

INTERIM REPORT

JANUARY – JUNE 2023



April – June 2023

- Net sales amounted to SEK 126.3 (110.1) million, an increase of 14.7% year-on-year. In comparable currencies net sales increased by 7.4%.
- Operating earnings amounted to SEK 9.9 (9.4) million, corresponding to an operating margin of 7.8% (8.5%). Excluding foreign exchange rate differences of SEK -1.7 (-0.2) million, operating earnings were SEK 11.6 (9.5) million.
- Net income for the period was SEK 10.9 (11.8) million.
- Earnings per share diluted was SEK 0.03 (0.03).
- Total cash was SEK -12.4 (-23.8) million. Excluding the cash impact from repurchase of own shares, the cash flow was SEK -7.7 (-23.8) million.

January – June 2023

- Net sales amounted to SEK 252.9 (219.8) million, an increase of 15.0% year-on-year. In comparable currencies net sales increased by 6.6%.
- Operating earnings amounted to SEK 21.9 (20.1) million, corresponding to an operating margin of 8.7% (9.1%). Excluding foreign exchange rate differences of SEK -3.0 (0.4) million, operating earnings were SEK 24.9 (19.7) million.
- Net income for the period was SEK 21,3 (19,9) million.
- Earnings per share diluted was SEK 0.06 (0.05).
- Total cash was SEK -42.2 (-25.0) million. Excluding the cash impact from repurchase of own shares, the cash flow was SEK -29.1 (11.7) million.

Q2 in brief

- Continued strong growth in media
- Pilot order in time synchronization from major US operator
- First units of new time synchronization product Zyntai delivered to customers
- Upgrade doubles Nimbra capacity

FINANCIAL HIGHLIGHTS

SEK millions	Apr-Jun			Jan-Jun			Jul 2022-	Jan-Dec	Change
	2023	2022	Change	2023	2022	Change	Jun 2023	2022	
Net sales	126.3	110.1	14.7%	252.9	219.8	15.0%	508.2	475.1	7.0%
Operating earnings	9.9	9.4	5.7%	21.9	20.1	9.1%	62.3	60.5	3.0%
Operating margin	7.8%	8.5%		8.7%	9.1%		12.3%	12.7%	
Net income	10.9	11.8	-7.7%	21.3	19.9	6.9%	55.4	54.0	2.6%
EBITDA	28.5	24.6	16.1%	58.1	50.1	15.9%	130.7	122.7	6.5%
EBITDA margin	22.6%	22.3%		23.0%	22.8%		25.7%	25.8%	
EBITDA-2	3.2	1.4	123.8%	8.1	6.4	25.8%	36.7	35.1	4.7%
EBITDA-2 margin	2.5%	1.3%		3.2%	2.9%		7.2%	7.4%	
Net Income	10.9	11.8	-7.7%	21.3	19.9		55.4	54.0	2.6%
Net margin	8.6%	10.7%		8.4%	9.1%		10.9%	11.4%	
Total cash flow	-12.4	-23.8		-42.2	-25.0		-64.3	-47.0	

For definitions and calculation of KPI's, see pages 16-19.

CEO's Statement

A quarter with continued stable growth

A stable start to the year was followed by another strong quarter, with continued steady growth in the media business, despite the more challenging macroeconomic environment. The development of Zyntai, the new time synchronization product for 5G, continues according to plan. We have delivered the first units and received the first pilot order in the US.

Active marketing efforts, coupled with the introduction of new products and functions in recent quarters, have ensured favorable conditions for continued growth, and the growth trend remains strong in APAC. In the quarter, the market has been somewhat more cautious as a result of macroeconomic conditions, which has meant longer sales cycles, mainly in Americas.

Sales in the second quarter were SEK 126.3 million, an increase of 14.7% year-on-year (7.4% in comparable currencies). Operating earnings totaled SEK 9.9 million, compared to SEK 9.4 million in Q2 2022. A favorable mix of revenue, alongside successfully offsetting cost increases, resulted in an increased gross margin for the quarter (62.1% compared to 60.8%). However, continued investments in developing and strengthening the time synchronization organization, together with inflation-driven cost increases, generated higher year-on-year costs in the quarter.

A strong quarter in the media business with currency-adjusted growth of 11% in year-on-year terms. Revenue from time synchronization was lower than in the comparative period as customers are waiting for delivery of our new product in Q4. The order book for time synchronization exceeded SEK 160 million at the end of the second quarter, an increase of some SEK 10 million on the previous quarter.

Upgrade doubles Nimbra capacity

In order to meet growing demand for increased capacity, we are doubling capacity for Nimbra 1060. The upgrade, which will start delivery in the fall, saves space and energy, and makes the platform more scalable. Already installed Nimbra 1060 units can also be upgraded.

Delivery of first Zyntai units

Following the launch of our latest generation of 5G time synchronization products, designed for

large scale installations in mobile networks, the first units have now been manufactured. We were able to deliver the first units to selected customers for initial tests as early as in the second quarter. This is a milestone. The commercial release of the complete Zyntai solution has been scheduled for Q4 this year.

Pilot order in the US and strengthened sales organization

Our hard work aimed at growth in synchronization on the North American market is beginning to pay off. In the quarter, we received our first pilot order from a leading US operator. In order to satisfy growing customer interest in Zyntai, we have established a local sales team in the region, initially focusing on the US and Canada.

Increased interest in Europe

We are also seeing growing interest in our time synchronization products from adjacent industries in Europe, such as power utility networks. We have also initiated tests alongside a European power company.

Stable foundation for growth

I am very satisfied with our sustainable growth and key product launches in media during the first half-year. The time synchronization pilot order in the US, plus the start of three new PoCs (Proof of Concept), indicates that we are on the right track. Our continued rapid technological progress and commercial advances provide us with a stable foundation for achieving our long-term financial goals.

I would like to extend my sincere thanks to all my colleagues for their substantial commitment and drive.

Crister Fritzon, CEO

Solna, Sweden, July 18, 2023



REVENUES

Net sales in the second quarter of 2023 were SEK 126.3 (110.1) million, an increase of 14.7%. In comparable currencies, sales increased by 7.4%.

In comparable currencies, the growth in the media business amounts to 11% compared to the same period last year. A certain caution, involving, among other things, longer sales cycles in the Americas, which has been compensated by continued strong development in the APAC region. Previously implemented launches of new functionality have contributed to increased sales volume of our newest media platform Nimbra 1060, which also affected the margin positively as the software share on this platform increased. Recurring revenue from software license and support also contributes to the growth in the quarter. Revenues from time synchronization for 5G amounted to SEK 8.9 million in the quarter, compared to SEK 11.4 million the previous year. The previous year's first quarter included higher revenues linked to delivery of the existing product. The first units of the newly developed time synchronization product for 5G (Zyntai) were shipped during the quarter, but a general commercial launch and larger sales volumes are expected to begin only in the fourth quarter. While waiting for the new product, the revenue from the existing product decreases. As mentioned earlier, however, we can state that the order backlog is growing ahead of a broad launch at the end of the year.

Net sales for the six-month period of 2023 amounted to SEK 252.9 (219.8) million, an increase of 15.0%. In comparable currencies, sales increased by 6.6%.

For the first six-months period, growth in comparable currencies for the media business amounts to 10% year-on-year. Revenue from 5G time synchronization during the first half of the year amounted to SEK 17.4 million, compared to SEK 22.7 million the previous year. The decrease in sales compared to the previous year is, as previously mentioned, a consequence of broad commercial delivery of the new product by end of 2023.

The company has no direct seasonal variation, however there is a certain variation in revenue between quarters due to the concentration of larger deals in certain quarters.

EARNINGS

April-June

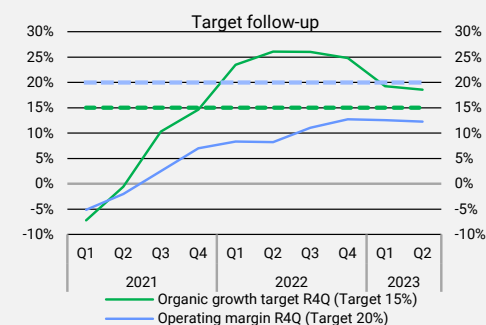
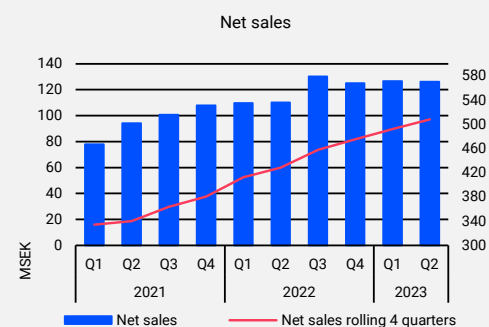
Gross profit for the second quarter was SEK 78.4 (67.0) million, an increase by 17.1%. The increase is partly due to the increased revenue, partly due to an increased share of license and support revenue. Gross profit included amortization of capitalized development expenditure of SEK -14.4 (-11.6) million. Gross margin excluding and including amortization of capitalized development expenditure was 73.5% (71.3%) and 62.1% (60.8%) respectively. The increase in license and support income as well as implemented price adjustments in combination with a scale effect, since part of the costs are fixed, have contributed to the increased gross margin.

Operating expenses in the second quarter of SEK -67.6 (-57.5) million, an increase of 17.5% compared to last year. The increase is driven by strengthening of the organization (primarily in time synchronization for 5G, but also in the areas of IP and cloud). The increase is also due to cost increases driven by inflation, increased sales costs linked to the increased sales and the weakening of the Swedish Krona.

Sales and marketing expenses were SEK -38.5 (-31.4) million, and administration expenses to SEK -16.2 (-13.3) million. Development expenses were SEK -12.9 (-12.8) million and the total development expenditure, i.e., before capitalization, were SEK -38.2 (-36.0) million. The increase in sales and marketing costs relates primarily to building up the organization for the offer within time synchronization for 5G as well as increased costs for customer and marketing activities. The sales and marketing costs in the quarter are also affected by a negative currency effect as a significant part of these costs are in USD. The increase in administration costs is partly due to an ongoing project regarding the implementation of a new ERP system.

Other operating income and expenses were SEK -1.0 (0.1) million, of which foreign exchange rate differences of SEK -1.7 (-0.2) million. During the year, the parent company received a government electricity subsidy of SEK 0.6 million (-).

Operating earnings amounted to SEK 9.9 (9.4) million, corresponding to an operating margin of 8.8% (8.5%). Excluding foreign exchange rate differences of SEK -1.7 (-0.2) million, operating earnings were SEK 11.6 (9.5) million. See also table Material profit and loss items on page 20.



Financial targets 2023-2027:

- * an organic average annual growth of at least 15%
- * an operating margin (EBIT%) that within the period will reach 20%

EBITDA and EBITDA-2 (including reversal of capitalization of development expenditures) amounted to SEK 28.5 (24.6) million and SEK 3.2 (1.4) million, respectively, which corresponded to an EBITDA margin of 22.6% (22.3%) and an EBITDA-2 margin of 2.5% (1.3).

In the second quarter, net financial items amounted to SEK 4.4 (4.5) million, of which foreign exchange rate differences of SEK 2.6 (4.7) million and net interest income of SEK 1.8 (-0.1) million. The increased net interest income is due to increased interest income due to higher market interest rates.

Profit before tax was SEK 14.3 (13.9) million, and net income was SEK 10.9 (11.8) million, corresponding to a net margin of 8.6% (10.7%).

January-June

Gross profit for the first six-month period was SEK 153.2 (135.0) million, an increase by 13.5%. The increase is due to the increased revenue and a favorable revenue mix. Gross profit included amortization of capitalized development expenditure of SEK -27.8 (-22.8) million. Gross margin excluding and including amortization of capitalized development expenditure was 71.6% (71.8%) and 60.6% (61.4%) respectively. During the first half of the year, the increase in license and support revenue has not fully compensated for lower event-base services revenue compared to the previous year. In the first six-months period, we also had costs of one-off nature of some SEK -1.8 million linked to purchases made on the spot market.

Operating expenses in the second quarter of SEK -129.4 (-115.4) million, an increase of 12.1% compared to last year. The increase is also due to cost increases driven by inflation, strengthening of the organization, increased marketing related expenses and the weakening of the Swedish Krona against the USD.

Sales and marketing expenses were SEK -74.0 (-62.4) million, and administration expenses to SEK -31.3 (-26.8) million. Development expenses were SEK -24.1 (-26.2) million and the total development expenditure, i.e., before capitalization, were SEK -74.2 (-69.9) million. The increase in sales and marketing costs as well as development expenditure relates primarily to building up the organization for the offer within time synchronization for 5G as well as increased costs for customer and marketing activities. The sales and marketing costs in the first six-months period are also affected by a negative currency effect as a significant part of these costs are in USD.

Other operating income and expenses were SEK -2.0 (0.5) million, of which foreign exchange rate differences of SEK -3,0 (0,4) million.

Operating earnings amounted to SEK 21.9 (20.1) million, corresponding to an operating margin of 8.7% (9.1%). Excluding foreign exchange rate differences of SEK -3.0 (0.4) million, operating earnings were SEK 24.9 (19.7) million. See also table Material profit and loss items on page 20.

EBITDA and EBITDA-2 (including reversal of capitalization of development expenditures) amounted to SEK 58.1 (50.1) million and SEK 8.1 (6.4) million, respectively, which corresponded to an EBITDA margin of 23.0% (22.8%) and an EBITDA-2 margin of 3.2% (2.9).

In the first six-months period, net financial items amounted to SEK 5.9 (4.4) million, of which foreign exchange rate differences of SEK 2.6 (4.6) million and net interest income of SEK 3.3 (-0.2) million. The increased net interest income is due to increased interest income due to higher market interest rates.

Profit before tax was SEK 27.7 (24.5) million, and net income was SEK 21.3 (19.9) million, corresponding to a net margin of 8.4% (9.1%).

Key Ratios	Apr-Jun		Jan-Jun		Jul 2022-	Jan-Dec
	2023	2022	2023	2022	Jun 2023	2022
Net sales, SEK millions	126.3	110.1	252.9	219.8	508.2	475.1
Net sales YoY, change in %	14.7%	17.1%	15.0%	27.8%	18.6%	24.8%
Gross earnings	78.4	67.0	153.2	135.0	315.9	297.7
Gross margin	62.1%	60.8%	60.6%	61.4%	62.2%	62.7%
Operating earnings	9.9	9.4	21.9	20.1	62.3	60.5
Operating margin	7.8%	8.5%	8.7%	9.1%	12.3%	12.7%
EBITDA	28.5	24.6	58.1	50.1	130.7	122.7
EBITDA margin	22.6%	22.3%	23.0%	22.8%	25.7%	25.8%
EBITDA-2	3.2	1.4	8.1	6.4	36.7	35.1
EBITDA-2 margin	2.5%	1.3%	3.2%	2.9%	7.2%	7.4%

INVESTMENTS

The investments in the second quarter were SEK 25.6 (24.2) million, of which SEK 25.4 (23.2) million related to capitalization of expenditure for development. The investments in the first six-month period were SEK 51.7 (45.6) million, of which SEK 50.1 (43.8) million related to capitalization of expenditure for development. The increase in capitalized development expenditure relates to the investment in 5G time synchronization.

Depreciation and amortization in the second quarter totaled SEK -18.7 (-15.2) million, of which SEK -14.4 (-11.6) million related to amortization of capitalized expenditure for development. Depreciation and amortization in the first six-month period totaled SEK -36.3 (-30.1) million, of which SEK -27.8 (-22.8) million related to amortization of capitalized expenditure for development. Launches of new products have increased the amortization.

Net value of capitalized expenditure for development was SEK 220.4 million at end of the period, against SEK 198.2 million as of December 31, 2022.

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities in the second quarter amounted to SEK 20.0 (0.9) million and for the first six-month period to SEK 27.3 (59.7) million. The increase in inventory during 2022 and the first six-month period of 2023 is a consequence of securing components with longer foresight than normal due to the prevailing component shortage. The continued growth, especially in the APAC region, has led to increased accounts receivable in 2022 and 2023. During the first quarter 2022, SEK 28.2 million was received for the second half the NRE (non-recurring engineering)-fee from the 5G time synchronization business with Türk Telekom, a prepaid revenue that is recognized as revenue during the development of the new products for 5G synchronization.

The total cash flow for the second quarter amounted to SEK -12.4 (-23.8) million and for the first six-month period to SEK -42.2 (-25.0) million. The first six months increased investments in development projects compared to the previous year are offset by a reduced repurchase of own shares. Excluding the cash impact from repurchase of own shares, cash flow for the second quarter was SEK -7.7 (-23.8) million and for the first six months to SEK -29.1 (11.7) million. More information about the buyback program can be found on page 12.

Cash and cash equivalents were SEK 266.3 million at year-end, against SEK 308.3 million as of 31 December 2022.

The remaining tax loss carryforwards of SEK 12.9 million that the group companies had as of December 31, 2022, has been used during the year. For more information, see the section Tax on page 12.

Equity was SEK 614.1 million at end of the period, against SEK 605.1 million as of 31 December 2022. The equity/assets ratio was 72.2%, against 71.6% as of 31 December 2022. That equity did not increase in line with the earnings during the year is due to the repurchase of own shares. For information about warrants, share repurchases and share structure, see the section Contributed equity on page 12.

EMPLOYEES

The average number of employees and consultants at Net Insight during the second quarter and for the six-month period was 189 (175) and 186 (171), respectively, of which 154 (141) and 152 (139), respectively, in the parent company Net Insight AB (publ.). The increase is

primarily attributable to the investment in 5G time synchronization, which began in the last quarter of 2021.

PARENT COMPANY

Net sales for the parent company were SEK 126.3 (110.1) million in the second quarter, and net income was SEK 10.3 (7.2) million. Previous years' net financials included a capital loss of -4.3 MSEK when consolidating of the number of legal entities. In the second quarter, intra-group sales totaled SEK 0.0 (0.0) million, and intra-group purchases SEK -21.1 (-17.3) million.

Net sales for the parent company were SEK 252.3 (219.8) million in the first six months, and net income was SEK 20.0 (14.7) million. Previous years' net financials included a capital loss of -4.3 MSEK when consolidating of the number of legal entities. In the first six months, intra-group sales totaled SEK 0.0 (0.0) million, and intra-group purchases SEK -40.9 (-32.9) million.

Progress in the parent company during the year and its financial position largely shadowed group progress as indicated above (except for intra-group transactions).

RISK AND SENSITIVITY ANALYSIS

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

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

At the end of 2021, the current situation of component shortages has meant increased uncertainty. In 2021, we did not see any significant negative effects of this. During 2022 and 2023, we worked to manage the shortage situation and we estimate that the uncertainty will continue gradually decrease during 2023. The war in Ukraine that began in the first quarter 2022 has contributed to increased uncertainty and risk associated with operations and the implementation of events, especially in Ukraine, Russia, and Belarus. The company's exposure to these markets is extremely limited and the decision to comply with the sanctions in force at the time of reporting is therefore not considered to have any material impact on the company's operations, assets, or earnings. However, how the war develops is difficult to predict and the company makes ongoing evaluations of the need to take action.

Except for this, no additional critical risks and uncertainty factors, other than those reviewed in the Annual Report for 2022, arose during 2023 or are anticipated in 2023.

The risks and uncertainty factors are essentially the same for the parent company and the group as a whole.

For a comprehensive review of the company's risk and sensitivity analysis, and its risk management process, see pages 49-51, 54-55 and 72-74 of the Annual Report for 2022.

CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK thousands	Apr-Jun		Jan-Jun		Jul 2022-	Jan-Dec
	2023	2022	2023	2022	Jun 2023	2022
Net sales	126,279	110,123	252,908	219,836	508,190	475,118
Cost of sales	-47,862	-43,147	-99,692	-84,870	-192,276	-177,454
Gross earnings	78,417	66,976	153,216	134,966	315,914	297,664
Sales and marketing expenses	-38,467	-31,402	-74,000	-62,421	-141,600	-130,021
Administration expenses	-16,229	-13,270	-31,266	-26,804	-57,215	-52,753
Development expenses	-12,865	-12,824	-24,087	-26,164	-49,302	-51,379
Other operating income and expenses	-963	-118	-1,984	474	-5,467	-3,009
Operating earnings	9,891	9,362	21,878	20,051	62,329	60,502
Net financial items	4,401	4,541	5,854	4,410	9,824	8,380
Profit before tax	14,292	13,903	27,732	24,461	72,153	68,882
Tax	-3,420	-2,126	-6,415	-4,526	-16,755	-14,866
Net income	10,871	11,777	21,316	19,935	55,397	54,016
Net income for the period attributable to the shareholders of the parent company	10,871	11,777	21,316	19,935	55,397	54,016

Earnings per share, based on net income attributable to the parent company's shareholders during the period	Apr-Jun		Jan-Jun		Jul 2022-	Jan-Dec
	2023	2022	2023	2022	Jun 2023	2022
Earnings per share						
-Basic, SEK	0.03	0.03	0.06	0.05	0.15	0.15
-Diluted, SEK	0.03	0.03	0.06	0.05	0.15	0.15
Average number of outstanding shares in thousands						
-Basic	355,662	368,758	356,002	371,737	359,501	367,083
-Diluted	359,540	371,813	360,191	374,792	363,587	370,840

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands	Apr-Jun		Jan-Jun		Jul 2022-	Jan-Dec
	2023	2022	2023	2022	Jun 2023	2022
Net income	10,871	11,777	21,316	19,935	55,397	54,016
Other comprehensive income						
Translation differences	512	827	449	1,018	752	1,321
Total other comprehensive income, after tax	512	827	449	1,018	752	1,321
Total other comprehensive income for the period	11,383	12,604	21,765	20,953	56,149	55,337
Total comprehensive income for the period attributable to the shareholders of the parent company	11,383	12,604	21,765	20,953	56,149	55,337

CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	30 Jun 2023	31 Mar 2023	31 Dec 2022
ASSETS			
Non-current assets			
Capitalized expenditure for development	220,417	209,432	198,200
Goodwill	38,751	38,751	38,751
Other intangible assets	1,360	1,517	1,673
Right-of-use assets	28,339	30,711	32,129
Equipment	14,608	16,006	16,095
Deferred tax asset	2,576	1,089	3,719
Deposits	4,911	4,902	4,902
Total non-current assets	310,962	302,408	295,469
Current assets			
Inventories	98,527	91,938	84,249
Accounts receivable	141,327	138,892	129,415
Other receivables	32,841	23,579	27,716
Cash and cash equivalents	266,279	278,479	308,347
Total current assets	538,974	532,888	549,727
TOTAL ASSETS	849,936	835,296	845,196
EQUITY AND LIABILITIES			
Equity attributable to parent company's shareholders			
Share capital	14,754	14,750	14,750
Other paid-in capital	1,193,031	1,192,727	1,192,727
Translation reserve	1,953	1,441	1,504
Accumulated deficit	-595,682	-601,912	-603,892
Total shareholders' equity	614,056	607,006	605,089
Non-current liabilities			
Lease liabilities	16,500	18,794	20,733
Other liabilities	53,335	62,388	61,307
Total non-current liabilities	69,835	81,182	82,040
Current liabilities			
Lease liabilities	11,655	11,806	11,434
Accounts payable	23,864	22,036	35,899
Other liabilities	130,526	113,266	110,734
Total current liabilities	166,045	147,108	158,067
TOTAL EQUITY AND LIABILITIES	849,936	835,296	845,196

CHANGES IN CONSOLIDATED EQUITY, IN SUMMARY

SEK thousands	Attributable to parent company's shareholders				
	Share capital	Other paid-in capital	Translation reserve	Accumulated deficit	Total shareholders' equity
January 1, 2022	15,597	1,192,727	183	-561,979	646,528
Repurchase of own shares	-	-	-	-36,662	-36,662
Warrants issued	-	-	-	1,457	1,457
Total comprehensive income	-	-	1,018	19,935	20,953
June 30, 2022	15,597	1,192,727	1,201	-577,249	632,276
January 1, 2023	14,750	1,192,727	1,504	-603,892	605,089
Exercised warrants	4	304	-	-	308
Repurchase of own shares	-	-	-	-13,106	-13,106
Total comprehensive income	-	-	449	21,316	21,765
June 30, 2023	14,754	1,193,031	1,953	-595,682	614,056

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousands	Apr-Jun		Jan-Jun		Jul 2022-	Jan-Dec
	2023	2022	2023	2022	Jun 2023	2022
Ongoing activities						
Profit/loss before tax	14,292	13,903	27,732	24,461	72,153	68,882
Income tax paid	-1,922	-771	-1,933	-890	-2,421	-1,378
Depreciation, amortization & impairment	18,653	15,214	36,267	30,095	68,329	62,157
Other items not affecting liquidity	2,092	2,482	2,812	3,539	4,475	5,202
	33,115	30,828	64,878	57,205	142,536	134,863
Changes in working capital						
Increase-/decrease+ in inventories	-7,951	-19,400	-15,835	-19,028	-30,637	-33,830
Increase-/decrease+ in receivables	-11,728	-28,475	-16,966	-10,491	-17,650	-11,175
Increase+/decrease- in liabilities	6,631	17,973	-4,756	32,040	22,175	58,971
Cash flow from operating activities	20,067	926	27,321	59,726	116,424	148,829
Investment activities						
Capitalized expenditure	-25,385	-23,161	-50,063	-43,722	-93,914	-87,573
Investment in intangible assets	-	-302	-	-302	-273	-575
Investment in tangible assets	-184	-767	-1,659	-1,594	-2,661	-2,596
Increase-/decrease+ in financial assets, net	-	-	-	-	-152	-152
Cash flow from investment activities	-25,569	-24,230	-51,722	-45,618	-97,000	-90,896
Financing activities						
Amortization leasing	-2,532	-1,947	-5,045	-3,882	-9,366	-8,203
Exercised warrants	308	-	308	-	308	-
Warrant premiums paid	-	1,457	-	1,457	104	1,561
Repurchase of own shares	-4,642	-	-13,106	-36,662	-74,780	-98,336
Cash flow from financing activities	-6,866	-490	-17,843	-39,087	-83,734	-104,978
Net change in cash and cash equivalents	-12,368	-23,794	-42,244	-24,979	-64,310	-47,045
Exchange differences in cash and cash equivalents	168	609	176	591	114	529
Cash and cash equivalents at the beginning of the period	278,479	353,660	308,347	354,863	330,475	354,863
Cash and cash equivalents at the end of the period	266,279	330,475	266,279	330,475	266,279	308,347

DISAGGREGATION OF REVENUE

SEK thousands	Apr-Jun		Jan-Jun		Jul 2022- Jun 2023	Jan-Dec 2022
	2023	2022	2023	2022		
Net sales by product group						
Hardware	50,319	52,174	104,169	97,057	233,285	226,173
Software licenses	33,014	21,088	65,940	39,009	112,503	85,572
Support and Services*	42,945	36,861	82,798	83,770	162,401	163,373
Total	126,279	110,123	252,908	219,836	508,190	475,118
Net sales by region						
EMEA	69,942	74,100	132,784	135,167	262,059	264,442
AM	35,025	24,421	67,991	62,399	167,298	161,706
APAC	21,311	11,602	52,132	22,270	78,832	48,970
Total	126,279	110,123	252,908	219,836	508,190	475,118
Timing of revenue recognition						
Products and services transferred at a point in time	80,112	71,337	164,015	132,474	333,629	302,088
Products and services transferred over time*	46,166	38,786	88,892	87,362	174,560	173,030
Total	126,279	110,123	252,908	219,836	508,190	475,118

*) Of which NRE fee; SEK 7.1 (7.1) million Apr-Jun, SEK 14.1 (14.1) million. Jan-Jun and SEK 28.2 million Jan-Dec 2022.

FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category - Assets

Jun 30, 2023

31 Dec 2022

SEK thousands	Value-tier	Measured at fair value through profit or loss		Value-tier	Measured at fair value through profit or loss	
		Measured at amortized cost	Measured at fair value through profit or loss		Measured at amortized cost	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		154,609			140,200	
Cash and cash equivalents		266,279			308,347	
Total		420,888	-		448,547	-

Group's financial instruments by category - Liabilities

Jun 30, 2023

31 Dec 2022

SEK thousands	Value-tier	Measured at fair value through profit or loss		Value-tier	Measured at fair value through profit or loss	
		Measured at amortized cost	Measured at fair value through profit or loss		Measured at amortized cost	Measured at fair value through profit or loss
Liabilities in Balance Sheet						
Derivative instruments	2		2,502	2		787
Accounts payable and other liabilities, excluding non-financial liabilities		34,303			47,368	
Total		34,303	2,502		47,368	787

Carrying value of account receivables, other receivables, cash and cash equivalents, account payables and other liabilities makes a reasonable approximation of fair value.

Financial instruments in tier 2

The fair value of derivative instruments is measured using exchange rates of currency forwards on the reporting date.

PARENT COMPANY INCOME STATEMENT, IN SUMMARY

SEK thousands	Apr-Jun		Jan-Jun		Jul 2022-	Jan-Dec
	2023	2022	2023	2022	Jun 2023	2022
Net sales	126,279	110,064	252,908	219,719	507,896	474,707
Cost of sales	-47,784	-43,071	-99,575	-84,760	-192,499	-177,684
Gross earnings	78,495	66,993	153,333	134,959	315,397	297,023
Sales and marketing expenses	-39,145	-31,660	-75,445	-63,260	-143,206	-131,021
Administration expenses	-16,155	-13,166	-31,174	-26,759	-57,172	-52,757
Development expenses	-13,193	-12,954	-24,891	-26,929	-50,498	-52,536
Other income expenses	-1,064	-488	-2,085	244	-7,767	-5,438
Operating earnings	8,937	8,725	19,738	18,255	56,754	55,271
Net financial items	4,645	456	6,362	585	13,864	8,087
Profit/loss before tax	13,583	9,181	26,100	18,840	70,618	63,358
Tax	-3,330	-1,984	-6,092	-4,150	-15,635	-13,693
Net income	10,253	7,197	20,008	14,690	54,983	49,665

PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	30 Jun 2023	31 Dec 2022	30 Jun 2022
ASSETS			
Non-current assets			
Capitalized expenditure for development	220,417	198,200	179,169
Other intangible assets	1,360	1,673	1,750
Equipment	13,435	14,670	16,652
Participations in group companies	3,173	3,173	3,173
Deferred tax asset	899	2,657	12,201
Deposits	4,628	4,628	4,628
Total non-current assets	243,912	225,001	217,573
Current assets			
Inventories	98,527	84,249	70,060
Accounts receivable	142,127	130,180	130,444
Receivables from group companies	346	346	-
Other receivables	35,188	30,113	28,936
Cash and cash equivalents	261,372	300,860	321,236
Total current assets	537,560	545,748	550,676
TOTAL ASSETS	781,472	770,749	768,249
EQUITY AND LIABILITIES			
Equity			
Restricted equity	307,296	277,979	250,827
Non-restricted equity	262,474	284,581	338,329
Total equity	569,770	562,560	589,156
Non-current liabilities			
Other liabilities	52,304	60,557	34,723
Total non-current liabilities	52,304	60,557	34,723
Current liabilities			
Accounts payable	23,658	35,617	24,963
Liabilities to group companies	11,129	7,504	2,153
Other liabilities	124,611	104,511	117,254
Total current liabilities	159,398	147,632	144,370
TOTAL EQUITY AND LIABILITIES	781,472	770,749	768,249

ACCOUNTING POLICIES

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

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

There are no new or amended International Financial Reporting Standards (IFRS) in 2023 that have had a material impact on the Company's financial reporting.

The same accounting principles and basis of calculation as those used in the latest Annual Report have been applied to the group and parent company. For a description of these accounting principles, please refer to the Annual Report for 2022.

The preparation of the Interim Report requires management to make judgements, estimates and assumptions that affect the company's earnings and position and information presented generally. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. For a description of these estimates and assumptions, please refer to the Annual Report for 2022.

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

Tax

The group reported tax of total SEK -3.4 (-2.1) million for the period April– June 2023, corresponds to an effective tax rate of -23.9 (-15.3) percent. The group reported tax of total SEK -6.4 (-15.3) million for the period January– June 2023, corresponds to an effective tax rate of -23.1 (-18.5) percent. The effective tax rate is affected by tax adjustments and the relative effects of foreign tax rates.

The remaining tax loss carryforwards of SEK 12.9 million that the group companies had as of December 31, 2022, has been used during the year.

Contributed equity

The repurchase program, which was decided by the board with the support of a mandate from the 2022 AGM, ran during the period July 2022 to February 2023. Within the program, the parent company repurchased a total of 12,877,000 own B shares on Nasdaq Stockholm for SEK 70.1 million, including transaction costs, of which

1,297,000 more shares for SEK 8.5 million during the period January– February 2023.

The 2023 AGM resolved to authorize the board of directors to resolve to repurchase, on one or several occasions until the next AGM, as many own shares as may be purchased without the company's holding at any time exceeding ten per cent of the total number of shares in the company. Further, the AGM resolved to authorize the board of directors to resolve on one or several occasions until the next annual general meeting, to transfer (sell) own shares.

At the Board meeting in June, the board of Directors of Net Insight AB decided to utilize the repurchase mandate given at the AGM in 2023. The repurchase program commenced on June 7, 2023, and will last until the next AGM and will amount to maximum SEK 50 million.

During June 2023, the parent company repurchased 875,000 of its own B shares on Nasdaq Stockholm for SEK 4.6 million, including transaction costs.

At the end of the period, the parent company had a total of 13,752,000 of its own class B shares, at an average cost of SEK 5.44 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.

The 2023 AGM resolved that the company's share capital shall be reduced by SEK 511,000 for allocation to unrestricted equity through cancellation of 12,775,000 own B shares held by the company. The matter is pending with the Swedish Companies Registration Office.

Subscription for shares in a long-term incentive program, decided by the 2020 AGM (LTI 2020 series 1), can be done during the period June 19 – September 19, 2023. A total of 2,160,000 warrants have been issued in the program and each warrant entitles the holder to subscribe for one (1) B -share against a predetermined subscription price of SEK 2.80. During June, 110,000 warrants were exercised, which resulted in the number of B shares and votes in Net Insight AB increasing by 110,000 and the share capital increasing by SEK 4,400.

In total, the Company has three additional ongoing warrant programs (LTI 2020 series 2 and LTI 2022 in series 1 and 2) with a total of 2,700,000 warrants. When calculating earnings per share, a dilution effect arises when the average price for the period exceeds the exercise price for the warrants. For more information about the programs and the accounting principles, see Note 7 on page 82 in the 2022 Annual Report.

All shares issued by the parent company were fully paid.

The division of shares	30 Jun, 2023			31 Dec, 2022		
	A-shares	B-shares	Total	A-shares	B-shares	Total
Outstanding shares	1,000,000	354,116,009	355,116,009	1,000,000	356,178,009	357,178,009
Repurchased own shares	-	13,752,000	13,752,000	-	11,580,000	11,580,000
Issued shares	1,000,000	367,868,009	368,868,009	1,000,000	367,758,009	368,758,009

TRANSACTIONS WITH RELATED PARTIES

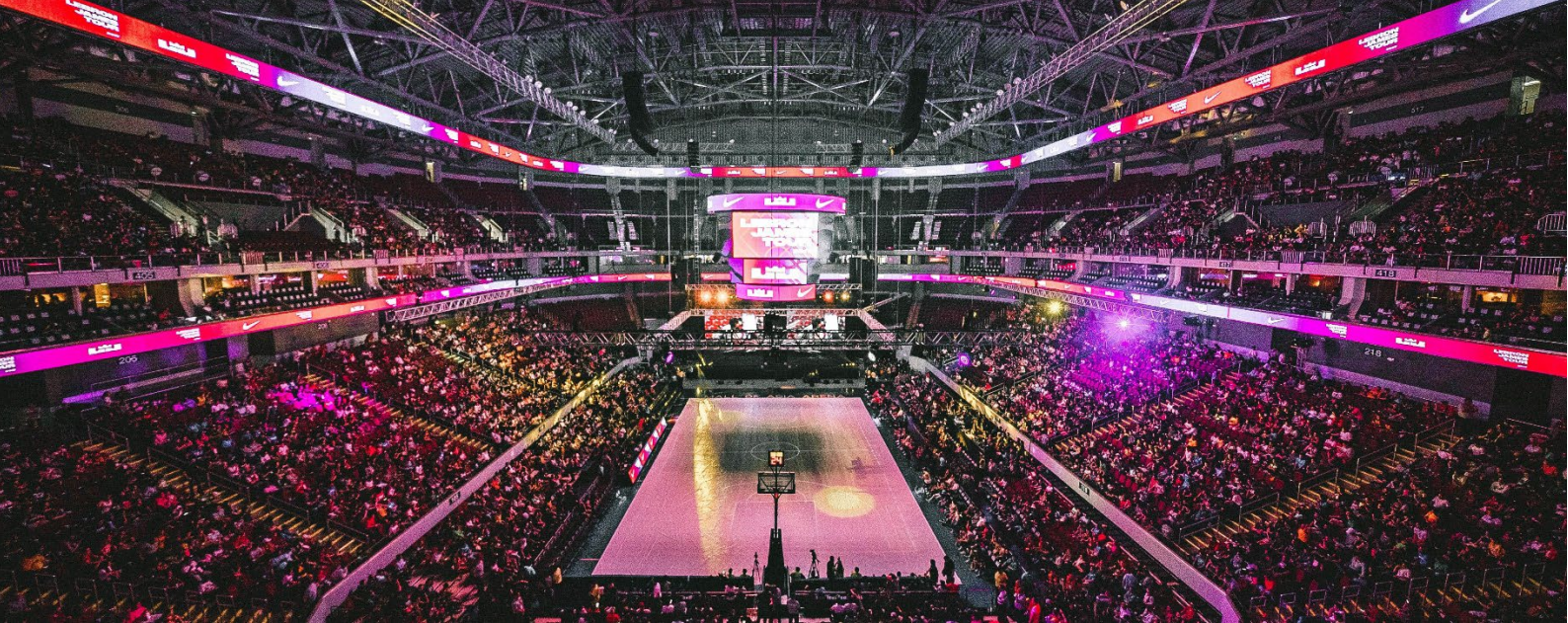
During the first quarter, the parent company hired a member of the management team's related party company for consulting services. Charged fees during the six-months period amounted to SEK 0.5 (-) million.

AUDITORS' REVIEW

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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



THIS IS NET INSIGHT

Business concept and model

Net Insight is defining new ways to deliver media. Net Insight is driving the transformation of video networks with open IP, virtualized and cloud solutions that enable our customers to simply and cost-effectively create live experiences.

With the product area Media Networks, Net Insight is opening up new routes for customers to produce and deliver content to viewers anywhere. Revenues are generated through sales of hardware and software solutions and services.

The 5G synchronization product area enables cost-effective, more secure and faster roll-out of 5G networks.

Strategy

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

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

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

For more information, please contact

Crister Fritzson, CEO, Net Insight AB (publ)
Phone: +46 (0)8-685 04 00
Email: crister.fritzson@netinsight.net

Joakim Schedvins, CFO, Net Insight AB (publ)
Phone: +46 (0)8-685 04 00
Email: joakim.schedvins@netinsight.net

Value creators

The solutions are deployed by the world's leading media brands to keep their mission-critical media networks running smoothly. New technology is enabling these players to adopt new, more cost efficient and flexible ways to produce and deliver content. Net Insight can play an important role to support our customers making this gradual transition.

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

Reporting dates

Interim report January – September November 9, 2023

Net Insight AB (publ), corp.id.no. 556533-4397
Box 1200, 171 23 Solna, Sweden
Phone: +46 (0)8 – 685 04 00

www.netinsight.net

This information is information that Net Insight AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 7:30 am CEST on July 18, 2023.

CERTIFICATION BY THE BOARD OF DIRECTORS AND CEO

The Board of Directors and the CEO certify that the Interim report for the period January – June 2023 gives a true and fair overview of the Parent Company Net Insight AB (publ) and the Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Solna, July 18, 2023

Gunilla Fransson
Chairman

Jan Barchan
Board member

Cecilia de Leeuw
Board member

Karl Thedéen
Board member

Torbjörn Wingårdh
Board member

Crister Fritzon
CEO

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

FINANCIAL INFORMATION

SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2022- Jun 2023	Jan-Dec 2022
	2023	2022	2023	2022		
Earnings						
Net sales	126.3	110.1	252.9	219.8	508.2	475.1
Gross earnings	78.4	67.0	153.2	135.0	315.9	297.7
Operating expenses	67.6	57.5	129.4	115.4	248.1	234.2
Total development expenditure	38.2	36.0	74.2	69.9	143.2	139.0
EBITDA	28.5	24.6	58.1	50.1	130.7	122.7
EBITDA-2	3.2	1.4	8.1	6.4	36.7	35.1
Operating earnings	9.9	9.4	21.9	20.1	62.3	60.5
Profit before tax	14.3	13.9	27.7	24.5	72.2	68.9
Net income	10.9	11.8	21.3	19.9	55.4	54.0
Balance sheet and cash flow						
Cash and cash equivalents	266.3	330.5	266.3	330.5	266.3	308.3
Working capital	119.5	56.8	111.2	59.1	104.9	76.5
Total cash flow	-12.4	-23.8	-42.2	-25.0	-64.3	-47.0
The share						
Dividend per share, SEK	-	-	-	-	-	-
Earnings per share, basic, SEK	0.03	0.03	0.06	0.05	0.15	0.15
Earnings per share, diluted, SEK	0.03	0.03	0.06	0.05	0.15	0.15
Cash flow per share, basic, SEK	-0.03	-0.06	-0.12	-0.07	-0.18	-0.13
Cash flow per share, diluted, SEK	-0.03	-0.06	-0.12	-0.07	-0.18	-0.13
Equity per share basic, SEK	1.73	1.71	1.72	1.70	1.73	1.65
Equity per share diluted, SEK	1.71	1.70	1.70	1.69	1.71	1.63
Average number of outstanding shares basic, thousands	355,662	368,758	356,002	371,737	359,501	367,083
Average number of outstanding shares diluted, thousands	359,540	371,813	360,191	374,792	363,587	370,840
Number of outstanding shares at the end of the period, basic, thousands	355,006	368,758	355,006	368,758	355,006	357,178
Number of outstanding shares at the end of the period, diluted, thousands	357,951	371,813	357,951	371,813	357,951	361,988
Share price at end of period, SEK	4.82	3.65	4.82	3.65	4.82	6.06
Employees and consultants						
Average number of employees and consultants	189	175	186	171	183	176
KPI						
Net sales YoY, change in %	14.7%	17.1%	15.0%	27.8%	18.6%	24.8%
Gross margin	62.1%	60.8%	60.6%	61.4%	62.2%	62.7%
Total development expenditure/Net sales	30.3%	32.7%	29.3%	31.8%	28.2%	29.2%
Operating margin	7.8%	8.5%	8.7%	9.1%	12.3%	12.7%
EBITDA margin	22.6%	22.3%	23.0%	22.8%	25.7%	25.8%
EBITDA-2 margin	2.5%	1.3%	3.2%	2.9%	7.2%	7.4%
Net margin	8.6%	10.7%	8.4%	9.1%	10.9%	11.4%
Return on capital employed	8.6%	5.2%	8.6%	5.1%	8.5%	8.9%
Equity/asset ratio	72.2%	75.0%	72.2%	75.0%	72.2%	71.6%
Return on equity	9.1%	5.1%	9.0%	5.1%	9.1%	8.7%

ALTERNATIVE PERFORMANCE MEASURES AND OTHER DEFINITIONS

Non-IFRS financial measures are presented to enhance investors and management possibility to evaluate the ongoing operating results, to aid in forecasting future periods and to facilitate meaningful comparison of result between periods. The APMs in this report may differ from similar-titled measures used by other companies. The section has also been supplemented with some other definitions.

Any key figures in text, diagrams or tables that include periods earlier than 1 April 2021, refer to continued operations, i.e. excluding the effect from divested operations. For more information, see interim reports and annual report for 2022.

Calculation of performance measures not included in IFRS framework, and some other definitions.

Performance measures	Various types of performance measures and margin measures as a percentage of sales.	
Non-IFRS performance measures	Description	Reason for use of the measure
Gross margin	Gross earnings as a percentage of net sales.	The gross margin is of major importance, showing the margin for covering the operating expenses., supplemented by the margin to cover the operating expenses as well as the cost of amortization of capitalized development expenditures.
Gross margin excl. amortization of capitalized development	Gross earnings excl. amortization of capitalized development as a percentage of net sales.	
Operating expenses	Sales and marketing expenses, administration expenses and development expenses.	Shows the company's total operating expenses. Putting them in relation to net sales shows the company's cost efficiency.
Operating expenses/net sales	Operating expenses as a percentage of net sales.	
Operating earnings	Calculated as operating earnings before financial items and tax.	Operating earnings provides an overall picture of earnings generated in the operating activities.
Operating margin	Operating earnings as a percentage of net sales.	The operating margin is a key measure together with sales growth and capital employed for monitoring value creation.
Net sales YoY, change in %	The relation between net sales for the period and the corresponding sales for the comparative period in previous year.	The sales growth is a key measure together with operating margin and capital employed for monitoring value creation.
Change in Net sales in comparable currencies	The relation between the net sales for the period, recalculated using the foreign currency exchange rates from the comparative period, and the corresponding sales for the comparative period in previous year. Only sales from business combinations that has been part of the Group for the whole comparative period are recalculated.	This measure is of major importance for management in its monitoring of underlying sales growth driven by changes in volume, price and product mix for comparable exchange rates between different periods.
Net margin	Net Income as a percentage of net sales.	The net margin shows the remaining share of net sales after all the company's costs have been deducted.
Total development (R&D) expenditure	Development expenses and capitalized expenditures for development.	The measure is a good complement to development expenses, as it shows the company's total expenditure in development. The development expenditures effect on income, financial position, and presentation in the statement of cashflow is affected by the periods level of capitalized development expenditures.
Capitalization rate	Capitalized development expenditures as a percentage of total development expenditures.	
Total development (R&D) expenditure/net sales	Total development expenditure as percentage of net sales.	
EBITDA	Operating earnings before depreciation and amortization.	Complementing EBITDA with EBITDA-2, where capitalized development expenditures are reversed, provides a good complement to operating earnings and margin as it, simplified, shows the earnings-generated cash flow in the operation and it shows operating earnings without influence of variations in the level of capitalized development expenditures in the company's development projects.
EBITDA-2	Operating earnings before depreciation and amortization and capitalization of development expenditure.	
EBITDA & EBITA-2 margin	EBITDA & EBITDA-2 as a percentage of net sales.	
Regions	Definition of regions for designation of revenue: <ul style="list-style-type: none"> • EMEA – Europe, the Middle East and Africa. • Americas (AM) - North and South America. • APAC – Asia and Pacific. 	Definition of regions for designation of revenue.

Change in net sales in comparable currencies SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jan-Dec
	2023	2022	2023	2022	2022
Net sales	126.3	110.1	252.9	219.8	475.1
Net currency effect of comparable currencies	-8.0	-7.7	-18.6	-14.0	-43.7
Net sales in comparable currencies	118.3	102.4	234.3	205.8	431.5
Change in net sales in comparable currencies	7.4%	8.8%	6.6%	19.7%	13.3%

KPI Income Statement SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2022- Jun 2023	Jan-Dec 2022
	2023	2022	2023	2022	2023	2022
Net sales	126.3	110.1	252.9	219.8	508.2	475.1
Net sales YoY, change in %	14.7%	17.1%	15.0%	27.8%	18.6%	24.8%
Cost of sales ex. amortization of capitalized development	-33.5	-31.6	-71.8	-62.1	-141.1	-131.3
Gross earnings ex. amortization of capitalized development	92.8	78.5	181.1	157.8	367.1	343.8
Gross margin ex. amortization of capitalized development	73.5%	71.3%	71.6%	71.8%	72.2%	72.4%
Cost of sales amortization of capitalized development	-14.4	-11.6	-27.8	-22.8	-51.2	-46.2
Gross earnings	78.4	67.0	153.2	135.0	315.9	297.7
Gross margin	62.1%	60.8%	60.6%	61.4%	62.2%	62.7%
Sales and marketing expenses	-38.5	-31.4	-74.0	-62.4	-141.6	-130.0
Administration expenses	-16.2	-13.3	-31.3	-26.8	-57.2	-52.8
Development expenses	-12.9	-12.8	-24.1	-26.2	-49.3	-51.4
Operating expenses	-67.6	-57.5	-129.4	-115.4	-248.1	-234.2
Operating expenses/net sales	53.5%	52.2%	51.1%	52.5%	-48.8%	49.3%
Other operating income and expenses	-1.0	-0.1	-2.0	0.5	-5.5	-3.0
Operating earnings	9.9	9.4	21.9	20.1	62.3	60.5
Operating margin	7.8%	8.5%	8.7%	9.1%	12.3%	12.7%
Net financial items	4.4	4.5	5.9	4.4	9.8	8.4
Profit before tax	14.3	13.9	27.7	24.5	72.2	68.9
Tax	-3.4	-2.1	-6.4	-4.5	-16.8	-14.9
Net Income	10.9	11.8	21.3	19.9	55.4	54.0
Net margin	8.6%	10.7%	8.4%	9.1%	10.9%	11.4%

EBITDA margin SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2022- Jun 2023	Jan-Dec 2022
	2023	2022	2023	2022	2023	2022
Net sales	126.3	110.1	252.9	219.8	508.2	475.1
Operating earnings	9.9	9.4	21.9	20.1	62.3	60.5
Amortization of capitalized development expenditure	14.4	11.6	27.8	22.8	51.2	46.2
Other depreciation & amortization	4.3	3.6	8.4	7.3	15.7	14.5
Impairment	-	-	-	-	1.5	1.5
EBITDA	28.5	24.6	58.1	50.1	130.7	122.7
EBITDA margin	22.6%	22.3%	23.0%	22.8%	25.7%	25.8%
Capitalization of development expenditure	-25.4	-23.2	-50.1	-43.7	-93.9	-87.6
EBITDA-2	3.2	1.4	8.1	6.4	36.7	35.1
EBITDA-2 margin	2.5%	1.3%	3.2%	2.9%	7.2%	7.4%

Development expenditure SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2022- Jun 2023	Jan-Dec 2022
	2023	2022	2023	2022	2023	2022
Development expenses	12.9	12.8	24.1	26.2	49.3	51.4
Capitalization of development expenditure	25.4	23.2	50.1	43.7	93.9	87.6
Total development expenditure	38.2	36.0	74.2	69.9	143.2	139.0
Capitalization rate	66.4%	64.4%	67.5%	62.6%	65.6%	63.0%
Net Sales	126.3	110.1	252.9	219.8	508.2	475.1
Total development expenditure/net sales	30.3%	32.7%	29.3%	31.8%	28.2%	29.2%

CAPITAL AND RETURN MEASURES

SHOWS HOW CAPITAL IS UTILIZED AND THE COMPANY'S FINANCIAL STRENGTH. RETURN IS A FINANCIAL TERM THAT DESCRIBES HOW MUCH THE VALUE OF AN ASSET CHANGES FROM AN EARLIER POINT IN TIME.

Non-IFRS performance measure

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

Working capital SEK millions	Apr-Jun		Jan-Jun		Jul 2022-	Jan-Dec
	2023	2022	2023	2022	Jun 2023	2022
Current assets	536.7	545.7	541.1	548.8	544.9	548.4
Cash and cash equivalents	-272.4	-342.1	-284.4	-346.3	-295.6	-328.4
No interest-bearing short term liabilities	-144.8	-146.8	-145.4	-143.4	-144.4	-143.5
Working capital	119.5	56.8	111.2	59.1	104.9	76.5

Return on capital employed SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2022-	Jan-Dec
	2023	2022	2023	2022	Jun 2023	2022
Capital employed						
Total balance	842.6	827.4	843.5	827.7	840.1	831.1
No interest-bearing liabilities	-202.7	-170.8	-204.5	-163.2	-194.7	-175.5
Capital employed	639.9	656.5	639.0	664.5	645.4	655.6
Operating earnings less interest income R4Q						
Operating earnings R4Q	62.3	35.1	62.3	35.1	62.3	60.5
Interest income R4Q	7.6	1.0	7.6	1.0	7.6	2.4
Operating earnings less interest income R4Q	54.8	34.1	54.8	34.1	54.8	58.1
Return on capital employed	8.6%	5.2%	8.6%	5.1%	8.5%	8.9%

Equity/asset ratio SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2022-	Jan-Dec
	2023	2022	2023	2022	Jun 2023	2022
Equity	614.1	632.3	614.1	632.3	614.1	605.1
Total equity and liabilities	849.9	842.7	849.9	842.7	849.9	845.2
Equity/asset ratio	72.2%	75.0%	72.2%	75.0%	72.2%	71.6%

Return on equity SEK millions (if not defined differently)	Apr-Jun		Jan-Jun		Jul 2022- Jun 2023	Jan-Dec
	2023	2022	2023	2022	2023	2022
Net income - R4Q	55.4	32.9	55.4	32.9	55.4	54.0
Average equity - R4Q	610.5	648.1	615.5	648.1	610.5	624.2
Return on equity	9.1%	5.1%	9.0%	5.1%	9.1%	8.7%

SHAREHOLDERS' INFORMATION

MEASURES RELATED TO THE SHARE.

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

Employees

Measures related to employees.

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

Average number of employees and consultants	Apr-Jun		Jan-Jun		Jul 2022- Jun 2023	Jan-Dec
	2023	2022	2023	2022	2023	2022
Average number of employees	145	129	143	128	139	131
Average number of consultants	44	46	43	43	45	45
Total average number of employees and consultants	189	175	186	171	183	176

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		Apr-Jun		Jan-Jun		Jul 2022-	Jan-Dec
SEK millions	Note	2023	2022	2023	2022	Jun 2023	2022
Exchange rate differences							
Part of Other operating income & expenses		-1.7	-0.2	-3.0	0.4	-5.2	-1.9
Part of Net Financial Items		2.6	4.7	2.6	4.6	5.0	6.9
Total Exchange rate differences		0.9	4.5	-0.4	5.0	-0.3	5.1
Government grants Covid-19							
Reduction of employee expenses		-	-	-	-	-	-
Other operating income		-	0.1	-	0.1	-	0.1
Total		-	0.1	-	0.1	-	0.1
Items affecting comparability							
Restructuring	(a)	-	-	-	-	-1.2	-1.2
Government grants Covid-19, other operating income	(b)	-	0.1	-	0.1	-	0.1
Government grants electricity support, other operating income		0.6	-	0.6	-	0.6	-
Impairment of intangible assets	(c)	-	-	-	-	-1.5	-1.5
Total		0.6	0.1	0.6	0.1	-2.2	-2.6
Operating earnings excluding items affecting comparability							
Operating earnings		9.9	9.4	21.9	20.1	62.3	60.5
Items affecting comparability, as per above		-0.6	-0.1	-0.6	-0.1	2.2	2.6
Total		9.3	9.3	21.3	19.9	64.5	63.1
Operating earnings excluding exchange rate differences							
Operating earnings		9.9	9.4	21.9	20.1	62.3	60.5
Exchange rate differences, as per above		1.7	0.2	3.0	-0.4	5.2	1.9
Total		11.6	9.5	24.9	19.7	67.6	62.4
Operating earnings excluding exchange rate differences & items affecting comparability							
Operating earnings		9.9	9.4	21.9	20.1	62.3	60.5
Exchange rate differences, as per above		1.7	0.2	3.0	-0.4	5.2	1.9
Items affecting comparability, as per above		-0.6	-0.1	-0.6	-0.1	2.2	2.6
Total		11.0	9.4	24.3	19.6	69.7	65.0
Cash Flow excluding repurchase of own shares							
Net change in cash and cash equivalents	(d)	-12.4	-23.8	-42.2	-25.0	-64.3	-47.0
Repurchase of own shares		4.6	-	13.1	36.7	74.8	98.3
Total		-7.7	-23.8	-29.1	11.7	10.5	51.3

All items in the table above effects operating earnings, except for (d) that affects cash flow.

- (a) Severance pay in due to structural changes.
- (b) Covid-19 related government grants for personnel and other resources that still contribute to creating value for the Company.
- (c) During the third quarter of 2022, a restructuring was carried out, among other things to achieve a tighter integration of the Nimbra and Aperi platforms. As a consequence, some development projects were cancelled.
- (d) Presenting the cash flow without effects from the repurchase program of own shares provides a better understanding and comparison of the underlying operations' cash flow.



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

Telephone: +46 (0)8 685 04 00, info@netinsight.net, www.netinsight.net

The information presented in this document may be subject to change without notice.
For further information on product status and availability, please contact info@netinsight.net or visit www.netinsight.net ©Copyright 2023. Net Insight AB (publ), Sweden.
All rights reserved. Net Insight and Nimbra are trademarks of Net Insight AB, Sweden.
All other registered trademarks are the property of their respective owners.

