include finance policies, an approvals list, a financial handbook, credit and accounting policy and documented procedures. 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.

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

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 2020. In its reasoning, the Board stated that internal control is primarily exercised through:

- The central accounting function.
- Management's supervisory controls
- The 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 2020-01-01 - 2020-12-31 on pages 75-77 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 RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

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

Stockholm March 29, 2021

Deloitte AB

Therese Kjellberg

Authorized public accountant

Five year summary

Five Year Summary[2]

SEK millions (if not defined differently	2020	2019	2018	2017	2016
Earnings continuing operations[1]					
Netsales per business area					
Media Networks	331.7	377.8	375.1	347.0	425.7
Resource Optimization	67.2	70.8	74.4	78.9	73.9
Streaming Solutions	-0.4	9.5	2.1	1.1	3.9
Discontinuing operations	0.4	-9.5	-2.1	-	-
Net sales	**398.9**	**448.6**	**449.5**	**427.0**	**503.5**
Gross earnings	243.7	282.3	273.0	247.6	315.8
Operating expenses	242.4	266.9	270.5	256.8	266.4
Total development expenditure	141.0	134.0	140.3	149.7	149.1
EBITDA	-16.7	-6.6	-49.0	-23.7	38.6
Operating earnings	-4.6	-3.6	-34.1	-7.5	49.4
Profit/loss before tax	-9.7	-6.6	-32.7	5.3	44.0
Net income	-9.2	-4.6	-25.9	3.5	35.2
Balance sheet and cash flow including discontinued operations					
Cash and cash equivalents	283.2	52.3	92.9	177.7	214.9
Working capital	57.8	46.8	42.8	37.4	47.1
Total cash flow	232.6	-41.2	-85.5	-36.8	20.9
The share					
Dividend per share, SEK	-	-	-	-	-
Earnings per share basic and diluted continuing operations, SEK	-0.02	-0.01	-0.07	0.01	0.09
Earnings per share basic and diluted discontinuing operations, SEK	0.64	-0.07	-0.08	-	-
Earnings per share basic and diluted total, SEK	0.62	-0.08	-0.15	0.01	0.09
Cash flow per share, SEK	0.61	-0.11	-0.22	-0.10	0.05
Equity per share basic and diluted, SEK	1.81	1.21	1.29	1.42	1.46
Average number of outstanding shares basic and diluted, thousands	382,758	382,812	383,478	385,057	386,582
Number of outstanding shares at the end of the periodbasic and diluted, thousands	382,758	382,758	383,458	383,618	385,658
Share price at end of period, SEK	1.58	2.30	2.68	4.73	8.90
Employees and consultants continuing operations					
Average number of employees and consultants	198	189	202	245	241
KPI continuing operations[1]					
Net sales YoY, change in %	-11.1%	-0.2%	5.3%	-15.2%	34.0%
Gross margin	61.1%	62.9%	60.7%	58.0%	62.7%
Total development expenditure/Net sales	35.3%	29.9%	31.1%	35.0%	29.6%
Operating margin	-1.2%	-0.8%	-7.6%	-1.8%	9.8%
EBITDA margin	-4.2%	-1.5%	3.0%	-5.5%	7.7%
Net margin	-2.3%	-1.0%	-5.8%	0.8%	7.0%
KPI Group including discontinued operations					
Return on capital employed	-0.6%	-7.4%	-14.1%	-1.3%	9.0%
Equity/asset ratio	80.3%	67.6%	76.0%	78.3%	77.3%
Return on equity	36.0%	-8.0%	-14.4%	0.6%	6.4%

[1] Separate reporting of discontinued operations has only been made for the years 2018-2020, 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. The APMs in this report may differ from similar-titled measures used by other companies.

For 2018, 2019 and 2020, key figures for the income statement have been calculated on continuing operations unless otherwise stated and key figures for the balance sheet have been calculated for the entire Group, including operations under divestment unless otherwise stated.

Calculation of performance measures not included in IFRS framework

Performance measures	Various types of performance measures and margin measures as a percentage of sales..	
Non-IFRS perfomance measures	Description	Reason for use of the measure
Gross margin	Gross earnings as a percentage of net sales.	The gross margin is of major importance, showing the margin for covering the operating expenses.
Operating expenses	Sales and marketing expenses, administration expenses and development expenses.	
Operating expenses/net sales	Operating expenses as a percentage of net sales.	Used in charts to illustrate trend.
Operating earnings	Calculated as operating earnings before financial items and tax.	Operating earnings provides an overall picture of earnings generated in the operating activities.
Operating margin	Operating earnings as a percentage of net sales.	The operating margin is a key measure together with sales growth and capital employed for monitoring value creation.
Net sales YoY, change in %	The relation between net sales for the period and the corresponding sales for the comparative period in previous year.	The sales growth is a key measure together with operating margin and capital employed for monitoring value creation.
Organic growth	Net sales for the period in relation to Net sales for the comparative period, excluding Net sales from business combinations that not been part of the Group for the whole comparative period.	Sales growth without influenced of business combinations.
Net margin	Net Income as a percentage of net sales.	The net margin shows the remaining share of net sales after all of the company's costs have been deducted.
Adjusted performance and margin measures	Performance and margin measures adjusted for items affecting comparability between periods. See table Consolidated Income Statement, Adjusted on page 96.	Reporting performance and margin measures not influenced by items affecting comparability between periods shows the performance of the underlying operation.
Total development (R&D) expenditure	Development expenses and capitalized expenditures for development.	The measure is a good complement to development expenses, as it shows the company's total expenditure in development. The development expenditures effect on income, financial position and presentation in the statement of cashflow is affected by the periods level of capitalized development expenditures.
Total development (R&D) expenditure/net sales	Total development expenditure as percentage of net sales.	
EBITDA	Operating earnings before depreciation and amortization and capitalization of development expenditure.	The measures are good complements to operating earnings and margin as it, simplified, shows the earnings-generated cash flow in the operation and it shows operating earnings without influence of variations in the level of capitalized development expenditures in the company's development projects.
EBITDA margin	EBITDA as a percentage of net sales.	
Segment	Region corresponds to an operating segment under IFRS 8. • Western Europe (WE). • Americas (AM), North and South America. • Rest of World (RoW), countries outside of Western Europe and Americas.	

KPI Income Statement

KPI Income Statement SEK millions (if not defined differently	2020	2019	2018	2017	2016
Continuing operations					
Net sales	398.9	448.6	449.5	427.0	503.5
Net sales YoY, change in %	*-11.1%*	*-0.2%*	*5.3%*	*-15.2%*	*34.0%*
Cost of sales ex. amortization of capitalized development	-116.7	-126.6	-126.3	-118.8	-130.8
Gross earnings ex. amortization of capitalized development	**282.3**	**321.9**	**323.2**	**308.3**	**372.7**
Gross margin ex. amortization of capitalized development	*70.8%*	*71.8%*	*71.9%*	*72.2%*	*74.0%*
Cost of sales amortization of capitalized development	-38.5	-39.6	-50.2	-60.7	-56.9
Gross earnings	**243.7**	**282.3**	**273.0**	**247.6**	**315.8**
Gross margin	*61.1%*	*62.9%*	*60.7%*	*58.0%*	*62.7%*
Sales and marketing expenses	-111.4	-128.8	-153.2	-144.7	-137.1
Administration expenses	-62.0	-67.4	-54.9	-49.7	-54.2
Development expenses	-69.1	-70.8	-62.4	-62.4	-75.0
Operating expenses	**-242.4**	**-266.9**	**-270.5**	**-256.8**	**-266.4**
Operating expenses/net sales	*60.8%*	*59.5%*	*60.2%*	*60.1%*	*52.9%*
Other operating income and expenses	-5.9	-19.0	-36.5	1.6	-
Operating earnings	**-4.6**	**-3.6**	**-34.1**	**-7.5**	**49.4**
Operating margin	*-1.2%*	*-0.8%*	*-7.6%*	*-1.8%*	*9.8%*
Net financial items	-5.1	-3.0	1.4	12.9	-5.4
Profit/loss before tax	**-9.7**	**-6.6**	**-32.7**	**5.3**	**44.0**
Tax	0.5	2.0	6.7	-1.8	-8.8
Net income continuing operations	**-9.2**	**-4.6**	**-25.9**	**3.5**	**35.2**
Net margin	*-2.3%*	*-1.0%*	*-5.8%*	*0.8%*	*7.0%*
Discontinued operations, net after tax	246.6	-27.5	-32.3	-	-
Net Income	**237.4**	**-32.2**	**-58.2**	**-**	**-**

Development expenditure continuing operations SEK millions (if not defined differently)	2020	2019	2018	2017	2016
Development expenses	69.1	70.8	62.4	62.4	75.0
Capitalization of development expenditure	71.9	63.2	45.7	87.3	74.1
Total development expenditure	**141.0**	**134.0**	**108.1**	**149.7**	**149.1**
Capitalization rate	*51%*	*47%*	*42%*	*58%*	*50%*
Net Sales	398.9	448.6	449.5	427.0	503.5
Total development expenditure/net sales	**35%**	**30%**	**24%**	**35%**	**30%**

EBITDA margin continuing operations SEK millions (if not defined differently)	2020	2019	2018	2017	2016
Operating earnings	-4.6	-3.6	-34.1	-7.5	49.4
Amortization of capitalized development expenditure	38.5	39.6	50.2	60.7	56.9
Other depreciation, amortization & impairment	21.3	20.6	43.1	10.5	6.3
Capitalization of development expenditure	-71.9	-63.2	-45.7	-87.3	-74.1
EBITDA	**-16.7**	**-6.6**	**13.5**	**-23.7**	**38.6**
Net sales	398.9	448.6	449.5	427.0	503.5
EBITDA margin	**-4.2%**	**-1.5%**	**3.0%**	**-5.5%**	**7.7%**

Capital and return measures	Shows how capital is utilized and the company's financial strength. Return is a financial term that describes how much the value of an asset changes from an earlier point in time.	
Non-IFRS 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	2020	2019	2018	2017	2016
Current assets	424.3	255.0	321.5	371.2	377.4
Cash and cash equivalents	-237.1	-64.5	-139.2	-204.3	-203.1
No interest-bearing short term liabilities	-129.4	-143.8	-139.5	-129.4	-127.2
Working capital	**57.8**	**46.8**	**42.8**	**37.4**	**47.1**

Capital employed SEK millions (if not defined differently)	2020	2019	2018	2017	2016
Capital employed					
Total balance	856.6	695.0	694.3	716.5	704.3
No interest-bearing liabilities	-148.3	-165.3	-159.1	-159.1	-155.7
Capital employed	**708.3**	**529.7**	**535.2**	**557.4**	**548.6**
Operating earings less interest income R4Q					
Operating earnings R4Q	-4.3	-38.6	-75.1	-7.5	49.4
Interest income R4Q	0.2	0.7	0.3	0.2	0.1
Operating earnings less interest income R4Q	**-4.5**	**-39.3**	**-75.4**	**-7.3**	**49.3**
Return on capital employed	**-0.6%**	**-7.4%**	**-14.1%**	**-1.3%**	**9.0%**

Equity/asset ratio SEK millions (if not defined differently)	2020	2019	2018	2017	2016
Equity	692.6	463.7	493.9	546.1	563.0
Total equity and liabilities	862.4	686.5	649.9	697.4	728.0
Equity/asset ratio	**80.3%**	**67.6%**	**76.0%**	**78.3%**	**77.3%**

Return on equity including discontionued operations SEK millions (if not defined differently)	2020	2019	2018	2017	2016
Net income - R4Q	237.4	-32.2	-58.2	3.5	35.2
Average equity - R4Q	659.0	485.4	535.2	557.4	548.6
Return on equity	**36.0%**	**-6.6%**	**-10.9%**	**0.6%**	**6.4%**

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	2020	2019	2018	2017	2016
Average number of employees	168	183	205	208	208
Average number of consultants	30	34	34	36	33
Total average number of emplyees and consultants	**198**	**217**	**239**	**245**	**241**
	-	-	-	-	-
Average number of employees and consultants continuing operations	-	-28	-38	-	-
Net Average number of employees and consultants continuing operations	**198**	**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	2020	2019	2018	2017	2016
Effects of the Net Insight share price development during the period						
Share-based benefits	(a)	-0.0	0.0	0.3	3.4	-1.0
Synthetic opitons, change in value	(b)	0.1	0.2	2.6	14.5	-3.2
Total		**0.0**	**0.3**	**3.0**	**17.9**	**-4.2**
Government grants Covid-19						
Reduction of employee expenses		3.4	-	-	-	**-**
Other operating income		9.7	-	-	-	**-**
Total		**13.1**	**-**	**-**	**-**	**-**
Items affecting comparability						
Restructuring	(c)	-2.4	-12.0	-10.2	-	**-3.4**
Government grants Covid-19, other operating income		9.7				
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		**7.3**	**-27.8**	**-48.3**	**-0.9**	**-3.4**
Operating earnings excluding items affecting comparability continuting operations						
Operating earnings		-4.6	-3.6	-34.1	-7.5	**49.4**
Items affecting comparability, as per above		-7.3	27.8	48.3	17.0	**-7.6**
Items affecting comparability discontinuing operations		-	-2.9	-4.3	-	**-**
Operating earnings excluding items affecting comparability		**-11.9**	**21.3**	**9.9**	**9.5**	**41.8**

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

(a) Share-based benefits are value changes in amounts held in escrow for participation in the synthetic share program.

(b) 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, 2019 and 2020 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.

Shareholder information

Annual General Meeting

The Annual General Meeting (AGM) will be held on Friday, May 7, 2021.

Due to the Covid-19 pandemic, the Annual General Meeting 2021 will be carried out through advance voting, without the physical presence of shareholders, proxies and third parties.

Shareholders who wish to participate in the annual general meeting must be registered in the shareholders' register maintained by Euroclear Sweden AB on Thursday, April 29, 2021and notify the company of its intention to participate at the annual general meeting by casting its advance vote in accordance with the instructions in the Notice to attend the Annual General Meeting, so that the advance voting form is received by Net Insight no later than Thursday, May 6, 2021.

A special form shall be used for advance voting. The form is available on Net Insight' s website, www.netinsight.net. The advance voting form is considered as the notification of participation.

The completed voting form must be received by the company no later than Thursday, May 6, 2021. The form may be submitted via e-mail to agm@netinsight.net or by post to Net Insight AB, Att: Joakim Schedvins, Box 1200, SE-171 23 Solna, Sweden.

Dividend

The Board of Directors is proposing to the AGM to resolve not to pay any dividend for the financial year 2020

Distribution of Annual Report

The Annual Report 2020 will be published on April 16, 2021 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 20, 2021

INTERIM REPORT January – March

May 7, 2021

ANNUAL GENERAL MEETING 2021

July 16, 2021

INTERIM REPORT January – June

November 9, 2021

INTERIM REPORT January –September

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Production: Net Insight in cooperation with Rehngruppen

Cover photo: Keith Johnston, Pixabay

Print: Planograf

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


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