Net Insight
Annual Report 2022

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The audited Annual Report for Net Insight AB (publ) 556533-4397 consists of the Administration Report and the accompanying financial statements on pages 45-112. The Corporate Governance report, audited by the company's auditors, can be found on pages 38–42. Sustainability Report, audited by the company's auditors in accordance with the Annual Accounts Act, can be found on pages 26-32 and 54-55. While every care has been taken in the translation of this Annual Report, readers are reminded that the original Annual Report, signed by the Board of Directors or in European Single Electronic Format (ESEF), is in Swedish. The Annual Report in ESEF is published on www.netinsight.net.

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Introduction

This is Net Insight

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

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

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

Based on our unique time synchronization technology, we have established a new product area for synchronization in for example in 5G networks. Net Insight's solution is GPS-independent and delivers maximum precision and performance, while reducing costs and speeding up 5G expansion. We work with telecom companies such as Türk Telekom and Three Sweden.

25

25 years' experience of the biggest live events

475

SEK million in revenue

+500

More than 500 custumers

70

Global presence with customers in more than 70 countries

The year in brief

Continued growth and increased profitability

In 2021, revenue increased by 24.8% (in comparable currencies 13.3%) year-on-year. This is a result of growth in the core business, Media, as well as strong performance of our new 5G offering and positive exchange rate effects. Increased sales combined with an improved gross margin also contributed to raising the operating margin (EBIT%) during the year to 12.7% (compared to 7.0% the previous year).

Capitalized development expenses totaled SEK 198.2 million (158.3) at year-end, and the average number of employees was 131 (129) during the year.

Net Insight has a strong financial position and cash and cash equivalents of SEK 308.3 million. Cash flow during the year was SEK -47.0 million, including repurchase of shares for a total of SEK 98.3 million.

Financial targets and performance

Our long-term goal is to create value for shareholders and deliver profitable, cash flow-generating growth. A strong financial position is an important prerequisite for the investments needed to support the successful implementation of the strategy. The financial targets for the period 2021–2025 are as follows:

- Organic growth – achieve annual average organic growth of at least 10%.
- Operating margin – achieve annual average operating margin of at least 10%.

We conclude the full year with sales of SEK 475.1 million, corresponding to growth of 24.8% (13.3% in comparable currencies), which exceeds our long-term target of an average annual sales growth of at least 10%. The growth is attributable partly to strong performance of our media business, and partly to increased revenue from our 5G synchronization solution. Operating margin for the full year 2022 was 12.7%, exceeding our long-term target of an average annual operating margin of at least 10%. In light of our positive performance in recent years, as well as long-term favorable conditions, the Board of Directors has decided to review the financial targets in connection with publication of the year-end report 2022. Our new financial targets for the period 2023–2027 are an annual average organic growth of over 15% and the achievement of an operating margin (EBIT%) of 20% during the period.

KPI[1]	2022	2021
Continued Operations		
Net sales, SEK millions	475.1	380.7
Operating earnings, SEK millions	60.5	26.8
Net income, SEK millions	54.0	23.8
Earnings per share, diluted, SEK	0.15	0.06
Average number of employees	131	129
Total, including discontinued operations		
Net income, SEK millions	54.0	-13.1
Earnings per share, diluted, SEK	0.15	-0.03
Average number of employees	131	139
Total cash flow, SEK millions	-47.0	71.0
Equity/asset ratio, %	71.6%	78.0%
Equity per share diluted, SEK	1.63	1.68

Dividend Policy

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

24.8%

Sales growth

12.7%

Operating margin

[1] For more key ratios, definitions and reconciliations, see pages 118-129.

Significant events

"We are proud that Three Sweden, with its extensive expertise and forward-looking approach to 5G and time synchronization, has selected us. Our mission is to enable faster, more secure 5G rollouts for the world's mobile networks, and this deal confirms our deep knowledge in precision timing technology."

Crister Fritzson, CEO

Strong activity in synchronization for 5G networks

Net Insight won an order from telecommunications operator Three Sweden in June, and received a pilot order from one of Canada's leading mobile operators during the fall. The Company has extended its market penetration through trade shows such as Mobile World Congress in Barcelona in February.

In November, the Company attracted strong interest in its 5G solution at ITSF 2022 in Germany, the world's largest timing and synch event. Türk Telekom and Three Sweden were both there and presented the benefits of the solution.

ITSF 2022

Increase in Nimbra Edge sales

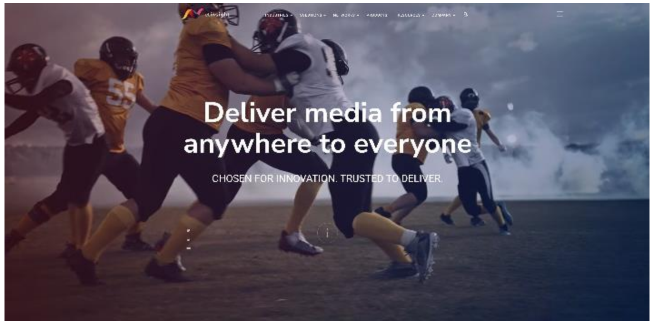
During the summer, Net Insight signed its largest Nimbra Edge order to date with Lumen, a leading American service provider, for a total order value of almost SEK 8 million. Net Insight's North American partner Stream Station and leading French service provider Globecast are two further examples of customers who have installed Nimbra Edge products in their global media networks.

Launch of new website

To maintain a high digital presence, Net Insight launched a new website during the year and has continued to conduct measurable digital marketing activities on an ongoing basis. Simultaneously, the campaign "Who you are matters" was launched with a sharpened customer focus.

Upgrade of Nimbra 1000 platform

Net Insight has enhanced its Nimbra 1000 platform with a suite of advanced ST 2110 and JPEG XS functions, the most significant upgrade to date. In August the first customer delivery was made to Nordic service provider Mobilelinks, and American service provider The Switch now offers our JPEG XS solution.



Reorganization of management team

Net Insight's management team has been expanded with a new role, VP R&D, which has been assigned to former Director Development Mats Herolf. The Company has appointed a new CTO group for Media led by Ulrik Rohne, and Per Lindgren has taken the role of Group CTO and Head of Synchronization.

Tove Bylund was recruited at the end of the year, and joined the management team as the new CHRO at the beginning of 2023.

Comments from the CEO

2022 was a strong year with increased profitability and good growth. Despite challenging macroeconomic factors, we maintained a high pace of product development, won important deals and recruited and built up a new entity despite tough competition for talent. As the market has evolved, we have made investments in IP and cloud. Meanwhile, our unique 5G synchronization solution has gained recognition in the market. With our clear strategy, we have taken important steps forward that pave the way for long-term profitable growth.

Progress in the year

The performance of our core business remained stable during the year. We have improved our customer offering and established Nimbra Edge as a highly competitive product among our existing and new customers. We have also launched new, advanced functions in IP Media Gateway. The activity level in 5G synchronization is high, and the first products have started being delivered to customers including Türk Telekom and Three Sweden. In addition, the development of our new synchronization product, which we launched in February 2023, has continued according to plan.

Region APAC performed well, with a progressive increase in revenues which accelerated at the end of the year. This was partly due to increased market penetration, and the positive effect intensified at the end of 2022 due to the easing of Covid restrictions, which for a long period had a partial dampening effect in the region. Most of our customers in the Americas have invested strongly in their networks, which contributed to increased growth in the region, whereas EMEA saw slightly lower growth than the previous year. A net revenue exposure to EUR and USD resulted in positive exchange rate effects in the year.

The price rises we implemented during the year compensated for higher costs. A favorable mix of revenue, which included increased support and licensing revenues, also contributed to a strengthened gross margin. Thanks to economies of scale from the rise in revenue, as well as an increased gross margin, we achieved profits that exceeded our long-term financial targets for the period 2021–2025.

We successfully managed supply chain disruptions and worked proactively to secure the supply of components, which contributed to higher service reliability. This was achieved despite the general uncertainty brought on by the geopolitical situation.

Accelerating media market

The transition towards IP- and cloudbased workflows continues to accelerate. Our customers need to upgrade their infrastructure, at the same time as new customers such as production companies and content owners need to build new solutions. This is driving demand for our products and opening up opportunities.

With our future-oriented cloudbased Nimbra Edge solution and our integrated Nimbra platform for both IP flows and more traditional mediaflows, we are well-positioned in the transformation currently taking place in the market.

New important 5G deals

The emerging 5G market will grow significantly in the next few years, and 5G networks require more precise synchronization than the earlier 3G and 4G networks. Our GPS-independent sync solution fits the bill well in this regard since it delivers significantly lower costs and faster, more efficient rollout for operators.

The contract with Three Sweden and the pilot order from one of Canada's leading mobile operators are clear proof of the competitiveness of our sync solution, which is also confirmed by the time and energy that many other customers are spending on testing our products in their networks.

We can conclude that this year the market has really discovered the benefits and how far ahead we are. Together with the breakthrough order for Türk Telekom in 2021, 5G synchronization has become one of our primary offerings.

Strategy focused on long-term growth

The strategy work we started in 2020 focused on establishing our internal foundation, developing our core business and expanding into adjacent technology and market segments. This work paid off during the year.

We have developed the core business by strengthening our product portfolio, increased sales of our existing and new products and increased the proportion of recurring revenue. In addition, we have strengthened our sales organization, developed our partner program and increased sales in new customer segments.

Review of financial targets

In light of our positive performance in recent years, as well as long-term favorable conditions, the Board of Directors decided to review the financial targets in connection with publication of the year-end report 2022. Important factors for increased growth include our new synchronization product for 5G and an expanded offering of cloud and IP Media Gateway solutions. A higher proportion of support and licensing revenue and improved scalability in our business are also expected to contribute to further strengthening our operating margin. Our new financial targets for the period 2023–2027 are an annual average organic growth of over 15% and the achievement of an operating margin (EBIT%) of 20% during the period.

Successful year with increased sales

2022 was a year characterized by rapid development. I am proud that we have advanced our positions in IP, cloud and 5G synchronization, and that we are continuing to delivery the market's strongest media products. These efforts will enable us to achieve new financial targets, and I have confidence in Net Insight's ability to continue generating long-term profitable growth.

Our strong performance and high customer satisfaction are proof of our employees' great commitment, deep expertise and determination. Thank you for such a strong year.

Solna, Sweden, March 2023

Crister Fritzson, CEO

"With our clear strategy, we are taking important steps forward and paving the way for long-term profitable growth."

Market and trends

The media industry is undergoing extensive transformation at several levels, and the transition towards IP and the cloud is progressing rapidly. At the same time, there is a growing need for remote and distributed production in order to be able to produce and transport content more efficiently and flexibly. Net Insight's new time synchronization solution opens up a new market in 5G mobile networks, an area that will experience strong growth in the coming years.

Transition to IP and cloudbased services in media continues

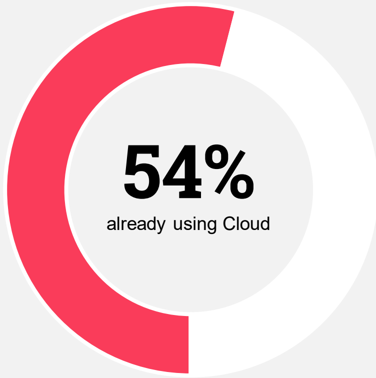
The strongest trend in media is the transition towards IP and cloudbased services, where distributed production flows with open, standardized solutions for both broadcasters and production companies continue to grow. The transition towards IP is also taking place in the studio with the aim of increasing flexibility and streamlining the entire flow from camera to end consumer. This migration requires new investments in the whole value chain, which opens up new opportunities for Net Insight.

More and more of our customers use cloud technology in some form in their workflows. This is confirmed by IABM's latest Adoption Trend Report from August 2022, which has Cloud as its theme. The report shows that 54% of TV and media companies now use cloud services (compared to 47% in 2021), a trend that IABM expects will continue accelerating.

Cloud Adoption Tracker

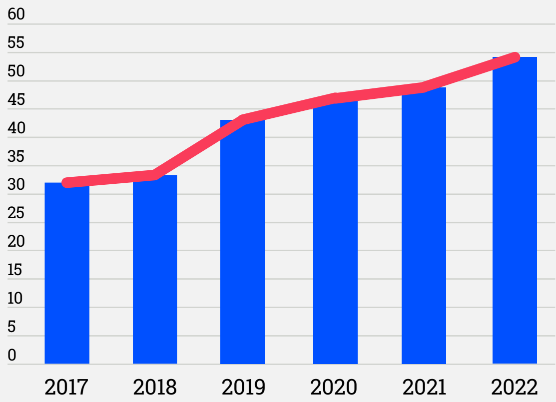
Adoption by Broadcast & Media Industry

Cloud adoption by broadcast and media industry



According to IABM research, 54% of media businesses have already adopted Cloud

Historical adoption of cloud technology



Source: Adoption Trend Report, theme Cloud IABM, August 2022.

Increased need for remote and distributed media production

The market for remote production expanded during the pandemic and is continuing to grow, as customers have learned to use the new systems and can clearly see the cost benefits. Net Insight is seeing growing demand from media operators and satellite operators, broadcasters, production companies and content providers. Media company investments are accelerating, with key drivers including increased flexibility, reduced costs and decreased environmental impact.

From satellite to cloud

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

Need for increased bandwidth and new video formats

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

Secure transport of media streams increasingly important

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

Time synchronization in mobile 5G networks

The transition from 4G to 5G means a transition to time-division multiplexing (TDD) which requires high-precision time synchronization of all 5G base stations. Satellite-based synchronization (GPS/GNSS) has traditionally been used. However, due to the current geopolitical situation, national regulators and operators are imposing requirements for GPS/GNSS-independent time synchronization of critical 5G networks.

Today's synchronization solutions usually require extensive and costly network upgrades. This opens up a business opportunity for Net Insight's time synchronization solution Precision TimeNet, which can provide accurate time distribution over existing networks without the need to own all the transport equipment (leased connections). This can reduce mobile operators' rollout costs and accelerate rollout to more regional locations.

"Our deep expertise in video transport and time synchronization makes us unique and well-positioned, which opens up new, exciting business opportunities"

Per Lindgren, CTO Net Insight

Strategy with a focus on long term profitable growth

Net Insight is continuing to deliver on the strategy adopted in 2020, which is aimed at achieving long-term sustainable growth. Through three strategic priorities – establishing our internal foundation, developing our core business and expanding into adjacent technology and market segments – we took new steps forward and raised our level of ambition during the year.

Establishing our internal foundation

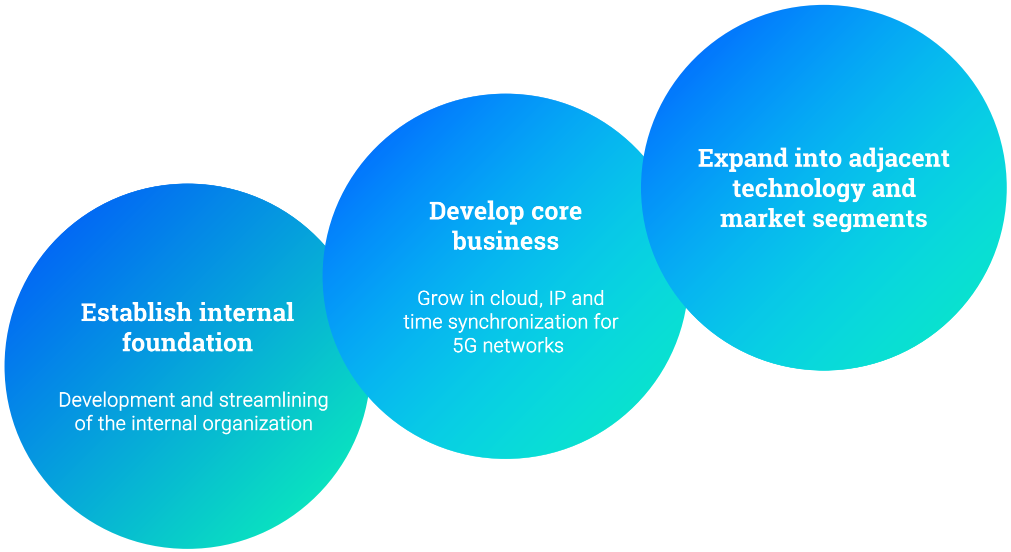
The Company's broad product portfolio is at the absolute cutting edge in terms of capacity, flexibility, precision and reliability. New employees are coming in with new perspectives and experience and further expanding the large pool of existing expertise in Net Insight's collaborative and learning environment.

The strengthening of the sales organization that began in 2021 continued during the year. We have increased the number of customer segments, strengthened local presence in the regions, developed partnerships, added resources in the areas of cloud and IP Gateway, and have also established a new Sales Business Development team.

The digital transformation currently taking place in the market continues to play a central role. To actively harness the opportunities offered by the technology, Net Insight launched a new website during the year. The Company also invested strongly in IT support during the year.

Internal culture is one area under focus in this regard, where Net Insight is implementing changes to adjust to the new situation in the wake of the pandemic, with hybrid working and clearer self-leadership.

Three cornerstones



Developing our core business

The market's transition towards IP- and cloudbased media solutions continues to accelerate, which is driving extensive network upgrades. New solutions for network-based remote production present opportunities for major long-term growth areas in the existing media business. This strategic prioritization results in investments and a sharpened focus in these growth areas.

Sustainable partner in the transition towards IP and cloud

Net Insight has a large base of existing customers who use traditional media solutions, which puts the Company in an attractive position. The Company has strong potential for expanding customers' installed base of equipment or adding new functionality to existing equipment. To create increased flexibility and valuable cost benefits, the Company offers an integrated product that handles IP flows as well as more traditional mediaflows in a single platform, which gives our customers a cost-effective, flexible way to transition to new technology.

Increased sales in new customer segments

Net Insight's customers expand their offerings through acquisitions, mergers, partnerships and product development. This, combined with the ongoing transition towards IP- and cloudbased solutions, creates an exciting dynamic in the market. Net Insight sees a possibility to increase market share in production as well as primary distribution, and systematically targeted key customers in these markets during the year.

Increase share of repeat license revenues

In response to the shift in the market from hardware to software, from products to solutions and from investment to recurring annual licensing revenue, Net Insight launched a new flexible pricing model last year. This model aims to increase the share of recurring revenue from software licenses. As a result, the Company is seeing a steady increase in customer numbers and sales.

5G time synchronization

Net Insight has a history of innovation and ability to commercialize advanced technology. In recent years demand for time synchronization has increased in many industries, including 5G. The Company has long had a unique solution for GPS-independent time synchronization in national digital TV networks, and we saw that this technology could be adapted to the requirements and needs in mobile 5G networks. This initiative resulted in our first major deal with the mobile operator Türk Telekom in 2021 and a further deal the following year with Swedish mobile operator Three Sweden. These deals have opened new opportunities for Net Insight to expand in a new, important market segment with significant growth potential. For further information on this initiative, see Synchronization for 5G.

Expanding into adjacent technology and market segments

Demand for time synchronization has also grown in adjacent market segments such as blue light networks, fintech, power networks and other critical network applications. These industries offer further expansion opportunities for Net Insight.

> **"Increased growth and profitability in recent years proves that our long-term strategy is effective"**
>
> Crister Fritzson, CEO

Why invest in Net Insight´s shares

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

1

Strong position in a rapidly evolving market

For 25 years, the largest sports, news and entertainment events have been delivered to audiences around the world using Net Insight's secure, reliable media transport technology. The market is now undergoing a major shift towards open IP- and cloudbased solutions, in a rapid process that generates significant potential. With a broad product portfolio for fiber, IP- and cloudbased media transport, the Company is well-positioned. This makes Net Insight a strong partner for its customers in the transition faced by the industry.

2

Proven ability to commercialize leading-edge technology

Innovation has been a recurring theme throughout Net Insight's history. The Company has continuously developed new products and solutions, ranging from the underlying technology of the Nimbra platforms to the Sye platform that was sold to Amazon in 2020 and, recently, solutions for GPS-independent synchronization of 5G networks. After the breakthrough order from Türk Telekom in 2021, Net Insight secured deals this year with Three Sweden and one of Canada's leading mobile operators.

3

Profitable growth and strong financial position

Net Insight's strong financial position enables flexibility and ensures the right conditions for planned investments in tech development and sustainable growth. Increased sales and a higher proportion of recurring revenue from license-based customer offerings stabilizes sales and reduces sensitivity to individual transactions. In 2022, we delivered on our long-term financial target of annual average organic growth of 10% and a long-term operating margin of at least 10%. The Board of Directors decides annually on dividend payment to shareholders, and in the past two years we have returned capital to shareholders through share repurchase.

Operations

Employees

Our employees are our single most important resource, which means that learning, development and well-being are a central focus. We are expanding in a media industry characterized by rapidly advancing technology and a strong need for expertise. We have succeeded in recruiting many new, skilled employees amid intense competition for talent.

Innovation and flexibility are keys to success

Net Insight’s business began 25 years ago at the Royal Institute of Technology, when two doctoral students and a visionary from Ericsson predicted that in the future, 90 percent of Internet content would consist of video and audio. Their ideas quickly led to the development of the Nimbra platform, which today is considered one of the world’s most solid and reliable products for the transport of media services. Today, the Company has just over 500 customers in more than 70 countries.

A focus on learning

We are a learning organization where each individual has the opportunity to influence their situation and role in the Company. Net Insight has short decision paths and an open, secure, transparent environment where knowledge is shared between individuals, both in Sweden and internationally. This creates the right conditions for innovation, which is a recurring theme in Net Insight’s history.

Goal-oriented leadership

A hybrid working model makes increasingly high demands on individual employees in terms of their responsibility for their role and the Company's development. But it also places higher demands on managers' leadership in the Company. We believe that clear, well-communicated targets give employees a sense of security and create a platform for qualitative monitoring of work carried out.

Global competition for talent

As a growth company, it is crucial for Net Insight to attract top talent. However, competition for talent has become increasingly tough post-pandemic. Growing opportunity to work online is smudging geographic boundaries, and employees are competing in a global market. At the same time, this opens up opportunities for Net Insight. During the year we established a development unit in India in partnership with an external company, which enables us to access talented Indian developers. Despite the challenging current situation, we have quickly succeeded in recruiting and building an organization in 5G synchronization.

Work environment high on the agenda

Net Insight is committed to employee well-being and regularly organizes after-work activities, breakfasts, coffee breaks and opportunities to play padel. We offer a generous wellness allowance, massage treatments and a range of health-promoting activities, including a digital fitness app that benefits overall health as well as team spirit. We also actively promote dialog between management and employees, and were awarded top 10 ranking by IT students in the annual survey of Karriärföretagen (Career Companies).

New CHRO

At year-end, Net Insight recruited a new CHRO with responsibility for the company's continued strategic development, focusing on areas including competence training, efficiency and development of corporate culture. This recruitment will strengthen our ability to be an attractive employer and find the leading-edge competencies we need to continue to excel as an innovator in media tech.

Proud sponsor of Rise

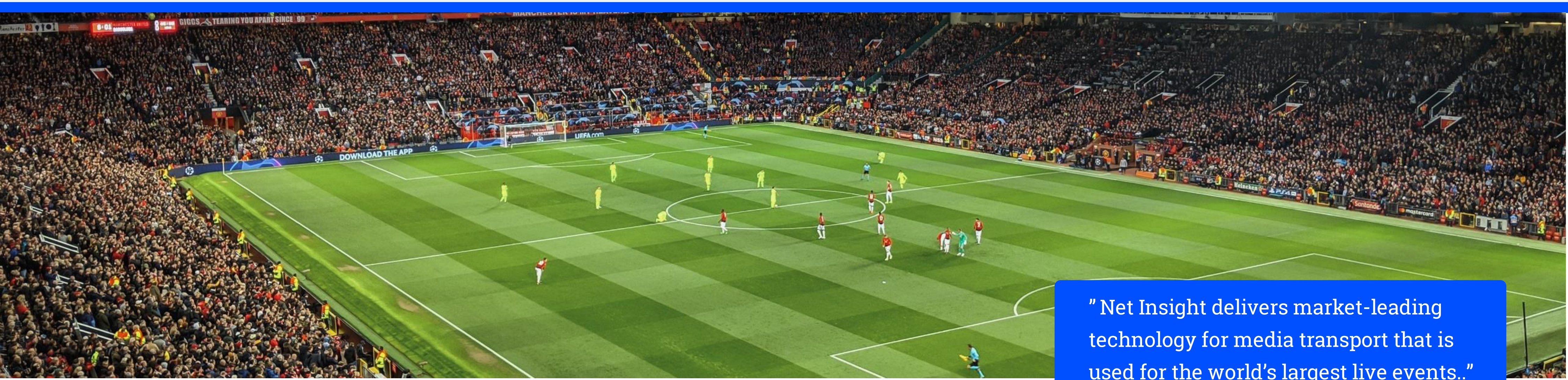
In 2022–2023 Net Insight are sponsoring Rise, a global advocacy membership organization supporting women in the TV media technology industry. Rise offers a mentoring program where we have two mentors and three adepts. In the fall of 2022, two of our employees were shortlisted for the annual Rise Awards in the categories "Marketing & PR" and "R&D Engineer", which we are very proud of.

"Working at Net Insight is fun and provides opportunities for personal development. Our modern office is a great place to meet and be in. I'm proud to work at a company that develops and sells solutions to customers worldwide. Broadcasters, production companies, service providers and all their millions of end customers depend on our solutions working – which they do."

Michael Anderson Technical Sales Specialist, Synchronization, Net Insight, Sweden

"In my role, I help our customers to get started with our products, configure and build their own networks. As our solutions are constantly evolving, I continuously update my knowledge in new and emerging technologies. Working with such a fabulous team of friendly experts from all over the world is incredibly valuable."

Natasha Peters, Global Training Manager, Net Insight, Australia



> " Net Insight delivers market-leading technology for media transport that is used for the world's largest live events.."
>
> Christer Bohm,
> VP Product Management
> Net Insight

Media Networks

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

Increased demand for open solutions

To create flexibility and openness and avoid locking in products and standards, the whole industry is moving towards standard solutions. Our proven Nimbra solutions can provide IP Media Gateway to new and existing customers, who can later easily integrate them into future IP networks. Our customers benefit from our long history of reliable media networks with our Nimbra platform.

Increased need for security

This greater flexibility and openness also makes media solutions more vulnerable to the risk of external disruption, for instance due to incorrect use or hacking. There is a great need to monitor quality and control access, traffic and IP addressing. Net Insight's Trust Boundary, which is available in all solution areas, has the advanced functions needed to make a seamless transition to IP – in a safe, overseeable way.

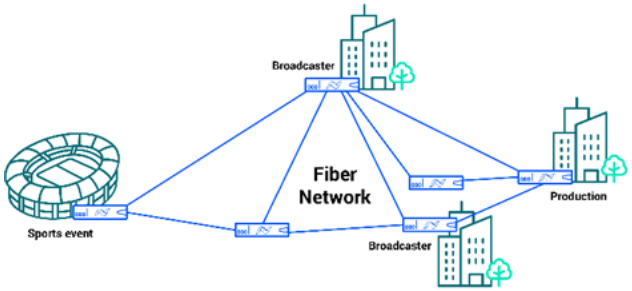
Focus on usability

As the media industry progressively transitions to IP- and cloudbased workflows, there is growing demand for products and applications to be simple to manage and implement. This is also one of our most important customer promises. Our scalable, software-based Nimbra Edge solution plays a central role in this regard. It is known for being the industry's most open and easy-to-use cloud solution, and controls live video traffic in a simple manner.

Secure and flexible solutions with IP Media Gateways

IP Media Gateways are solutions built to be used in IP networks. Net Insight offers two types of IP Media Gateways: the Aperi 1100 series for smaller events and Nimbra 1060 for larger events. Both have embedded IP Media Gateway functionality with very high performance, and the products complement each other well. The products convert data from one media format to another and transport the information over open IP networks, and compress and monitor traffic. Service providers, broadcasters and production companies can also use general data networks for advanced media traffic. Customers include Astound Business Solutions and Telstra. The increased use of IT solutions generates synergies between live and non-live production and other parts of media company operations, which speeds up production processes and reduces costs.

Robust Nimbra MSR delivers in demanding environments



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

Nimbra MSR is used by broadcasters and production companies such as TV Globo, WDR and SVT, who build dedicated networks with a high proportion of live traffic and require easy-to-use total solutions. They are also sold to major service providers of live TV such as Eurovision Services, The Switch and Tata Communications. With the introduction of new functions such as ST 2110, JPEG XS in 2022, Nimbra MSR will continue to play a key role in our customers' transformation. Nimbra MSR products present a unique opportunity to retain and control quality over various types of fiber network, which is important for TV production. Nimbra MSR can integrate IP Media Gateway functionality, which offers opportunities to grow solutions flexibly and cost-effectively.

Cloud transport continues to grow

Net Insight offers two products in cloud and Internet transport: The Emmy® Award winning Nimbra 400 that adapts live video signals for transport over the Internet, and Nimbra Edge, an open, scalable, software-based cloud product that directs and controls live video traffic in a simple manner. The latter is known for being the industry's most open and easy-to-use cloud solution system, and won the "Best in Market" category by TVB Europe in 2022.

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

Significant events in 2022

IP Media Trust Boundary Best in Show at IBC 2022

Supply of equipment for the 2022 World Cup

Upgrade of Nimbra platform with advanced ST 2110 functions

French Globecast new Nimbra Edge customer

Nimbra Edge won TVB Europe's "Best in Market" category.

Investment in development of Nimbra Edge

New development site in India

Committed and highly appreciated support
With extensive experience and technical expertise in our products and solutions for media transport, Net Insight's global support organization provides secure contact and good collaboration, which many of our customers greatly appreciate.

Customers and marketing

Net Insight continues to constantly develop its sales strategy in media to meet the market's transformation and new requirements and improve customer value. With a skilled global team and competitive solutions, the Company is a strong, sustainable partner. In order to meet the market's demands, we have introduced five strategic focus areas.

"Net Insight's ability to support existing and new customers on their journey has never been better"

Mårten Blixt, CCO Net Insight

Stronger local presence in sales regions

As part of efforts to increase regional presence and impact, during the year Net Insight carried out restructuring, added resources and replaced its two former regions with the current three regions AMERICAS, EMEA and APAC. These changes were successful in 2022, giving the Company excellent coverage in its local markets.

Addressing more customer segments

To increase opportunities for growing its market share, last year Net Insight initiated efforts to address more customer segments in what will be a long-term and important transition. The focus is on the target groups service providers, broadcasters and production companies, for which the Company identified specific value offers during the year.

Focus on growth areas

The strengthening of our sales organization that started in 2021 continued in 2022, with a focus on our growth areas IP Media Gateway and cloud, where new skills were added during the year. A new Sales Business Development team was also established to bring our products and solutions to market more quickly and efficiently.

Partners are increasingly important

Net Insight operates with both a direct and an indirect business model in which approximately two thirds of sales take place through direct sales using Net Insight's own sales teams and one third taking place indirectly via system integrators, distributors and partners. As part of the sales strategy, Net Insight will increase its focus on indirect channels in all regions.

Clearer communication

Net Insight has various activities to clarify its customer offerings. One example is the launch of a new website with the theme "Who you are matters" that enables our customers – broadcasters, production companies, service providers and mobile operators – to more quickly and easily find solutions that meet their needs.

"We see a need to expand our sales channels through new partners, something we have focused strongly on during the year. Of particular interest are system integrators with expertise in IP and cloud. Being based in Singapore, I have good opportunities to help our customers – many of whom have repeat deals with us – with the transformation that is under way in the media market.

Kenth Andersson, Head of Sales APAC

Synchronization for 5G

Net Insight provides critical synchronization in 5G networks

Strong investments are being made in a rapid expansion of 5G mobile networks around the world. Even though approximately 500 of the world's 800 operators have started investing in 5G equipment in their mobile networks, 5G is still only at the beginning of its development. In 2022, just under 40* operators globally had commissioned a 5G network dedicated to 5G traffic, both in core and access networks, SA 5G (Stand Alone 5G). In most countries, the expansion has mainly occurred in larger cities, and operators are poised for the next major rollout phase to cover all regions. Unlike 3G and 4G, 5G requires more precise timing in all base stations, which increases the cost of handling synchronization in mobile networks from a few permille of the total rollout cost in 4G networks to approximately 3–5%** in 5G networks. Because of this change, 5G synchronization is now a fast-growing market that is expected to be worth USD 1 billion by 2025**. Time synchronization is a key function in future 5G networks and is critical in order to be able to use TDD (time-division multiplexing). This in turn gives operators better capacity utilization and opens opportunities for more demanding real-time applications. Our solution is especially advantageous for operators with heterogeneous networks as it does not require upgrades and investment in existing infrastructure.

New challenges create opportunities for Net Insight's Precision TimeNet

5G operators are challenged by a need to distribute accurate timing to all base stations in a short space of time. GPS is increasingly regarded as not being sufficiently secure and reliable for critical networks like 5G, and there is a growing awareness of how sensitive these systems are in the event of major conflicts such as those happening in the world today. Today's standard for distributing correct time in IP networks, Precision Time Protocol (PTP), requires support in all hardware, from central atomic clocks to all 5G base stations, which entails complex, costly and time-consuming upgrades. This necessitates major upgrades and, in many cases, replacement of all network equipment, which significantly increases the cost and complexity of 5G rollouts.

These challenges pave the way for Net Insight's cost-effective, fast, future-proof time synchronization solution Precision TimeNet, which has aroused keen interest among operators worldwide. Besides being fully GPS-independent, this solution offers faster 5G rollout as it requires neither hardware nor software upgrades to be carried out by operators. Precision TimeNet is connected directly to existing networks via Ethernet and works as an overlay service that transports timing from anywhere to anywhere in the network.

The solution is completely open and independent of other providers' network equipment. It also handles all types of infrastructures, including leased connections, which today's hardware-dependent solutions (PTP) cannot manage. Because the time synchronization is separated from other transport in the network, the solution is both independent and extremely scalable, which is in line with the new open, virtualized network architecture for 5G.

Precision TimeNet also significantly lowers operating costs by drastically reducing the number of participating network elements and making it possible to visualize a network's synchronization performance at all sync links and in all sync nodes with the help of hundreds of synchronization metrics in real time. The telemetry offered facilitates troubleshooting and provides optimized and more reliable synchronization.Many operators in both the US and Europe have significant leased capacity in their networks, and our solutions offer them unique opportunities to measure the performance of these leased links. In this way, in addition to reducing operational costs, Precision TimeNet contributes to improved network and traffic planning, which can lead to higher capacity utilization in the network. Simply put, you get more network for your money.

Sustainable and future-proof for our customers

Security is another area that raises important questions, as 5G networks are increasingly regarded as being critical to the functioning of society. In the future, these networks are expected to encompass services such as the police, fire and ambulance services, autonomous vehicles and real-time critical applications in industry, which further increases the requirements for security and reliability. Precision TimeNet includes strict authentication and encryption and is immune to the vulnerability associated with GNSS/GPS, making it a highly sustainable and future-proof alternative for 5G operators.

*Global Mobile Suppliers Association (GSA), December 2022.

**Gartner Group, A.T. Kearney report 2021

High activity in the development project

The development project for 5G synchronization progressed as planned during the year, and the level of activity was gradually increased.
Special focus has been given to collecting results from field installations in live 5G networks in close collaboration with customers. The results are very promising, giving us valuable competitive advantages.

At the end of 2021, an important milestone was reached for the development project with the delivery of the first part of the initial order for Nimbra Time Node products to Türk Telekom. The product is based on our existing Nimbra platform in combination with the first release of our new Precision TimeNet for 5G, and is an upgrade on our existingTime Transfer solution. Türk Telekom's rollout has been successful to date, and in the fall they commissioned their 5G network, where time synchronization is based entirely on our GPS-independent solution – another important milestone on our growth journey.

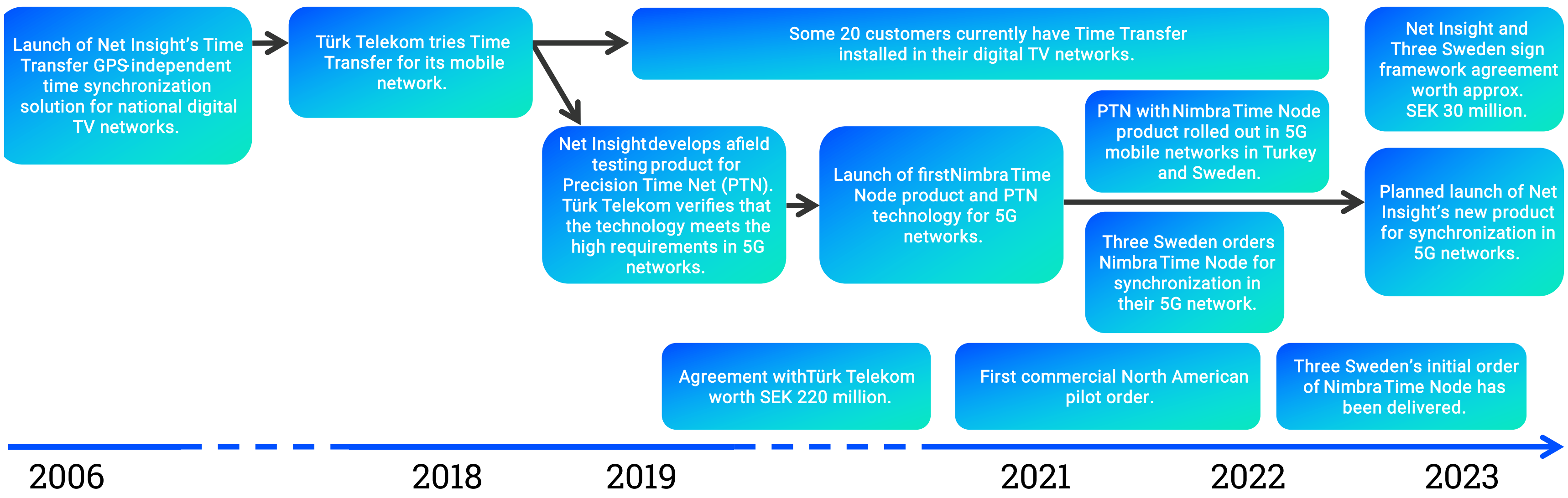
Customers and deals

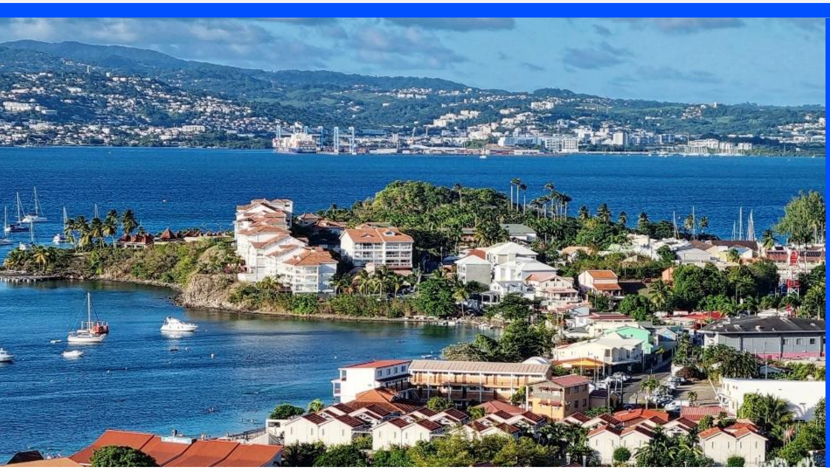
There is a great interest in Net Insight's products targeted at 5G operators. In summer 2022, Net Insight received an order for Nimbra Time Node from telecommunications operator Three Sweden, which is aimed at providing time synchronization in their 5G network. This is the second of several major deals following the breakthrough deal that the Company landed with Türk Telekom in 2021. This deal resulted in the delivery of a large number of nodes comprised of existing Nimbra products combined with a newly developed solution that effectively manages synchronization for 5G. During the fall, Net Insight also received a pilot order from one of Canada's leading mobile operators.

Establishing a new sales organization

During the year, Net Insight began building a dedicated sales organization focusing entirely on the new business initiative relating to 5G synchronization. We have recruited resources in sales, sales support and business development with extensive experience of mobile networks and telecommunications. Sales are initially taking place directly, but also through selected local and global partners. It is natural for us to draw on the solid experience of global distribution that Net Insight has built up over 25 years.

Timeline





"France Télévisions was looking for a reliable, resilient and innovative solution to ensure the exchange of media, video and audio between various local stations abroad and in France. The solution allows us to improve the services provided, while maintaining the level of quality of service required for the public service missions of France Télévisions. In addition, this solution is more economical than the previous one, while making a leap forward in technology."

Jacques Donat-Bouillud, Director of Broadcasting and Distribution Networks Development, France Télévisions

Customer case: Globecast

France Télévisions Overseas selected Globecast and Net Insight for cloudbased media transport

The leading service provider Globecast, with head office in France, has been our customer for many years. The company has a large installation base of Nimbra products in its global media network, and now also offers our cloudbased, Nimbra Edge solution.

First out is France Télévisions, who wanted to replace an earlier solution to achieve greater flexibility and reliability. They now use our cloud solution for both permanent and occasional video contribution feeds, from a central studio in France to and between local studios and press agencies in their territories outside Europe.

"There were multiple drivers behind the project. The solution needed to be as cost-effective as possible, so leveraging a combination of the public internet and the cloud was a priority, while guaranteeing premium service quality. Our expertise in creating large-scale media networks, combined with Net Insight's Nimbra Edge technology, was essential for this project."

Yann Madeleine EVP Sales, Globecast

Providing an easy-to-use and flexible front end to deliver a clear view of what operators were doing and when was also critical. Net Insight's Nimbra Edge high-reliability, elastic platform addresses this requirement by delivering uninterrupted, high-quality media over IP and cloud networks. Customers can easily connect, manage and consume content everywhere.

In combination with Globecast's cloud infrastructure, the solution provides the ability to provision contribution services without the user having to worry about bandwidth limitations, as well as the flexibility to allow additional feeds to be inserted when required, a capability that was previously impossible.

GLOBECAST

"Türk Telekom is the no. 1 lead operator in Türkiye, and it is our responsibility to shape the future and lead the digital transformation. The important collaboration with Net Insight with development of GNSS independent Precision TimeNet ensures we can deploy 5G networks with security, reliability and a faster rollout process."

Ümit Önal, CEO Türk Telekom

Customer case: Türk Telekom

GPS-independent synchronization solution revolutionizes 5G rollout

Time synchronization is critical for 5G to function, and Türk Telekom realized early on the cost and complexity of enabling existing PTP (Precision Time Protocol) solutions across their large national network. Türk Telekom understood that dependence on GPS/GNSS (Global Navigation Satellite System) can negatively effect 5G services, and therefore proactively decided that their 5G network must be independent of GPS and other GNSS solutions.

The companies decided to combine their expertise in 5G and time synchronization to develop the time synchronization solution Precision TimeNet (PTN). This solution enables mobile operators to distribute timing over an existing underlying IP network without the need for costly upgrades for enabling PTP, while meeting increasing regulatory requirements for GNSS independence.

The cooperation between Türk Telekom and Net Insight creates great possibilities to utilize extensive experience from the fixed and mobile 5G network covering all of Türkiye in the development of the synchronization solution. As the first operator to use this new technology, Türk Telekom has the advantage of early evaluation and getting feedback from a large nationwide synchronization network. Both companies intend to share their experiences in international standardization.

Türk Telekom is currently in the phase of expanding the PTN network, which is now operational in all Turkish regions. Measurements with live 5G radio have been performed and the results show that the solution accurately distributes timing across Türk Telekom's national network.

Türk Telekom
Değerli Hissettirir

Sustainability Report

Sustainability Report

The Materiality Analysis that governs the direction of the Company's sustainability work continues to be based on the UN Agenda 2030 and its 17 Sustainable Development Goals. Agenda 2030 was adopted by the United Nations General Assembly in 2015 and forms the basis for the sustainability work of governments, businesses and non-governmental organizations. Net Insight focuses on the six goals relating to gender equality, decent work and economic growth, industry, innovation and infrastructure, reduced inequalities, responsible consumption and production, and peace, justice and strong institutions. These six goals are divided into three thematic areas, on which the Company's sustainability reporting is based.

An overarching commitment to sustainable development is encapsulated in Net Insight's business concept, which is to develop, market and sell products that enable users to reduce their climate footprint. The Company's research, development and products are aimed at achieving more cost-effective and environmentally sustainable production and consumption of digital experiences, not least sports experiences. Being able to produce sporting events remotely instead of sending large production teams to the event location, and broadcasting these events live via easily accessible cloud services with the same high quality that was previously delivered through customized and closed networks, creates potential to reach infinite audiences without the audience needing to travel. Smaller events can now also be cost-effectively broadcasted live. Over time, Net Insight's development work and the distribution of the Company's products and services make a significant contribution to a world where major events and experiences are increasingly produced and consumed digitally, without travel that negatively impacts the climate.

About the Company's sustainability work

The Board of Directors has overall responsibility for Net Insight's corporate governance, including sustainability work. The Board of Directors is responsible for the guidelines governing many of the sustainability areas in this report, and the Board has been informed about the results of the materiality analysis. Further information on this year's Board work can be found in the Corporate Governance Report on pages 38-42. The CEO, with the support of management, is responsible for ensuring that all employees understand and comply with applicable legislation and the Company's policies and guidelines.

The Sustainability Report has been produced to satisfy the requirements of the Swedish Annual Accounts Act.

Environment

Goal 9 of Agenda 2030, Industry, Innovation and Infrastructure, aims to build resilient infrastructure, promote sustainable industrialization and foster innovation. Goal 12 is Responsible Consumption and Production.

These two goals directly relate to Net Insight's core business, which is to develop and sell products and solutions that enable live media transport of very high quality. Remote production allows the media industry to lower its production costs. Raised productivity means, above all, that more events can be produced. This, in turn, allows an increasingly large audience to watch their favorite events at home or at a venue close to their home.

An interesting consequence is that sports and cultural events that previously had a limited audience can now be distributed very widely via live streaming and reach physically dispersed audiences who may not have partaken of the event had it not been easily accessible remotely. This can bring greater financial stability to more sporting events and to the experience-based industry overall, and paves the way for a general transition to more experience-based consumption. When the experience industry shifts on a global scale towards remote production and consumption, this has a significant impact on the overall level of harmful climate emissions. One evident sign of this is that the OB (Outside Broadcasting) buses that were previously a familiar sight outside sports arenas, concert venues and press conferences are becoming increasingly rare.

During the year, Net Insight's cloudbased flagship product Nimbra Edge continued to be developed and has found more customers. The product radically reduces the need to use hardware, which in itself cuts environmental impact. Net Insight continues to develop smart, cloudbased services and products and believes this is the direction the world needs to go in.

Reduction in travel continues

The pandemic resulted in a radical reduction in physical travel and a lower climate footprint during most of 2020 and until spring 2022. After an initial transition period, remote working proved to be a more viable working model than had previously been assumed. While offices are excellent for building culture, social interaction and collaboration with colleagues, by no means all working time needs to be spent in an office. Physical meetings, not least trade shows, are excellent opportunities to network more freely with customers, prospects and industry colleagues. However, once a contact is well-established it is often sufficient to meet remotely. As a result, travel has increased slightly since the pandemic but not to the same level as previously. Our new Remote Working Policy was rolled out in April 2022 with a clear aim to make use of the lessons learned during the pandemic about efficient remote working. An innovative company like Net Insight cannot be run entirely remotely, given that physical meetings are needed to exchange ideas and build corporate culture. However, tools and methods for remote work and meetings can be used to a greater extent than before.

Product responsibility, recycling and reuse

The general trend is for the Company to sell solutions with an increasingly smaller proportion of hardware and a greater proportion of software. This reduces the use of metals and other finite commodities that cause environmental impact. It also means that added value becomes more dependent on employees' innovation skills, both in relation to product development and support services, which are becoming increasingly important.

Suppliers are required to have ISO 4001 environmental certification and comply with restrictions relating to hazardous substances from the EU's RoHS directive (Restriction of the use of certain Hazardous Substances in electrical and electronic equipment). There is a certain risk of gold and tin having been mined in conditions of armed conflict. Such materials are known as conflict minerals. There is a concerted drive within the industry to prevent the use of such metals in production. However, it cannot be excluded that the supply chain disruptions caused by the pandemic and Russia's war against Ukraine, which have created a sometimes acute shortage of certain commodities, have increased the risk of conflict minerals entering various stages of the production chain. The end of the pandemic and the re-establishment of functioning supply chains have meant that the electronics industry can gain better control of checking origins and, hopefully, tighten up compliance.

An important aspect of sustainability is that products should use as little energy as possible during their lifespan. Nimbra 1060 uses roughly half the amount of energy as previous generations of equivalent products, and represents a growing share of sales. In addition to lower energy consumption, a large proportion of the products' content is recycled by spent components being recovered in connection with service and repairs.

Reduced climate impact from office premises

The move to our new office in Solna near Stockholm has reduced climate impact from our physical operations. The property owner has an ambitious program for reducing the energy used for heating and cooling the office and cooling our server equipment. The office is environmentally certified according to the international BREEAM-SE standard, which entails top-class energy efficiency with very high requirements for water, energy and waste efficiency. Among other things, a free cooling system is used where cold outdoor air is utilized to cool the servers, while surplus heat is utilized for heating the office premises.

Employees and social environment

In the area of human resources, we work with three of the UN's global goals: Goal number 5, Gender Equality, regards equitable distribution of power, influence and resources between women and men. Goal number 8, Decent Work and Economic Growth, relates to decent working conditions, safety and creating prerequisites for innovation. Equality in a broader sense is the focus of Goal number 10, Reduced Inequalities, which is based on the principle of equal rights and opportunities for everyone, regardless of gender, ethnicity, religion, ability, age and other social identities.

Continued efforts to achieve a more even gender distribution

Net Insight operates in a technology industry that has traditionally had a preponderance of men. The proportion of women, both overall and in executive positions, has been around 20 percent for a long time, but is slowly rising. Since the pandemic, focus has been placed on actively recruiting women and supporting existing female employees in developing and advancing their careers in the Company. Post-employment support is, not least, important in an industry that wants to achieve a more even gender distribution.

The management team was comprised entirely of men during the year, which is not satisfactory from a gender equality perspective. In January 2023, we welcomed a new female CHRO (Chief Human Resource Officer) to the management team. The Board of Directors has five regular members of which three are women, including the Chair of the Board. Due to tough competition in the recruitment market, we make great efforts to recruit the most skilled employees while aiming for a more balanced gender distribution.

A good work environment is a powerful competitive tool. Net Insight is a member of the employer organization Almega, and entered into a collective agreement two years ago. The transition to the collective agreement's terms and conditions has been completed, and ongoing salary reviews are carried out to ensure equal pay for equal work. No significant deviations have been identified during these reviews, but an action plan is in place for making continuous adjustments so that even minor deviations can be corrected.

A key aspect of an attractive workplace is having wellness activities that promote good physical health and social interaction between employees. Such activities can include wellness allowances, sponsorship of fees for participating in competitive sporting events, and internal activities where teams compete by logging their fitness activities. Offering wellness activities is based on the conviction that there is a causal relationship between regular physical activity and general enjoyment of life, including working life.

Diversity

Net Insight operates in a global market where both customers and employees are spread out around the world. Experience has shown that culturally diverse work teams are effective at creating competitive offerings for international markets. All our internal communication is available in English, and in other respects too, the whole organization is adapted to include people from different countries and cultures in its work. For example, candidates seeking employment with us are required to speak fluent English, but not necessarily fluent Swedish, even when working in Sweden. This enables us to recruit more widely than having fluency in Swedish as a requirement.

We have various policies in this area. These include Net Insight's Equality Policy for Gender Equality, our Diversity and Inclusion Policy and our Policy Against Harassment and Offensive Treatment. Each policy has related action plans.

Ethics, responsibility and human rights

Net Insight is dependent on markets that are subject to the rule of law, since this is a prerequisite for a sound market economy and fair competition. By the same token, Net Insight is required to observe sound and ethical business standards that prevent conflicts of interest in connection with purchasing and sales. Goal 16 of Agenda 2030, Peace, Justice and Strong Institutions, relates to the importance of inclusive, responsible and fair institutions and good governance free from conflict, corruption and violence.

The Company’s Business Ethics Policy is the overarching framework ensuring that the Company and its employees act within applicable laws and regulations, promote sound competition and observe strict business ethics. There are also guidelines regarding appropriate and inappropriate gifts and business entertainment. Strict rules and regulations are, not least, important in an international environment, since it cannot be assumed that identical standards are applied in all local cultures.

The instructions and guidelines, together with the Company’s Anti-Corruption Policy, aim to protect the Company from behavior that is or could be considered inappropriate or otherwise problematic. Zero tolerance for bribes and other forms of corruption plays a central role, as does ensuring that this approach also encompasses, for example, distributors, agents, suppliers and other close business partners.

Net Insight is listed on the stock exchange, and the Company’s Insider Policy includes 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 legislation.

Training and whistleblowers

New employees complete a digital Onboarding Course to ensure familiarity with the Company’s work procedures and internal policies. When the collective agreement was entered into, all the Company’s employees completed the course regardless of whether or not they had done so before. The course is updated continuously and all employees repeat it with a certain regularity. Good knowledge of the Company’s work procedures is the primary way to prevent irregularities.

There is an internal function that employees can use to anonymously report suspected misconduct. This could relate to gifts that may be excessive, services that could be regarded as bribery or inappropriate behavior towards colleagues or others. All these matters are handled confidentially and the person reporting can choose to remain anonymous

Corporate Governance Report

Board of Directors

Gunilla Fransson

Chair of the Board and Chair of the Remuneration Committee. First elected 2008.

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

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

Jan Barchan

Board Member and member of the Remuneration Committee. First elected 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, Skolia AB and BM Malmö AB. Independent of the company and management, dependent of the largest shareholder Briban Invest AB.

Shareholdings in Net Insight: 54,954,225 class B shares, whereof 53,152,568 B shares through Briban Invest AB.

Charlotta Falvin

Board member and Chair of the Audit Committee. First elected 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, Tobii AB, Tobii Dynavox and NEL ASA in Norway. Independent of the company and management, independent of the company's major shareholders

Shareholdings in Net Insight: 0 shares.

Torbjörn Wingårdh

Board member and member of the Audit Committee. First elected 2022.

Born: 1964 Torbjörn holds a Degree of Master of Science in Business and Economics, Stockholm School of Economics. Current position: CFO at Stockholm School of Economics. Previous experience, CFO at RaySearch Laboratories AB (publ), CFO at Mycronic AB (publ), CFO business area Saab SDS and senior positions within Investor AB in Sweden and USA. Independent of the company and management, independent of the company's major shareholders.

Shareholdings in Net Insight: 250,000 class B shares.

Cecilia de Leeuw

Board member. First elected 2022.

Born: 1968 Cecilia holds a Master of Science in Industrial Engineering and Management, The Institute of Technology at Linköping University. Current positions and other significant duties: CEO at C-RAD AB. Board member and chairman of the Remuneration Committee for Kambi. With Ericsson and Tietoevry, she held various senior leadership positions. Cecilia has more than 25 years' experience in complex system sales, Key Account Management and global product management, including postings for Ericsson in Asia and North America. Independent of the company and management, independent of the company's major shareholders.

Shareholdings in Net Insight: 10,000 class B shares.

Stina Barchan

Personal deputy for Jan Barchan. First elected 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.

Shareholdings in Net Insight: 0 shares.

Executive Management

Crister Fritzson

CEO

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

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

Warrants: 800,000.

Joakim Schedvins

CFO

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

Shareholding in Net Insight: 0 shares.

Warrants: 350,000.

Per Lindgren

CTO

Born: 1967. Per Lindgren is Group CTO of Net Insight and a founding member of the company. He also heads the new business initiative and product area within Synchronization. Per holds a Ph.D. in Telecommunications from KTH, Royal Institute of Technology in Stockholm

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

Warrants: 550,000.

Christer Bohm

VP 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 shares.

Warrants: 350,000.

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.

Shareholdings in Net Insight: 0 shares.

Warrants: 350,000.

Mårten Blixt

CCO

Born: 1975. Mårten Blixt has more than 20 years of experience from leading international CEO and sales executive roles primarily in the software and IT industry, with expertise in leading global companies and developing organizations. Most recently as Regional Manager for the Nordic region at Questback, a market-leading SaaS supplier. Prior to that, he was the Nordic CEO of the global software and IT company Insight Technology Solutions AB for several years. Since August 2020, Mårten has been working as the Chief Commercial Officer at Net Insight.

Shareholding in Net Insight: 0 shares.

Warrants: 350,000.

Mats Herolf

VP R&D

Born: 1972. Mats Herolf holds an M.Sc. in Electrical Engineering from KTH, Royal Institute of Technology in Stockholm and an M.Sc. in Finance and Accounting from the Stockholm School of Economics. Mats has been employed at Net Insight since 2004 and worked in many different roles. Most recently heading the Stockholm R&D department. Mats was previously working for Cisco Systems.

Shareholdings in Net Insight: 35,000 class B shares.

Warrants: 250,000.

Tove Bylund

CHRO

Born: 1980. Tove Bylund holds a Master in Human Resource Management from Université de Créteil in Paris. Tove has 15 years of experience in broad HR work and most recently comes from Wise Consulting, where she held various global and senior positions at e.g., Ericsson and H&M. Before that, she has experience from, among others, Teracom and Capgemini Consulting. Tove joined Net Insight in January 2023.

Shareholding in Net Insight: 0 shares.

Warrants: 0

Corporate Governance Report

This Corporate Governance Report has been prepared by the Company's Board and presents the corporate governance for the financial year 2022. The Corporate Governance Report is presented in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code. The Corporate Governance Report has been reviewed by the Company's Auditor KPMG, and the Auditor's Statement can be found on page 117.

Corporate Governance at Net Insight

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

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

Net Insight applies the Swedish Corporate Governance Code ("the Code", available at www.bolagsstyrning.se). There were two departures from the Code during the year: Departure from the Code 4.2: A personal deputy was appointed for Board member Jan Barchan (Briban Invest) for reasons of continuity; departure from the Code 2.4: Board member Jan Barchan was elected Chair of the Nomination Committee due to the Company's ownership structure.

The Articles of Association are the Company's overarching internal control document. The Annual General Meeting makes decisions relating to changes to the Articles of Association. The applicable Articles of Association were adopted by the Annual General Meeting on May 13, 2022 and can be found on the Company's website: netinsight.net/sv/investors/bolagsstyrning/.

The Company did not contravene Nasdaq Stockholm's Rules for Issuers in 2022.

Shareholders

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

Distribution of shares as of Dec 30, 2022	2022
Number of shareholders:	11,671
Number of Class A shares:	1,000,000
Number of Class B shares:	367,758,009
of which Class B shares held in Treasury:	-11,415,000
Total number of shares:	368,758,009
Number of votes:	368,758,009

The three largest shareholders at the end of 2022 were Briban Invest with 14.1 percent of the votes, Avanza Pension with 5.0 percent of the votes and Nordnet Pension with 3.5 percent of the votes.

Annual General Meeting

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

Net Insight's Annual General Meeting 2022 was held on May 13, 2022.
The following main decisions were reached:

- Board Chair Gunilla Fransson was elected Chair of the AGM.
- The Parent Company and Consolidated Balance Sheet and Income Statement were adopted.
- It was decided that the Company's earnings would be carried forward and that no dividends would be paid.
- The Board members and CEO were discharged from liability for the financial year 2021.
- The number of Board members should be six with one deputy.
- Gunilla Fransson, Jan Barchan, Mathias Berg and Charlotta Falvin were re-elected as Board members. Cecilia de Leeuw and Torbjörn Wingårdh were elected as new Board members. Stina Barchan was re-elected as personal deputy for Jan Barchan. Gunilla Fransson was re-elected Chair of the Board.
- It was decided that SEK 2,315,000 would be paid to the Board of Directors, divided between SEK 700,000 to the Chair, SEK 250,000 to Board members, SEK 125,000 to Board deputies, an additional SEK 100,000 to the Chair of the Audit Committee, an additional SEK 50,000 to members of the Audit Committee, an additional SEK 50,000 to the Chair of the Remuneration Committee, and an additional SEK 40,000 to members of the Remuneration Committee.
- KPMG AB was elected as the Company's audit firm. Remuneration to the auditor, to be on approved account.
- It was resolved to approve the Board of Directors' proposal regarding new guidelines for remuneration and other terms of employment for senior executives.
- The Remuneration Report for 2021 proposed by the Board was adopted.
- The AGM resolved to authorize the Board of Directors to repurchase shares totaling up to 10 percent of all the shares in the Company during the period until the next AGM is held.
- The AGM resolved to reduce the Company's share capital by SEK 847,000 for allocation to non-restricted equity through the cancellation of 21,175,000 Class B shares held by the Company in treasury.
- The AGM resolved on a warrant program (LTI 2022) for the CEO, management and key personnel for a maximum of 3,700,000 warrants.
- The AGM resolved on changes to the Articles of Association with regard to postal voting and collection of powers of attorney ahead of the Annual General Meeting.

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

Nomination Committee

In accordance with the instructions for the Nomination Committee adopted at the AGM, Net Insight's Nomination Committee is composed of the Chair of the Board and three of the Company's shareholders with the largest number of votes.

The composition of the Nomination Committee ahead of the Annual General Meeting 2023 was announced on October 17, 2022 and comprised Jan Barchan (Briban Invest AB), Jesper Bergström (Handelsbanken fonder), Andreas Larsson (Successway AB) and Chair of the Board Gunilla Fransson. The Nomination Committee appointed Jan Barchan (Briban Invest) as its Chair.

The Nomination Committee held five meetings where minutes were kept in preparation for the AGM 2023, prior to the signing of the Annual Report. In order to assess the degree to which the current Board satisfies the requirements made on the Board as a result of the Company's position and future focus, the Nomination Committee has discussed the size and composition of the Board, e.g. in terms of industry experience, competencies and diversity. The Board applies the Swedish Corporate Governance Code 4.1 as its Diversity Policy, which means that the Board shall have an expedient composition in relation to the Company's operations, stage of development and other aspects, characterized by versatility and breadth relating to the Board members' competencies, experience and background. An even distribution between the sexes shall be sought.

Auditor

According to the Articles of Association, Net Insight shall appoint one to two Auditors with or without Deputy Auditors. The stipulated term of office for Auditors is one year.

Until the close of the Annual General Meeting 2022, Deloitte AB was the Company's auditor, with authorized public accountant Therese Kjellberg as Auditor in Charge. At the Annual General Meeting 2022, KPMG AB was elected as the Company's auditor until the close of the Annual General Meeting 2023, and authorized public accountant Henrik Lind was Auditor in Charge.

Board of Directors

The Board of Directors administers the Company's affairs in the interests of the Company and all of its shareholders. The size and composition of the Board ensures its ability to administer the Company's affairs effectively and with integrity. The Board's duties include establishing business goals and strategies, deciding on acquisitions and divestitures, capitalization of the Company, appointing, appraising, and determining remuneration 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 annually, including implementation of the Board's decisions and guidelines.

Work of the Board

During 2022, the Board held ten meetings where minutes were kept. At these meetings, the Board considered standing agenda items for each Board meeting such as the state of the business, year-end and interim reports, budgets, business goals, risks, remuneration of management with principles for variable salary portions, as well as monitoring these matters as well as audit-related matters. The Board meeting following election addressed and adopted the Board of Directors' Agenda and the instructions for the CEO.

Each year, the Chair also initiates an evaluation of the Board's work. The evaluation for 2022 took place through a written questionnaire 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 a year.

Independence of the Board

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

For more information on Board members and the CEO, see pages 34–37.

Remuneration Committee

The Board has instituted a Remuneration Committee charged with consulting on matters concerning salaries, remuneration and other employment terms of the CEO, as well as remuneration programs of a broader nature, such as option programs, for final decision by the Board. The Remuneration Committee decides on matters regarding salaries and remuneration and other employment terms for all staff that report directly to the CEO, and monitors compliance with guidelines on remuneration to senior executives. The Committee reports to the Board on a continuous basis.

The Remuneration Committee members in 2022 were Chair Gunilla Fransson and Jan Barchan. During the year, the Committee held two meetings where minutes were kept.

Audit Committee

Net Insight's Board of Directors has an Audit Committee, charged with obtaining greater depth and efficiency of the Board's overseeing responsibility for internal control, audit, internal audit, risk management, accounting and financial reporting. The Audit Committee shall also prepare matters relating to tendering for auditing and for other audit-related services. In addition, the Committee is responsible for preparing accounting and audit questions that need the attention of the Board. For 2022, the Audit Committee comprised Charlotta Falvin, Chair, Anders Harrysson (part of the year) and Torbjörn Wingårdh (part of the year). In connection with the Annual General Meeting 2022, Anders Harrysson resigned as member of the Audit Committee and was replaced by Torbjörn Wingårdh. Net Insight's CFO and, in some instances, the auditors are co-opted to the Committee's meetings. The Board has adopted the rules of procedure that formalize the work of the Audit Committee. The Audit Committee held seven meetings in 2022. The auditors participated at three meetings. Oral and written reports are continuously handed over from the Committee to the Board, as well as suggestions regarding matters that require the Board's attention.

Attendance in 2022

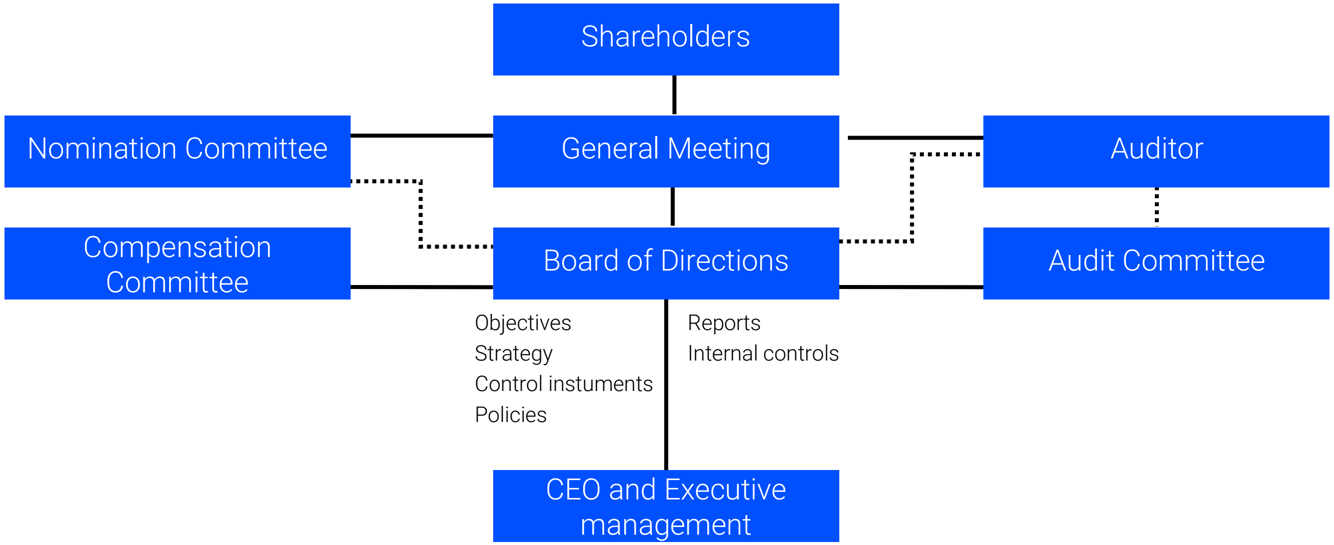
Attendance by each Board member at meetings where minutes were kept is presented below.

Name	Attendance at Board meetings	Remuneration Committee	Audit Committee
Gunilla Fransson	10/10	2/2	
Jan Barchan	10/10	2/2	
Mathias Berg*	8/9		
Charlotta Falvin	10/10		7/7
Kjell Arvidsson**	4/4		
Anders Harrysson**	4/4		2/2
Cecilia de Leeuw***	6/6		
Torbjörn Wingårdh***	6/6		5/5
Stina Barchan	10/10		

*Mathias Berg resigned as Director in November 2022.

*Kjell Arvidsson och Anders Harrysson resigned as Directors at the AGM in May 2022.

*Cecilia de Leeuw och Torbjörn Wingård joined as Directors at the AGM in May 2022.



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 supporting documentation for decisions. 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 pages 36-37.

The Board´s report on internal control

Purpose of internal control

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

- Ensure satisfactory compliance with applicable laws, rules and ordinances.
- Ensure that financial reporting gives a fair and accurate representation of the Company's financial situation and provides shareholders, the Board and management with an accurate basis for decision-making.
- Ensure the Company's operations are organized and conducted so that financial and operational objectives are realized and 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 meets the standards of the Swedish Companies Act and Swedish Code of Corporate Governance. Internal control of financial reporting is an integral part of Net Insight's corporate governance. This control includes processes and methods to safeguard the Group's assets and the accuracy of its financial reporting, in order to protect owners' investments in the Company.

The Board annually adopts rules of procedure that formalize the work of the Board and the processing of matters. The Board issues instructions to the CEO, which Board's authorization or approval. These instructions are reviewed annually. The Board also issues instructions to the CEO regarding financial reporting. According to these instructions, the CEO is responsible for reviewing and ensuring the quality of all financial reporting, as well as ensuring that the Board receives other reports and information 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, i.e. identifying and evaluating the risk of not achieving 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 46-47 in the Administration Report and the Sustainability Notes on pages 48-49.

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

External reporting

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

Risks are assessed continuously as part of Net Insight's daily processes. The finance department evaluates the risk of material error in the financial reporting annually, and determines planned measures to reduce identified risks. The assessment focuses on material Income Statement and Balance Sheet items that are associated with relatively higher risk depending on complexity, or where the effects of potential errors are at risk of becoming extensive because the value of transactions is significant. The results of the analysis of the risk of errors in financial reporting for 2022 have been presented to and discussed with the Audit Committee. The risk assessment forms the basis for the process of ensuring the reliability of financial reporting. This is an important part of the Audit Committee’s decisions as to which of the identified risks should be prioritized. Proposed improvements are identified and implemented continuously.

To facilitate correct and accurate external reporting and risk management, the internal reporting and control system is based on annual financial planning, monthly reports and daily monitoring of key financial ratios. The Group's finance department inspects and monitors reporting as well as compliance with internal and external regulations. Besides laws and ordinances, internal rules and guidelines include finance policies, an approvals list, a financial handbook, credit and accounting principles and documented procedures. These rules 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 control procedures that manage access rights and signatory authority, as well as manual control procedures such as duality, both in regular bookkeeping and closing entries. The business-specific control is complemented by detailed financial analysis 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 being present.

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 2022. In its reasoning, the Board stated that internal control is primarily exercised through:

- The central finance function.
- Management's supervisory control
- Audit Committee

Due to these factors, combined with the Company's size and limited complexity, the Board considers that such a further function would not be financially justifiable at present.

The Share

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

Ownership
The company had 11,671 shareholders on December 31, 2022, compared to 12,984 in the previous year. As of December 31, 2022, the 20 largest shareholders accounted for 44.3 percent of the capital and 44.7 percent of the votes. Foreign ownership represented 22.7 percent of capital, compared to 18.9 percent in the previous year.

Share price performance
The share price decreased by -8.5 percent throughout the year from SEK 6.62 to SEK 6.06. The high in the financial year, of SEK 6.61, was set on December 8, 2028, and the low, of SEK 3.26, was set on March 3. Net Insight's total market capitalization was SEK 2.23 billion on December 31, 2022, down by -13.4 percent on the previous year, when market capitalization was SEK 2.57 billion.

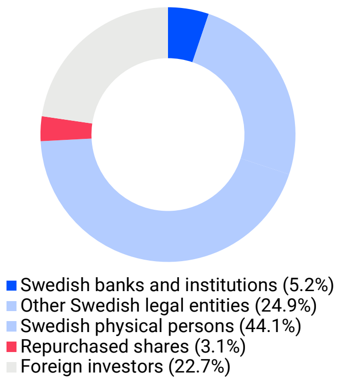
Trading volume
A total of 724 million shares were turned over for a total value of SEK 3.53 billion, corresponding to a turnover rate of 196 percent, in 2022. In 2022, 68 percent of the trading volume was on Nasdaq Stockholm and 32 percent on other marketplaces. An average of some 2.87 million shares were traded per trading day in the financial year, an increase of 11 percent on the previous year.

Share capital
In 2022, in accordance with the decision at the 2022 AGM, the company's share capital was reduced by SEK 847,000 through cancellation of 21,175,000 own B shares held by the company. Share capital was SEK 14,750,320 as of December 31, 2022. There were 1,000,000 class A shares and 367,758,009 class B shares, a total of 367,758,009 shares.In 2022, the parent company acquired 20,130,000 of its own class B shares through purchases on Nasdaq Stockholm for a total amount of SEK 98.3 million within the repurchase programs decided at the 2021 and 2022 AGM's. The parent company's holding of own B shares as of December 31, 2022 amounted to 11,580,000 shares

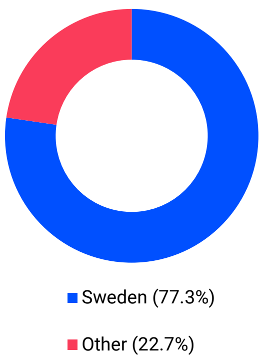
There were 1,000,000 class A shares and 356,178,009 class B shares, a total of 367,758,009, shares outstanding as of December 31, 2022.

For more information, see The share and sharheholders on page 44 and Note 24 on page 100

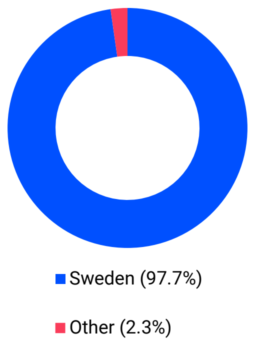
Ownership structure (capital, %)



Proportion of owners (capital, %)



Proportion of owners (%)



20 largest owners as of December 31, 2022

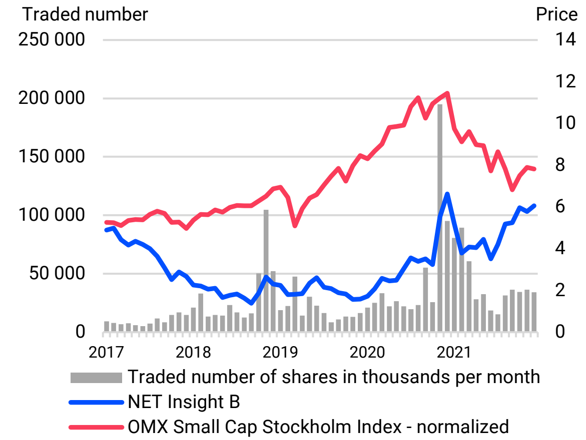
	Name	Class A shares	Class B shares	Holdings (%)	Votes (%)	SEK thousands
1	Briban Invest AB[1]	-	53,152,568	14.4%	14.1%	322,105
2	Avanza Pension	-	18,889,664	5.1%	5.0%	114,471
3	Nordnet Pensionsförsäkring	-	13,272,472	3.6%	3.5%	80,431
4	Wilda Go AB[2]	-	11,715,000	3.2%	3.1%	70,993
5	Net Insight AB	-	11,580,000	3.1%	3.1%	70,175
6	Dimensional Fund Advisors	-	8,302,820	2.3%	2.2%	50,315
7	Handelsbanken Fonder	-	5,970,579	1.6%	1.6%	36,182
8	Nordea Liv & Pension	-	5,846,253	1.6%	1.5%	35,428
9	Cobia Capital Management LP	-	5,551,344	1.5%	1.5%	33,641
10	Edgar Sesemann	-	3,505,000	1.0%	0.9%	21,240
11	Acadian Asset Management	-	3,183,818	0.9%	0.8%	19,294
12	Bajram Nuhi	-	3,090,000	0.8%	0.8%	18,725
13	Mathias Johansson	-	2,950,000	0.8%	0.8%	17,877
14	Marcus Liljeqvist	-	2,770,000	0.8%	0.7%	16,786
15	Rafi Barsum	-	2,500,000	0.7%	0.7%	15,150
16	Mikael Hägg	-	2,500,000	0.7%	0.7%	15,150
17	Abboud Malkoun	-	2,466,006	0.7%	0.7%	14,944
18	Lars Gauffin	600,000	1,469,930	0.6%	2.0%	8,908
19	Allegro Investment, Inc.	-	2,060,000	0.6%	0.5%	12,484
20	Svenska Handelsbanken AB for PB	-	2,000,000	0.5%	0.5%	12,120
Total of the 20 largest owners		**600,000**	**162,775,454**	**44.3%**	**44.7%**	**986,419**
Total other owners		400,000	204,982,555	55.7%	55.3%	1,242,194
Total		**1,000,000**	**367,758,009**	**100.0%**	**100.0%**	**2,228,614**

1) Indirekt innehav av styrelseledamot Jan Barchan. 2) Indirekt innehav av vd Crister Fritzson.

Distribution of share capital

Year	Transaction	shares	shares	shares	Par value (SEK)	Share Capital (SEK)
2012		1,150,000	388,783,009	389,933,009	0.04	15,597,320
2013		1,150,000	388,783,009	389,933,009	0.04	15,597,320
2014		1,150,000	388,783,009	389,933,009	0.04	15,597,320
2015	Conversion of Class A share to Class B	1,000,000	388,933,009	389,933,009	0.04	15,597,320
2016		1,000,000	388,933,009	389,933,009	0.04	15,597,320
2017		1,000,000	388,933,009	389,933,009	0.04	15,597,320
2018		1,000,000	388,933,009	389,933,009	0.04	15,597,320
2019		1,000,000	388,933,009	389,933,009	0.04	15,597,320
2020		1,000,000	388,933,009	389,933,009	0.04	15,597,320
2021		1,000,000	388,933,009	389,933,009	0.04	15,597,320
2022	Cancellation of B shares	1,000,000	367,758,009	368,758,009	0.04	14,750,320

Share price movements 2018-2022



Ownership structure as of December 31, 2022

Shareholding, Number of Shares	Known share-holders, %	Share capital, %
1-1000	57.0%	0.6%
1001-10000	30.8%	3.7%
10001-20000	4.3%	2.1%
20001-100000	5.5%	8.1%
100001+	2.5%	71.9%
Anonymous	0.0%	13.6%
Total	**100.0%**	**100.0%**

Class of shares as of December 31, 2022

Class of stock	Shares	Votes	Equity %	Votes%
A	1,000,000	10,000,000	0.3%	2.6%
B	367,758,009	367,758,009	99.7%	97.4%
	368,758,009	**377,758,009**	**100.0%**	**100.0%**

Administration Report

Administration Report

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

The Board of Directors and Chief Executive Officer of Net Insight AB (publ), corporate identity number 556533–4397, with its registered office in Solna, Sweden, hereby present the Annual Report of the Parent Company and Group for the financial year 2022.Numerical information stated in brackets in this Annual Report are comparative figures for the financial year 2021 or the reporting date of 12/31/2021.Rounding deviations may occur in this Annual Report.

Significant events in 2022

+ Strong growth and best operating earnings in the Company's history.
+ 5G synchronization solution expanded (development of new product, new sales organization, etc).
+ 5G synchronization order with Three Sweden.
+ First customer delivery of advanced ST 2110 functions.
+ Managed challenges related to component shortage.

Divested Operations

The business area Resource Optimization (ScheduALL) was divested on March 31, 2021 and has been included as divested operations in this report. During 2021, the Parent Company also received the final settlement from the divestment of the Streaming Solutions (Sye) business area, totaling SEK 31.6 million. The divestments of the business areas were fully settled as of December 31, 2021. For more information about divested operations, see tables in Note 15.

Comments in this report relate to continuing operations unless otherwise specified.

Operations

Net Insight develops and supplies products and services for media transport and delivery, and is also driving the transformation of video networks with open IP, virtualized and cloudbased solutions that enable our customers to simply and cost-effectively create live experiences.Net Insight enables customers to produce and deliver content in new ways regardless of where viewers are located.

Based on our unique technology in time synchronization, we have also established a new product area for synchronization, including in 5G networks. Net Insight's solution is GPS-independent and delivers the highest precision and performance, while reducing costs and speeding up 5G expansion. We work with telecom companies such as Türk Telekom and Three Sweden.

The company generates revenue from sales of hardware and software licenses, and services.

Net Insight has more than 500 customers in over 70 countries.The Company was founded in 1997 and had an average of 176 (154) employees and consultants in the year, mainly based in its offices in Stockholm, Camarillo (California), and Singapore.Net Insight's products and services are sold 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 September 2022. A new unit responsible for all product lines was created and the development group in the US was integrated with the R&D organization in Stockholm. In connection with this, the Company established a new role (VP R&D) with responsibility for the new unit. Former Director Development Mats Herolf was appointed to this new role. The role is part of the management team. A new CTO group for Media was also established led by Ulrik Rohne, and Per Lindgren was appointed as Group CTO and Head of Sync.

In December, Tove Bylund was recruited as CHRO (Chief Human Resource Officer) with responsibility for leading the Company's HR organization. Tove stepped into the role in January 2023, and in connection with this, responsibility for the HR organization was transferred from the CFO to the CHRO.

The purpose of the changes was to focus and streamline operations, and thus improve the conditions to execute the strategy. Since the number of employees increased in 2022 and further reinforcement of the organization is planned in pace with the Company's continued growth, we see a need to further strengthen the HR function, for instance with a strategic focus. This was one of the reasons for establishing the new role of CHRO. For more information on our efforts to develop our employees and promote a good work environment, see Employees and social environment on pages 30-31.

Tech development

Much of Net Insight's competitiveness is founded on the Company's innovative technology which offers unique benefits in real-time image processing, secure data transmission and GPS-independent time synchronization. As of December 31, 2022, Net Insight had 48 patents and patent applications in 18 patent families, 11 of them with registered patents in one or more countries.

In 2022, the Company submitted applications for two new patent families, mainly in synchronization. Patents were also expanded to include more countries.

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

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

Net Insight's development is carried out in Stockholm and Camarillo (California). Total development expenditure was SEK 139.0 million (109.4), of which SEK 51.4 million (53.0) was recognized as development expenditure and SEK 87.6 million (56.4) as capitalized development expenditure.

Sustainability

For more details, see the Company's Sustainability Report on pages 26-32 and Sustainability Notes on pages 54-55.

Corporate Governance Report

For the Company's Corporate Governance Report see pages 38-42.

The share and shareholders

Share capital was SEK 14,750,320 as of December 31, 2022. There were 1,000,000 Class A shares and 356,178,009 Class B shares, a total of 367,758,009 shares. Each Class A share confers the right to ten (10) votes and each Class B share to one (1) vote. All shares issued by the Parent Company were fully paid up.

The AGM 2022 resolved to authorize the Board of Directors to repurchase shares in the Company on one or several occasions until the next Annual General Meeting, subject to a maximum of 10% of the total number of shares in the Company at any time. The AGM also resolved to authorize the Board of Directors to resolve on one or several occasions in the period until the next Annual General Meeting to transfer (sell) shares in the Company. The authorization to repurchase shares is intended to increase the Board of Directors' scope for action in relation to the Company's capital structure, to create greater flexibility for the Company's distribution of capital to shareholders, and to enable commitments to be secured under the Company's option program. The authorization to transfer shares is intended to make it possible to acquire companies and products, enter into collaboration agreements, acquire working capital, expand the Company's shareholder base or secure commitments under the Company's option program.

At the Board meeting on July 19, the Board of Directors of Net Insight AB decided to utilize the repurchase mandate issued at the AGM to start to repurchase shares in the Company. The repurchase program commenced on July 22, 2022 and will last until the next AGM on May 12, 2023, and comprises a maximum of SEK 70 million.

The AGM 2022 resolved to reduce the Company's share capital by SEK 847,000 for allocation to non-restricted equity through the cancellation of 21,175,000 Class B shares held by the Company in treasury. This cancellation was carried out on August 31.

In 2022, the Parent Company repurchased a total of 20,130,000 of its own Class B shares on Nasdaq Stockholm for SEK 98.3 million under the repurchase programs adopted at the 2021 and 2022 Annual General Meetings.

The Parent Company's holding of Class B shares in the Company as of December 31, 2022 amounted to 11,580,000 (corresponding to 3.1 percent of the total number of shares), at an average acquisition price of SEK 5.33 per share and with a quotient value of SEK 0.04 per share.

There were 1,000,000 Class A shares and 365,178,099 Class B shares, a total of 357,178,009 shares, outstanding as of December 31, 2022. For more information, see note 24 on page 106.

The Board intends to seek the authorization of the Annual General Meeting to cancel previously repurchased shares, and a new mandate to repurchase Treasury shares.

Board member Jan Barchans directly and indirectly owned 54,954,225 Class B shares as of December 31, 2022 (also see page 34), corresponding to 14.9% of the shares and 14.5% of the votes. For information about the Company's major shareholders and the share performance, see pages 43- 44.

Warrants
The Company has two warrant programs where management and key personnel acquired a total of 1,755,000 warrants at a market premium. The warrants have a vesting period of three years, after which the holder has the right to exercise the warrants for subscription of Class B shares in the Parent Company for a period of three months at an exercise price of SEK 5.10 and SEK 6.90 respectively.

The Company has active warrant programs with a total of 4,860,000 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 Accounting Principles, see Note 7 on pages 82-84.

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

Net Sales and Results of Operations

The Group's net sales were SEK 475.1 million (380.7) in 2022, corresponding to an increase of 24.8%, (13.3% in comparable currencies). The sales increase is a result of the strategic measures implemented, which have led to strong sales in Europe, growth among our largest customers, and initial sales of our solution for time synchronization in 5G. Our customers' willingness to invest in order to meet growing demand and higher quality requirements also increased during the year.

The performance of our core business remained stable during the year. We have improved our customer offering and established Nimbra Edge as a highly competitive product among our existing and new customers. We have also launched new, advanced functions in IP Media Gateway. The activity level in 5G synchronization is high, and the first products have started being delivered to customers including Türk Telekom and Three Sweden. In addition, the development of our new synchronization product, which we plan to launch in 2023, has continued according to plan. Region APAC performed well, with a progressive increase in revenues which accelerated at the end of the year. This was partly due to increased market penetration, and the positive effect intensified at the end of 2022 due to the easing of Covid restrictions, which for a long period had had a dampening effect in the region. Most of our customers in the Americas have invested strongly in their networks, which contributed to increased growth in the region, whereas EMEA which saw slightly lower growth than the previous year. The fact that most of our revenues are in EUR and USD resulted in positive exchange rate effects in the year.

Gross earnings for the full-year period amounted to SEK 297.7 million (228.4). Gross earnings included amortization of capitalized development expenditure of SEK -46.2 million (-42.9). Gross margin excluding and including amortization of capitalized development expenditure was 72.4% (71.3%) and 62.7% (60.0%) respectively. The price increases carried out to compensate for cost rises, higher support and service revenues and positive exchange rate effects also contributed to an increased operating margin.

Operating expenses were SEK -234.2 million (-209.1). The increased operating expenses were due to increased sales and marketing expenses linked to the sharp increase in revenue, the initiatives in 5G synchronization initiated in the final quarter of 2021, and a negative exchange rate effect since a significant proportion of the expenses are in USD.

Operating earnings for the full year were SEK 60.5 million (26.8), corresponding to an operating margin of 12.7% (7.0) percent. The sales increase was the main reason for the improved operating earnings. Increased gross margin and positive exchange rate effects also contributed to the increased operating margin. Excluding exchange rate differences of SEK -1.9 million (6.5) and items affecting comparability of SEK -2.6 million (-0.7), operating earnings were SEK 65.0 MSEK (20,9). Also see the table on pages 128-129.

Profit before tax was SEK 68.9 million (28.7), and net income for the year was SEK 54.0 million (23.8), corresponding to a net margin of 11.4% (6.3). For the full year 2021 net income for the year, including divested operations, was SEK -13.1 million, of which SEK -35.9 million related to capital losses from divestment of operations.

Future development (financial targets, etc.)
Sales growth for 2022 was 24.8% (13.3% in comparable currencies), which exceeds our long-term target of an average annual sales growth of at least 10%. Operating margin for 2022 was 12.7%, exceeding our long-term target of an average annual operating margin of at least 10%.

In light of our positive performance in recent years, as well as long-term favorable conditions, the Board of Directors has decided to review the financial targets. Important factors for increased growth include our newly developed product for 5G time synchronization and an expanded offering of cloud and IP Media Gateway solutions, which will be launched in 2023. Our new product for 5G synchronization was launched at the Mobile World Congress in Barcelona at the end of February 2023 and the first units are planned for delivery in late 2023, with a gradual increase in volume during 2024. A higher proportion of support and licensing revenue as well as improved scalability in our business are also expected to contribute to further strengthening our operating margin.

Our new financial targets for the period 2023–2027 are an annual average organic growth of over 15% and the achievement of an operating margin (EBIT%) of 20% during the period.

Initially during the period, we see challenges relating to the current macroeconomic uncertainty.

Net Insight does not make forecasts.

Cash flow and investments, including divested operations.

Cash flow from operating activities was SEK 148.8 million (103.7) for the full year. The improvement compared to the previous year is due to both significantly improved profitability and lower tied-up working capital, despite increased sales and a strong rise in inventory. The increased inventory is a consequence of having secured our supply of components with a longer-term perspective than usual in response to the ongoing shortage of components. Total cash flow amounted to SEK -47.0 million (71.0). The negative cash flow during the year despite improved profits is due to the repurchase of shares for SEK -98.3 million (-33.4). The cash flow effect of the initiatives in 5G synchronization, primarily in the form of increased investment, is partly compensated by the NRE (non-recurring engineering) fee and advances from customers. The effect on liquidity from the divestments of the Resource Optimization and Streaming Solutions business areas in the previous year was SEK 70.3 million. Excluding the impact on liquidity from the divestments and share repurchases, total cash flow amounted to SEK 51.3 million (34.1).

Full-year investments for 2022 were SEK 90.7 million (61.7), of which SEK 87.6 million (59.6) related to capitalization of development expenditure. Depreciation and amortization was SEK -62.2 million (-57.8), of which SEK -46.2 million (-42.9) related to amortization of capitalized development expenditure. As a consequence of closer integration of the Nimbra and Aperi platforms, impairments totaling SEK -1.5 million (-) relating to development projects were carried out during the year.

Net value of capitalized development expenditure at the end of the period was SEK 198.2 million, compared to SEK 158.3 million on 31 December 2021.

Including divested operations, investments for the full year 2021 amounted to SEK 61.7 million, of which SEK 59.6 million related to capitalized development expenditure. Depreciation and amortization including divested operations in 2021 were SEK -60.1 million, of which SEK -44.3 million related to amortization of capitalized development expenditure.

Capitalization principles are described in note 1.7 A.

Cash and cash equivalents and financial position, including divested operations

At year-end, cash and cash equivalents were SEK 308.3 million (354.9). Equity was SEK 605.1 million (646.5), with an equity/assets ratio of 71.6 (78.0) percent.

Parent Company

In 2022, Parent Company net sales were SEK 474.7 million (380.5) and net income was SEK 49.7 million (-53.7). Net financial items included profit from participations in Group companies of SEK -1.3 million (-69.8). A consolidation of legal entities during the year resulted in participation in Group companies falling by SEK 171.7 million, liabilities to Group companies falling by SEK 167.4 million and a capital loss of SEK -4.3 million. The Parent Company received dividends from subsidiaries of SEK 3.1 million (0.0) during the year. In the previous year, the Parent Company made a capital gain of SEK -69.8 million from sales of subsidiaries. During the year, intra-Group sales amounted to SEK 0.0 million (0.0), and intra-Group purchases SEK -71.5 million (-51.3).

Progress in the Parent Company during the year and its financial position largely shadowed Group progress as indicated above (except for the effect of the sale of operations/subsidiaries and intra-Group transactions).

During the year, the Parent Company had an average of 143 (125) employees and consultants.

Risk management

Net Insight's strategic position, financial position and earnings are affected by a number of internal and external factors. Effective, targeted risk management helps to align the Company's business opportunities and earnings with shareholders' and other stakeholders' expectations for stable long-term value growth. Net Insight conducts risk management at both strategic and operational levels, and the Company has established a risk management process for continuously identifying, evaluating, managing and monitoring key risk factors. These risk factors are divided into three groups: strategic risks, operational risks and financial risks. The Company's financial risk management is described in greater detail in Note 2 on pages 72-73, and the Company's management of risk related to sustainability is described in the Sustainability Report on pages 26-32 and the Sustainability Notes on pages 54-55.

Each of the risk factors described in this section, as well as other risk factors referred to in the Annual Report, can have significant negative effects on the Company's strategic goals, financial position, earnings, reputation, market share and operations. In assessing Net Insight's future value growth, it is important to consider various risks associated with the Company’s business alongside positive growth opportunities. It is naturally not possible to describe all the risks that the Company is exposed to in this section. Instead, an overall assessment must be made which also takes into account other information in this Annual Report, as well as a general assessment of the external environment.

Strategic risks

International exposure

Net Insight has customers in more than 70 countries. A broad global presence is vital for running and growing the business, but also implies a number of risks. Geopolitical risks can affect the Company’s strategic goals, while presence in, and export to, a large number of markets requires compliance with numerous laws, rules and regulations. This relates to areas including tax, customs, export control, employee rights, technology standards and reporting standards. Net Insight has extensive internal expertise in the areas above, and often also consults external experts. See also the Sustainability Report on pages 26-34 and Sustainability Notes on pages 48-49.

Competition and technology

Net Insight operates in a dynamic industry characterized by rapid technological progress and intense competition. Net Insight’s future competitive potential depends on its ability to remain at the leading edge of technology, respond to changing market needs and offer attractive business models. Failing to keep pace with technological progress or making the wrong technological investments would exert a negative impact on revenues and profit. 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.

Structural changes in the market

Globalization, digitization and technical advances drive structural changes, both among Net Insight’s customers and the Company’s competitors. These changes can increase demand, and can also lead to greater competition and fewer prospective customers. To mitigate this risk, Net Insight works on building close, durable strategic relationships with key customers and delivering exceptional customer support for critical customer activities, which generates trust and loyalty. The Company’s products with leading-edge technical content also reduce competition.

Intellectual property and trade secrets

An important aspect in Net Insight’s business is the protection and management of intellectual property and trade secrets related to the Company’s technologies and products. The Company segments confidential business information and enters into confidentiality agreements with all parties who could become privy to it. Net Insight’s CTO group works to identify technology that is relevant for patent registration and continuously assesses adjacent technology, both to reduce the risk of the Company committing infringements and of external parties infringing on the Company’s technologies. In addition to internal expertise, Net Insight uses external advisors for handling matters relating to intellectual property. For more information, see the section on IT and IS under Operational risks.

Operational risks

Supplier risk and shortage of components

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

Attracting talent

Net Insight’s operations involve advanced technology in complex global situations where skilled, competent and motivated staff are 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 skills development and support in the form of staff appraisal, employee surveys, remuneration packages and training.

IT and IS

Net Insight is dependent on various IT systems in order to conduct and develop its operations. Unplanned downtime and other disruption to the IT environment of the Company or its suppliers can result in loss of income, costs and damage to the Company’s reputation. IT attacks can result in theft or unauthorized disclosure of trade secrets. Net Insight conducts continuous maintenance and development of the Company’s various information systems. External cyber security experts are brought in to assess the Company’s security procedures and recommend ways to improve them.

Contractual obligations, product liability and litigation

In customer agreements, Net Insight provides warranties and other promises regarding the Company’s products and services. Defects in Net Insight's products could lead to claims for replacement, repair and/or financial compensation. Security defects in the products can also lead to product liability. The Company's products undergo extensive testing and verification in the development and shipping processes before products are sent to customers, to reduce the risk of quality deficiencies. Processes and dedicated staff are in place to manage support requests and warranty claims, and the Company also has liability insurance that covers professional liability and product liability. Neither Net Insight AB nor its subsidiaries are currently involved in any litigation processes, legal or arbitration proceedings.

Covid-19 and the war in Ukraine

Since the end of 2021, component shortages due to factors including COVID-19 have been causing increased uncertainty and risk relating to material costs and delivery capability. We saw no significant negative effects of this in 2022, and in 2022 the Company implemented various measures to manage the shortages. We expect the uncertainty to continue during 2023. For more information, see Supplier risk and shortage of components.

The war in Ukraine which started in the first half of 2022 contributed to increased uncertainty and business risk, for instance relating to events primarily in Ukraine, Russia and Belarus. The Company's exposure to these markets is very limited, however, and the Company's full compliance with the sanctions in place is not expected to have any material impact on the Company's operations, assets or earnings. The outcome of the war is difficult to predict and the Company continuously monitors the need to take further measures.

Guidelines for remuneration to senior executives

The current guidelines for remuneration to senior executives are described in note 7.

The following proposal will be presented to the AGM 2023:

Guidelines for remuneration and other terms of employment for senior executives 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 2023. These guidelines do not apply to any remuneration decided or approved by the general meeting.

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

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

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the group management a competitive total remuneration. From time to time, the Board of Directors may propose share-based long-term incentive programs, which are then considered by the general meetings separately and are therefore excluded from these guidelines. The programs shall have a clear link to the business strategy and thereby to the company's long-term value creation, including its sustainability. The plans are conditional upon the participants' own investments and certain holding periods of several years. For more information on the current program, see the company's website: https://netinsight.net/investors/corporate-governance/incentive-programs-and-renumeration/

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

Types of remuneration, etc.

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

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one or several years. For the CEO and the head of global sales, 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 60 per cent of the total fixed cash salary under the measurement period.

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

For other executives, pension benefits, including health insurance, shall be premium defined. The pension premiums for premium defined pension may amount to not more than 35 per cent of the fixed annual cash salary.

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

Termination of employment

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

When the termination is made by the company, notice period may not exceed twelve months for the CEO and six months for other executives, however, with the exception of senior executives who based on the collective bargaining agreement's criteria as regards to employment and age has 12 months period of notice upon termination of the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to 18 months of fixed cash salary for the CEO and 12 months for the other senior executives. Fixed cash salary and severance pay shall be set-off 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 at least 70 percent 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. Collective bargaining agreements shall also be taken into consideration.

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

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

Derogation from the guidelines

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

Description of material changes to the guidelines and how the views of shareholders' have been taken into consideration
These guidelines have been prepared for the annual general meeting 2023 and correspond to those adopted by the annual general meeting 2022 with the following two changes:

1. For senior executives, excluding the CEO and the head of global sales, the variable cash remuneration is increased from to be not more than 40 per cent to be not more than 60 per cent of the total fixed cash salary under the measurement period.
2. The cap for pension premiums is adjusted in accordance with the current collective bargaining agreement and the changes made in the ITP 1 pension plan for 2023.

The guidelines are subject to yearly review in the Renumeration Committee, which is tasked with preparing change proposals for the Board of Directors' consideration and the annual general meeting's resolution.

Dividends

Net Insight AB (publ) is currently a well-capitalized Company with a good cash position. A good cash position is important in contexts including the Company being able to demonstrate long term financial sustainability to customers, and partly to be able to make investments in growth segments.

The Board of Directors is proposing to the AGM that no dividend is paid for the financial year 2022.

Proposed appropriation of profit

The Board of Directors proposes that funds be appropriated as follows (SEK thousands):

The following funds are at the disposal of the parent company (SEK thousands):	2022
Premium reserve	51,296
Retained earnings	183,620
Net income	49,665
Total	**284,581**

The Board of Directors proposes that funds be appropriated as follows:	2022
Brought forward:	284,581
of which to premium reserve	-
Total	**284,581**

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

Brought forward: SEK 284,581 thousand

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

Sustainability notes

The Sustainability Report for Net Insight AB and its subsidiaries for the financial year 2022 is presented on pages 26-32 and in the Sustainability Notes below. The Sustainability Report has been produced to meet the requirements of the Swedish Annual Accounts Act.

Materiality analysis and stakeholder dialog

The materiality analysis forms the basis for the way the Company measures and reports on its sustainability efforts. The analysis is intended to identify factors that are important in respect of the company's social, environmental and financial surroundings and the Company's impact on the surroundings. As of the Sustainability Report 2021, the Company's sustainability work has been based on the UN Agenda 2030 and its 17 Sustainable Development Goals, which has brought greater clarity to the work. Six of these goals form the basis for the Company's sustainability work and sustainability reporting. These six goals relate to gender equality, decent work and economic growth, industry, innovation and infrastructure, reduced inequalities, responsible consumption and production, and peace, justice and strong institutions. The six goals have been divided into three thematic areas to facilitate their presentation. This structure has worked well, and the Sustainability Report 2022 will also be based on Agenda 2030.

Corporate governance for sustainability

The Board of Directors has overall responsibility for Net Insight's corporate governance, including sustainability work. The Board of Directors is responsible for the guidelines that govern the sustainability areas in this report, and has been informed about the results of the materiality analysis and the work relating to Agenda 2030 as a basis for the Company's sustainability work. Further information on this year's Board work can be found in the Corporate Governance Report on pages 38-42. 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 the Company's policies and guidelines.

Key sustainability-related risks and risk management

Below is a summary of key risks identified in the Company's sustainability work and how they are managed, divided into the three thematic areas in the Sustainability Report.

Environment

Key risks

There is a comprehensive and growing body of regulations regarding the products' energy consumption, and there is a risk of these regulations not being complied with. While it can be assumed that such non-compliance would primarily be on the part of subcontractors, Net Insight nevertheless bears the ultimate responsibility. We expect to see more regulations in the future that require products to be further adapted for increased sustainability, which makes our operations more complex.

Risk management

The Company has extensive internal guidelines on the implementation of applicable rules and standards. These guidelines are regularly monitored and the work is carried out with high ambitions. We are also conducting efforts to reduce the products' energy consumption and other environmental impacts. It should be noted that an increasing proportion of the added value is attributable to software, which will reduce risks associated with environmental impact. Reduced environmental impact is also becoming increasingly important as a competitive marketing tool.

Employees and social environment

Key risks

Loss of qualified staff and/or difficulty recruiting them also represents a significant risk. The Company's competitiveness is dependent on a high degree of innovation, ability to transform technical knowledge into attractive products, and strong collaboration skills. There is significant competition for employees who meet the necessary criteria.

Risk management

Net Insight is continuously working on strengthening its employer brand. Market communication and presence at, for example, trade shows is aimed at attracting not only customers, but also employees. Efforts are being made to ensure competitive salaries and benefits, and the Swedish collective agreement contributes to transparency regarding our terms of employment. A warrant program has been introduced for key personnel and other employees. Satisfaction and engagement are measured regularly in pulse checks that capture and address major variations.

Key risks

There is a risk of decreased employee health and well-being, and of the Company failing to comply with relevant labor law and regulations for various reasons. Work peaks can cause stress and psychosocial problems which can spread in the organization.

Risk management

Long-term sick leave is monitored closely, and employee well-being and satisfaction are continuously monitored through performance reviews and employee pulse surveys. Working from home during the pandemic improved many people's work-life balance, but also made teamwork more difficult. Since the pandemic, Net Insight has been aiming to find a new balance between working life and private life, and between remote and office working. Through insurance, Net Insight has access to preventative health care, for example in the form of stress management strategies. Several initiatives have been carried out to encourage increased physical activity, both individually and in groups. If problems arise, managers and employees work together to find good solutions with the support of HR.

Key risks

Business ethics guidelines and principles for gender equality and diversity play a key role in sustainability efforts. In this regard, there are risks of gender equality policies and business ethics guidelines not being complied with.

Risk management

Sales has been identified as the area at highest risk of non-compliance with the Business Ethics Policy. Since 2018, all new employees have completed an online "onboarding program" which includes the Company's guidelines for business ethics and anti-corruption. When the collective agreement was entered into, all the Company's employees completed the program. HR is responsible for compliance with the equality and diversity guidelines. Employees are required to repeat the program when important updates are made to rules and policies.

Human rights and corruption

Key risks

There are risks of unethical behavior and corruption throughout the supply chain. During the pandemic, a shortage of commodities in certain areas led to an increased risk of conflict minerals entering the supply chain. Net Insight has global reach with operations in over 70 markets.

Risk management

Net Insight's Business Ethics and Anti-Corruption Policies and monitoring of suppliers guide Net Insight's employees in respecting ethical standards and complying with relevant legislation. The ethical guidelines also form part of onboarding programs for new staff. Work is being carried out to develop optimal procedures for verifying sub-contractors' sustainability efforts.

Group Financial Report

Consolidated Income Statement

Amounts in SEK thousands	NOTE	2022	2021
Continued operations			
Net sales	4	475,118	380,687
Cost of sales		-177,454	-152,303
Gross earnings		**297,664**	**228,384**
Sales and marketing expenses		-130,021	-104,308
Administration expenses		-52,753	-51,877
Development expenses	6	-51,379	-52,963
Other operating income and expenses	8	-3,009	7,538
Operating earnings	**5,7,9,10**	**60,502**	**26,774**
Result from financial items			
Financial income	12	9,389	3,786
Financial expenses	12	-1,009	-1,852
Result from financial investments	**12**	**8,380**	**1,934**
Profit/loss before tax		**68,882**	**28,708**
Tax	13	-14,866	-4,906
Net income continued operations		**54,016**	**23,802**
Discontinued operations, net after tax	15	-	-36,926
Net Income		**54,016**	**-13,124**
Net income for the period attributable to the stockholders of the parent company		**54,016**	**-13,124**
Earnings per share basic, continued operations, SEK	14	0.15	0.06
Earnings per share diluted, continued operations, SEK	14	0.15	0.06
Earnings per share basic, including discontinued operations, SEK	14	0.15	-0.03
Earnings per share diluted, including discontinued operations, SEK	14	0.15	-0.03

Consolidated Statement of Comprehensive Income

Amounts in SEK thousands	NOTE	2022	2021
Net income		54,016	-13,124
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			
Translations differences		1,321	450
Total other comprehensive income for the year, after tax		**1,321**	**450**
Total comprehensive income for the year		**55,337**	**-12,674**

Consolidated Balance Sheet

Amounts in SEK thousands	NOTE	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Capitalized expenditure for development	16	198,200	158,263
Goodwill	16	38,751	38,751
Other intangible assets	16	1,673	1,950
Right-off use assets	10	32,129	33,614
Equipment	17	16,095	19,293
Deferred tax asset	13	3,719	16,888
Deposits	29	4,902	4,784
Total non-current assets		**295,469**	**273,543**
Current assets			
Inventories	18	84,249	53,712
Contract assets	19	585	12,518
Accounts receivable	20	129,415	106,069
Other receivables	20	17,909	19,906
Prepaid expenses	20	9,222	8,012
Cash and cash equivalents	21, 29	308,347	354,863
Total current assets		**549,727**	**555,080**
TOTAL ASSETS		**845,196**	**828,623**

Amounts in SEK thousands	NOTE	31 Dec 2022	31 Dec 2021
EQUITIY AND LIABILITIES			
Equity attributable to parent company's shareholders			
Share capital	24	14,750	15,597
Other paid-in capital		1,192,727	1,192,727
Translation difference		1,504	183
Accumulated deficit		-603,892	-561,979
Total equity		**605,089**	**646,528**
Non-current liabilities			
Contract liabilities	19	56,469	5,830
Lease liabilities	10	20,733	24,914
Provisions	25	4,838	5,548
Total non-current liabilities		**82,040**	**36,292**
Current liabilities			
Lease liabilities	10	11,434	9,286
Accounts payable		35,899	36,588
Contract liabilities	19	52,171	54,088
Current tax liabilities		82	47
Other liabilities	26	6,134	6,893
Provisions	25	2,632	2,412
Accrued expenses	27	49,715	36,489
Total current liabilities		**158,067**	**145,803**
TOTAL EQUITY AND LIABILITIES		**845,196**	**828,623**

Consolidated Statement of Cash Flow[1]

Amounts in SEK thousands	NOTE	2022	2021
Ongoing activities			
Profit/loss before tax[2]		68,882	-8,286
Income tax paid		-1,378	-782
Depreciation, amortization and impairment	5	62,157	60,061
Other items not affecting liquidity	28	5,202	34,599
		134,863	**85,592**
Changes in working capital			
Increase (-)/Decrease (+) in inventories		-33,830	-4,617
Increase (-)/Decrease (+) in receivables		-11,175	-38,667
Increase (+)/Decrease (-) in liabilities		58,971	61,408
Cash flow from operating activities		**148,829**	**103,716**
Investment activities			
Capitalized expenditure	16	-87,573	-59,585
Investments in intangible assets	16	-575	-
Investments in tangible assets	17	-2,596	-2,125
Disposal of subsidiary, net effect on cash	15	-	70,342
Investments in financial assets		-152	-
Cash flow from investment activities		**-90,896**	**8,632**
Financing activities			
Amortization leasing	10	-8,203	-7,891
Option premiums paid	7	1,561	-
Repurchase of own shares	24	-98,336	-33,414
Cash flow from financing activities		**-104,978**	**-41,305**
Net change in cash and cash equivalents		**-47,045**	**71,043**
Exchange differences in cash and cash equivalents		529	636
Cash and cash equivalents at the beginning of the year		354,863	283,184
Cash and cash equivalents at the end of the year	21	**308,347**	**354,863**

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 2,445 (1,127) thousand. Interest paid SEK -1,009 (-1,212) thousand, of which interest paid related to lease liabilities SEK -972 (-1,201) thousand.

Changes in Consolidated Equity

	Attributable to parent company's shareholders				
Amounts in SEK thousands	Share capital	Other paid-in capital	Translation reserve	Accumulated deficit	shareholders' equity
Opening Equity - 2021-01-01	**15,597**	**1,192,727**	**-267**	**-515,441**	**692,616**
Comprehensive income					
Net income	-	-	-	-13,124	**-13,124**
Translation differences	-	-	450	-	**450**
Total comprehensive income	**-**	**-**	**450**	**-13,124**	**-12,674**
Transactions with owners in their capacity as owners:					
Repurchase of own shares	-	-	-	-33,414	**-33,414**
Total transactions with owners	**-**	**-**	**-**	**-33,414**	**-33,414**
Closing Equity - 2021-12-31	**15,597**	**1,192,727**	**183**	**-561,979**	**646,528**
Opening Equity - 2022-01-01	**15,597**	**1,192,727**	**183**	**-561,979**	**646,528**
Comprehensive income					
Net income	-	-	-	54,016	**54,016**
Translation differences	-	-	1,321	-	**1,321**
Total comprehensive income	**-**	**-**	**1,321**	**54,016**	**55,337**
Transactions with owners in their capacity as owners:					
Transfer of quota value upon cancellation of repurchased shares	-847	-	-	847	**-**
Repurchase of own shares	-	-	-	-98,336	**-98,336**
Warrants issued	-	-	-	1,561	**1,561**
Total transactions with owners	**-847**	**-**	**-**	**-95,928**	**-96,775**
Closing Equity - 2022-12-31	**14,750**	**1,192,727**	**1,504**	**-603,892**	**605,089**

Parent Company Financial Report

Parent Company Income Statement

Amounts in SEK thousands	NOTE	2022	2021
Net sales	4	474,707	380,453
Cost of sales		-177,684	-152,014
Gross earnings		**297,023**	**228,439**
Sales and marketing expenses		-131,021	-107,202
Administration expenses		-52,757	-51,479
Development expenses	6	-52,536	-54,138
Other operating income and expenses	8	-5,438	1,910
Operating earnings	**5,7,9**	**55,271**	**17,530**
Result from financial items			
Result from financial investments	12	-1,264	-69,758
Financial income	12	9,386	3,786
Financial expenses	12	-35	-643
Sum resultat from financial items	**12**	**8,087**	**-66,615**
Loss before tax		**63,358**	**-49,085**
Tax	13	-13,693	-4,568
Net income		**49,665**	**-53,653**

Parent Company Statement of Comprehensive Income

Amounts in SEK thousands	NOTE	2022	2021
Net income		**49,665**	**-53,653**
Other comprehensive income		**-**	**-**
Items that may be reclassified subsequently to the income statement		-	-
Total other comprehensive income for the year, after tax		**49,665**	**-53,653**

Parent Company Balance Sheet

Amounts in SEK thousands	NOTE	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Capitalized expenditure for development	16	198,200	158,263
Other intangible assets	16	1,673	1,950
Equipment	17	14,670	17,686
Participations in group companies	23	3,173	174,895
Deferred tax asset	13	2,657	16,350
Deposits	29	4,628	4,686
Total non-current assets		**225,001**	**373,830**
Current assets			
Inventories	18	84,249	53,712
Contract assets	19	585	12,518
Accounts receivable	20	130,180	106,676
Receivables from group companies	20	346	-
Other receivables	20	18,010	19,967
Prepaid expenses	20	11,518	10,195
Cash and cash equivalents	21, 29	300,860	350,422
Total current assets		**545,748**	**553,490**
TOTAL ASSETS		**770,749**	**927,320**

Amounts in SEK thousands	NOTE	31 Dec 2022	31 Dec 2021
EQUITIY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	24	14,750	15,597
Statutory reserve		112,822	112,822
Development reserve		150,407	92,858
Non-restricted equity			
Share premium reserve		51,296	51,296
Retained Earnings		183,620	390,751
Net Income		49,665	-53,653
Total equity		**562,560**	**609,671**
Non-current liabilities			
Contract liabilities	19	56,469	5,830
Other provisions	25	4,088	5,360
Total non-current liabilities		**60,557**	**11,190**
Current liabilities			
Accounts payable		35,617	36,376
Contract liabilities	19	52,171	53,677
Liabilities to group companies		7,504	173,810
Other liabilities	26	6,165	6,933
Other provisions	25	2,632	2,412
Accrued expenses	27	43,543	33,251
Total current liabilities		**147,632**	**306,459**
TOTAL EQUITY AND LIABILITIES		**770,749**	**927,320**

Parent Company Statement of Cash Flow

Amount in SEK thousands	NOTE	2022	2021
Ongoing activities			
Profit/loss before tax[1]		63,358	-49,085
Depreciation and amortization	5	53,847	49,360
Other items not affecting liquidity	28	8,920	77,180
		126,125	**77,455**
Changes in working capital			
Increase (-)/decrease (+) in inventories		-33,830	-4,617
Increase (-)/decrease (+) in receivables		-11,796	-39,505
Increase (+)/decrease (-) in current liabilities		57,205	72,870
Cash flow from operating activities		**137,704**	**106,203**
Investment activities			
Capitalized expenditure	16	-87,573	-56,416
Investments in intangible assets	16	-575	-
Investments in tangible assets	17	-2,343	-2,125
Disposal of subsidiary, net effect on cash	15	-	72,616
Cash flow from investment activities		**-90,491**	**14,075**
Financing activities			
Option premiums paid	7	1,561	-
Repurchase of own shares	24	-98,336	-33,414
Cash flow from financing activities		**-96,775**	**-33,414**
Net change in cash and cash equivalents		**-49,562**	**86,864**
Cash and cash equivalents at the beginning of the year		350,422	263,558
Cash and cash equivalents at the end of the year	**21**	**300,860**	**350,422**

1) Interest received SEK 2,442 (1,127) thousand. Interest paid SEK -35 (-3) thousand.

Changes in Parent Company's Equity

Amount in SEK thousands	Restricted equity: Share capital	Restricted equity: Statutory reserve	Restricted equity: Development reserve	Non-restricted equity: Share premium reserve	Non-restricted equity: Retained earnings	Non-restricted equity: Net income	Total shareholders' equity
Opening Equity - 2021-01-01	15,597	112,822	58,106	51,296	284,625	174,292	696,738
Total comprehensive income							
Net income	-	-	-	-	-	-53,653	**-53,653**
Total comprehensive income	-	-	-	-	-	-53,653	-53,653
Redistribution previous year net earnings	-	-	-	-	174,292	-174,292	-
Capitalization of development expenditures			56,055		-56,055		
Reverse as a result of the year's amortization on development expenditures	-	-	-21,303	-	21,303		-
Repurchase of own shares	-	-	-	-	-33,414	-	**-33,414**
Closing Equity - 2021-12-31	15,597	112,822	92,858	51,296	390,751	-53,653	609,671
Opening Equity - 2022-01-01	15,597	112,822	92,858	51,296	390,751	-53,653	609,671
Total comprehensive income							
Net income	-	-	-	-	-	49,665	**49,665**
Total comprehensive income	-	-	-	-	-	49,665	49,665
Redistribution previous year net earnings	-	-	-	-	-53,653	53,653	-
Capitalization of development expenditures			87,496		-87,496		
Reverse as a result of the year's amortization on development expenditures	-	-	-29,947	-	29,947	-	-
Transfer of quota value upon withdrawal of repurchased shares	-847	-	-	-	847	-	-
Warrants issued	-	-	-	-	1,561	-	**1,561**
Repurchase of own shares	-	-	-	-	-98,336	-	**-98,336**
Closing Equity - 2022-12-31	14,750	112,822	150,407	51,296	183,620	49,665	562,560

Notes

Note 1. Summary of Significant Accounting Policies

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

A review of the Group's performance in terms of the financial position is available in the administration report on pages 46 to 53.

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.

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 118-129.

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

The business areas Resource Optimization and Streaming Solutions are presented, in accordance to IFRS 5, reported as discontinued operations in the consolidated income statement for 2021. 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 for 2021.

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

New standards, amendments and Interpretations adopted by the group
There are no new amendments to IFRS during 2022 that had any significant impact on the Company's financial report.

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 earned only after their acquisition.

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

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

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

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

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

1.3 Segment reporting

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

Business area Resource Optimization (ScheduALL) was divested on March 31, 2021, whereafter Net Insight has now only one business area and segment.

1.4 Discontinued operations

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

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

1.5 Foreign currency translation

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

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

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

- Assets and liabilities on the Balance Sheet are translated at the closing rate on the reporting date.
- Income and expenses are translated at the average rate of exchange for the year.
- All exchange rate differences that arise are reported as a separate component of equity and in the Statement of Comprehensive Income.

1.6 Tangible fixed assets

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

1.7 Intangible assets

A. Capitalized development 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 straightline basis from the time commercial manufacture commences. Amortization is over expected useful life, which is three to ten years.

B. Goodwill

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

C. Other intangible assets

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

1.8 Impairment

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

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

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

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

1.9 Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Accounts receivable and issued debt instruments are reported when they are issued.

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 effective interest rate is the interest rate that accurately discounts the estimated future inflows and outflows during the expected term of the financial instrument to: gross carrying amount (amortized cost before adjustments for any loss allowance) of the financial asset or the amortized cost of the financial liability.

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 period end, financial assets are tested for impairment taking into account loss events and the Expected Credit Losses (ECL) model.

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 loss allowance is calculated on the remaing term of the receivable.

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

1.10 Financial liabilities

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

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

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

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

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

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

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

B. Accounts payable
Accounts payable are initially recognized at fair value. Subsequent valuation is done at amortized cost.

1.11 Inventories

Inventories are reported at the lower of the purchase cost and the net selling price. The purchase cost is determined by using the weighted average price. The net selling price is the estimated selling price in the operating activities less applicable variable selling expenses. Reversal of a previously made write-down of the inventory is made when the goods are sold or when the estimated selling price is changed.

1.12 Cash and cash equivalents

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

1.13 Share capital

Ordinary shares are classified as equity. Transaction costs that can be directly attributed to the issue of new shares or options are reported in group equity as a deduction from the issue funds.

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

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

1.14 Employee benefits

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

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

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

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

1.15 Provisions and contingent liabilities

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

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

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

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

1.16 Revenue recognition

Revenue is reported at the value of what has been received or will be received, and corresponds to the amounts received for goods and services sold after deductions for discounts and VAT. Net Insight signs agreements that contain the sale of various goods and services. Each product and service in an agreement is negotiated separately and the revenue is distributed according to each product and service's stand-alone sales price.

Revenue is recognized when Net Insight fulfills its performance obligations and has transferred a promised good or service to the customer. The good or service is considered transferred when the customer has gained control of the asset. The transaction price, after deduction for a discount on the product or service, is specified in the quote/order confirmation that is given to/received by the customer and is distributed per performance obligation in accordance with the quote/order confirmation. Performance obligations are reported over time or at a certain point in time.

Net Insight's generates revenue from sales of hardware and software licenses, and support- and consulting services.

A. Products (hardware and software licenses)
In the case of hardware sales, control is normally considered to be transferred upon delivery, when risk and financial benefits for the equipment have been transferred to the customer. Revenue is recognized at this time.

Software licenses are sold either under a perpetual or user-based license model. Revenue recognition for the perpetual license model occurs at a time when the licenses are made available to the customer. User-based licensing model is based either on actual utilization or on making it available to the user for a certain period of time. Revenue is recognized according to actual use of the software or over the duration of the commitment.

Costs incurred when delivering products are reported as cost of goods sold when the attributable revenue is recognized in the income statement. Costs attributable to performance obligations that have not yet been fully delivered are reported as inventory.

B. Services (Support- and consulting services)
For recurring services, such as customer support and extended guarantees, revenue is recognized when the services are performed, generally linearly over the term of the engagement, as the customer can use the service at any time during the contract period. Costs from performing the services are recognized as cost of goods sold and service as they inccur.

Net Insight performs consulting services in the form of training, configuration and installation services as well as project and event-based services. Revenue recognition occurs when the services are performed and transaction prices under these contracts are normally fixed. Configuration and installation services are generally completed in connection with or within a short period of time from the delivery of attributable products and the revenue is recognized over time, except for the pre-configuration which is accounted for upon delivery of the goods. Income for education is reported at the time of the education. Revenues from project- and event-based services at a fixed price are recognized over time based on degree of completion, as Net Insight has no alternative use for the performance and is entitled to compensation if the customer were to cancel the contract. The percentage of completion is determined by calculating the relation to contract costs incurred for work performed at the reporting date and the estimated total contract costs. The degree of completion can also be determined by achieved contractual milestones. When the outcome of a service contract cannot be reliable estimated, revenue is recognized only in the amount that corresponds to contract costs incurred that are likely to be recovered from the customer. An anticipated loss on a service contract is immediately recognized as an expense. Income from services on a fee per hour is reported in the period the services are performed. Contract costs are recognized reported as an expense in the period in which they incurred.

C. Customer contract related balances
Trade receivables include amounts that have been billed in accordance with customer contract terms. Amounts billed are normally subject to payments terms within 30 days from invoice date.

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. Contract assets are normally attributable to software licenses based on actual usage and services rendered that have not yet been invoiced.

Contract liability relates to amounts that are paid by or due from customers for which performance obligations are unsatisfied or partially satisfied. Contractual liabilities are normally attributable to recurring revenue, for both products and services, which are invoiced on an annual or quarterly basis. Advances from customers are also included in the contract liability balance.

1.17 Accounting of government grants

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

1.18 Leasing

A. Leasing when the Company is the lessee
The main categories of the Groups leased assets are in order; office premises, IT- and office equipment.

The Group recognizes a right-of-use assets and lease liabilities attributable to lease agreements in the financial statement with some exceptions. This model reflects that at the inception of the lease, the lessee will obtain the right to use an asset under a period and are obligated to pay for that right.

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

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

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

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

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

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

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

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

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

B. Leasing when the Company is the lessor

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

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

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

1.19 Financial income and expenses

The Group's financial income and expenses primarily include interest revenues, interest expenses, and and exchange rate differences on cash and cash equivalents. Interest revenues or interest expenses is recognised in accordance with the effective interest method.

1.20 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.

1.21 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.

1.22 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.

Financial instruments
By reason of the relationship between accounting and taxation, the rules in IAS 9 are not applied to the parent company as a legal entity. Non-current financial assets are measured at cost less any impairment losses and current financial assets are measured at the lower of cost and net realizable value.

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

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 73 percent linked to the USD and to some 14 percent linked to the EUR. Currency risks are managed in accordance with the finance policy, as adopted by the Board of Directors.

If the average exchange rate of the EUR against the SEK had been 5 percent higher/lower compared to the average exchange rate in 2022, with all other variables constant, the group's revenues and earnings/equity after tax for 2022 would have been positively/negatively affected by some SEK 9.2 million and SEK 6.8 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 2022, with all other variables constant, the group's revenues and earnings/equity after tax for 2022 would have been positively/negatively affected by some SEK 12.3 million and SEK 4.6 million respectively.

The parent company has cash and cash equivalents, accounts receivable and accounts payable in foreign currencies, primarily EUR and USD. 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, 2022, consolidated earnings/equity after tax would have been affected positively/negatively by some SEK 0.0 million. If the exchange rate of the USD had been 5 percent higher/lower compared to the exchange rate on December 31, 2022, consolidated earnings after tax would have been affected positively/negatively by some SEK 4.2 million.The risk of transaction exposure is managed by the company regularly updating the price lists in EUR and USD and, as far as possible, matching incoming and outgoing transactions in the same currency and by hedging forecast transaction flows. A so-called rolling security staircase has been implemented where the degree of security is built up over time. At each hedging occasion, hedges are entered into with different maturities, which means that each quarter's hedged rate is an average of several previous hedges. As of December 31, 2022, open futures contracts amounted to EUR 3.8 million and USD 4.3 million, respectively. If the exchange rate of the EUR had been 5 percent higher/lower than the exchange rate applying on December 31, 2022, consolidated earnings/equity after tax would have been positively/negatively affected by some SEK 1.6 million. If the exchange rate of the USD had been 5 percent higher/lower than the exchange rate applying on December 31, 2022, consolidated earnings/equity after tax would have been positively/negatively affected by some SEK 1.7 million.

Translation exposure

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

2.2 Liquidity risk

Liquidity risk is the risk of not having suffcient payment preparedness to meet planned and/or unforeseen expenses. Liquidity trends are followed up on a monthly basis and forecasts are drawn up regularly. See Note 22 for a summary of the company's financial assets and liabilities and maturity structure of the financial liabilities.

2.3 Management of capital

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

2.4 Interest risk

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

2.5 Credit risk

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

The Company monitors the financial stability of its customers, the environments in which they operate and historical credit losses. A provision for impairment of receivable is applied when there is objective proof and other indications that the group will not be able to recover all amounts due according to the receivables' original terms. This is combined with expectations of future economic conditions to calculate expected credit losses (ECLs). Since the company's customers are generally mid-size to large and well-established companies spread over several geographical markets, without any significant concentration of credit risks, either geographically or on any particular customer segment, Net Insight has used premium for export credits, as alternative cost for the credit risk, when calculating the ECLs. Actual credit losses may be higher or lower than expected. Total allowances for expected credit losses as of December 31, 2021, were SEK -1.6 million or 1.2% of gross trade receivables and contract assets. See also tables in note 20.

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.

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.

The company also needs to determine whether the performance obligations are to be accounted for over time or at a certain time, and the time for revenue recognition.

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 from project and event-based services shall be recognized over time based on degree of completion. A fundamental condition for being able to assess degree of completion is that project revenues and costs can be reliably measured. The degree of completion is determined on the basis of actual hours worked in relation to the project's total budgeted hours to complete the project, which involves management's judgment. Follow-up of the projects, and that the projects are in phase with the budget, is done as part of the monthly closing procedures.

The company also needs to determine whether the performance obligations are to be reported over time or at a certain point in time, and the time revenue recogniziton. Important estimates and judgments regarding the NRE fee have been regarding whether the company's performance does not create an asset with an alternative use for the company and that the company is entitled to payment for performance achieved to date.

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, 2022, the total inventory reserve was SEK 33.6 (34.4) million.

C. Impairment testing of goodwill

Each year, the group examines whether goodwill is impaired, in accordance with the accounting policy reviewed in 1.8. The recoverable amount of the company's cash-generating units has been measured by computing value in use. Some estimates are necessary for these computations (note 16).

D. Impairment testing of capitalized development expenditures

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

E. Deferred tax

Deferred tax assets pertaining to tax loss carry-forwards are recognized to the extent that it is probable that future taxable profit will be available against which unused tax losses can be applied. In 2022, Net Insight utilized deferred tax assets on tax loss carry-forward of net SEK 13.7 (4.6). 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. 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.

G. Discontinued operations

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

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

Note 4. Net Sales

Disaggregation of revenue Amounts in SEK thousands	Group 2022	 2021	Parent company 2022	 2021
Net sales by product group				
Hardware	226,173	167,424	226,173	167,424
Software licenses	85,572	76,930	85,572	76,930
Support and Services*	163,373	136,333	162,962	136,099
Total	**475,118**	**380,687**	**474,707**	**380,453**
Net sales by region**				
EMEA	264,442	227,436	264,442	227,436
AM	161,706	116,916	161,295	116,682
APAC	48,970	36,335	48,970	36,335
Total	**475,118**	**380,687**	**474,707**	**380,453**
Timing of revenue recognition				
Products and services transferred at a point in time	302,088	243,250	302,088	244,415
Products and services transferred over time*	173,030	137,437	172,619	136,038
Total	**475,118**	**380,687**	**474,707**	**380,453**

*Of which 28.2MSEK (4,7MSEK) refers to the NRE fee.
**The regional follow-up was changed on 1 January 2022. Comparative periods have been recalculated

For the Group, net sales of SEK127.2 (91.2) million derivates from USA, SEK 65.1 (16.8) million from Turkiye, SEK 58.0 (55.5) million from Great Britain and SEK 33.5 (18.5) million from Sweden.

During 2022 and 2021, there were not a single external customer of with revenues of ten percent or more of the group's total revenues.

Tangible and Intangible assets per region Amounts in SEK thousands	Group 31 Dec 2022	 31 Dec 2021	Parent company 31 Dec 2022	 31 Dec 2021
Sweden	283,864	250,264	214,543	177,899
EMEA excl Sweden	-	-	-	-
AM	2,984	1,607	-	-
APAC	-	-	-	-
Total	**286,848**	**251,871**	**214,543**	**177,899**

Parent company's transactions with group companies	Parent company	
Amounts in SEK thousands	2022	2021
Sales to group companies	-	-
Purchase from group companies	-71,487	-51,310

The subsidiaries invoice the parent company for support and service as well as salesrelated and administrative services.

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

Depreciation, amortization and impairment	Group		Parent company	
Amounts in SEK thousands	2022	2021	2022	2021
Capitalized expenditures for development	-47,636	-44,325	-47,636	-42,928
Other intangible assets	-852	-2,031	-852	-1,590
Right-off use assets	-7,654	-8,230	-	-
Equipment	-6,015	-5,475	-5,359	-4,842
Total	**-62,157**	**-60,061**	**-53,847**	**-49,360**
Depreciation, amortization and impairment included in:				
Cost of sales	-47,625	-44,141	-46,800	-43,428
Sales and marketing expenses	-3,458	-3,974	-1,555	-1,680
Administration expenses	-2,070	-2,575	-867	-1,391
Development expenses	-7,527	-7,063	-3,148	-2,861
Other operating expenses	-1,477	-	-1,477	-
Discontinued operations	-	-2,308	-	-
Total amortization	**-62,157**	**-60,061**	**-53,847**	**-49,360**

Note 6. Development Expenses

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

Total development expenditure, i.e. before capitalization of development expenditures, were SEK 139.0 (109.4) million, see also table on page 124.

Note 7. Employees

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

Employees	2022 Average no. of employees	2022 Of which men	2021 Average no. of employees	2021 Of which men
Parent company				
Sweden	102	78%	99	79%
Other countries	1	100%	3	77%
Total parent company	**103**	**79%**	**102**	**79%**
Subsidiaries				
USA	22	95%	29	88%
Singapore	4	100%	4	100%
Great Britain	2	58%	4	65%
Total subsidiaries	**28**	**93%**	**37**	**87%**
Group	**131**	**82%**	**139**	**81%**
Discontinued operations	-		-10	73%
Continued operations	**131**	**82%**	**129**	**82%**

Number of Board members and senior executives	31 Dec 2022	Of which men	31 Dec 2021	Of which men
Group (incl. subsidiaries)				
Board members	9	56%	10	80%
Chief Executive Officer and other senior executives	7	100%	6	100%
Parent company				
Board members	5	40%	6	67%
Chief Executive Officer and other senior executives	7	100%	6	100%

Remuneration to the Board Directors

The amounts below are fees for the parent company as approved by the AGM 2022 and 2021. The Board of Directors are not entitled to any variable remuneration or pension, only their Director's fee and remuneration for committee work.

Board of Directors, amounts in SEK thousands	2022	2021
Gunilla Fransson	750	750
Jan Barchan	290	290
Charlotta Falvin	350	350
Torbjörn Wingårdh	300	-
Cecilia de Leeuw	250	-
Mathias Berg	125	250
Anders Harrysson	-	300
Kjell Arvidsson	-	250
Stina Barchan, deputy	125	125
Total	**2,190**	**2,315**

Remuneration to employees

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

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

Amounts in SEK thousands	Basic salary	Variable remuneration[1]	Share-based benefits[2]	Other benefits	Pension expenses	Total
2022						
Crister Fritzson (CEO)	5,339	3,225	-	96	1,532	**10,192**
Other senior executives (6)[4]	8,369	3,103	-102	183	2,834	**14,387**
Other employees	111,543	12,630	-	828	14,349	**139,350**
Total[3]	**125,251**	**18,958**	**-102**	**1,107**	**18,715**	**163,929**

Amounts in SEK thousands	Basic salary	Variable remuneration[1]	Share-based benefits[2]	Other benefits	Pension expenses	Total
2021						
Crister Fritzson (CEO)	5,534	1,793	-	97	1,543	**8,967**
Other senior executives (6)[4]	9,029	2,486	371	178	2,716	**14,780**
Other employees	106,033	16,254	-	111	13,897	**136,295**
Total[3]	**120,596**	**20,533**	**371**	**386**	**18,156**	**160,042**
Discontinued operations	-10,155	-585	-	-2	-234	**-10,976**
Continued operations	**110,441**	**19,948**	**371**	**384**	**17,922**	**149,066**

1) Variable remuneration includes amounts vested for participating in option programs. Descriptions, remuneration and obligations of the programs are presented in Option programs 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 1.2 (0.8) million.
4) Of the total remuneration to CEO and other senior executives of SEK 24.6 (23.8) million, SEK 24.6 (23.3) million relates to the parent company and SEK 0.0 (0.5) million to the subsidiaries.

Break-down between the parent company and the subsidiaries

Amounts in SEK thousands	Basic salary	Variable remuneration¹	Share-based benefits²	Other benefits	Pension expenses	Social security contributions	Total
2022							
Parent company	80,982	11,555	-102	293	16,903	27,811	**137,442**
Subsidiaries	44,269	7,403	-	814	1,812	5,725	**60,023**
Group³	**125,251**	**18,958**	**-102**	**1,107**	**18,715**	**33,536**	**197,465**

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

1) Variable remuneration includes amounts vested for participating in option programs. Descriptions, remuneration and obligations of the programs are presented in Option programs 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 1.2 (0.8) million.

Share-based benefits

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

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

The Group revalues the synthetic share program at fair value at each reporting date. To measure the fair value of the programs, the group uses the closing price of the underlying share in the period. The closing price in 2022 was SEK 6.06 (6.62).

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

Share-based benefit, amounts in SEK thousands

			Share-based benefit							
Vesting period	Multiplier (SEK)	Variable remuneration/ Held in escrow	2018	2019	2020	2021	2022	Paid remuneration	Commitment Dec 31, 2022	Payment year
2017	4.61	186	-37	-5	-	2	-	-146	-	
2018	2.30	297	-	-11	-57	164	-81	-312	-	
2019	1.86	193	-	-	-20	205	-21	-132	**225**	2023
Total		**676**				**371**	**-102**	**-590**	**225**	

Option programs

Swedish warrants program

2022
Based on the warrants program approved at the Annual General Meeting (AGM) in 2022, management and key personnel acquired a total of 1,755,000 warrants valued at a fair value of a total of SEK 1,456,650 in June and of 50,000 warrants valued at a fair value of a total of SEK 104,000 in December. 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 5.10 and SEK 6.90, respectively.

2020
Based on the warrants program approved at the (AGM) 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 in 2018, 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 option programs

For both warrants and synthetic option programs, 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 programs have a stay-on clause, which means that the expense is allocated during the vesting period. Variable compensation, unlike the synthetic option, is linked to employment with Net Insight during the vesting period, and is presented as an employee cost.

Synthetic options, amounts in SEK thousands

Year issued/Participant	Number, thousands	Premiums received	Change in value 2018	Change in value 2019	Change in value 2020	Change in value 2021	Change in value 2022	Final settlement	Commitment Dec 31, 2022	Payment year
2018										
2018:1										
Other senior executives	900	684	-591	-73	-	-	-	-20	-	
Other employees, Sweden	675	513	-447	-66	-	-	-	-	-	
2018:2										
Henrik Sund (CEO)	400	184	-24	-92	-68	640	-	-640	-	
Summa 2018	**1,975**	**1,381**	**-1,062**	**-231**	**-68**	**640**	**-**	**-660**	**-**	
Total	**1,975**	**1,381**				**640**	**-**	**-660**	**-**	

Variable remuneration option programs, amounts in SEK thousands	**Variable remuneration**							
Year issued/Participant	**2018**	**2019**	**2020**	**2021**	**2022**	**Paid remuneration**	**Commitment Dec 31, 2022**	**Payment year**
2018								
2018:1								
Other senior executives	79	63	88	1	-	-231	-	
Other employees, Sweden	71	95	153	58	-	-377	-	
2018:2							-	
Henrik Sund (CEO)	9	-9	-	-	-	-	-	
Summa 2018	**159**	**149**	**241**	**59**	**-**	**-608**	**-**	
2020								
2020:1								
Crister Fritzson (CEO)	-	-	22	49	73	**-92**	52	
Other senior executives	-	-	73	105	200	**-227**	151	
Other employees, Sweden	-	-	26	56	60	**-103**	39	
2020:2							-	
Other senior executives	-	-	3	39	42	**-78**	6	
Other employees, Sweden	-	-	3	31	33	**-61**	6	
Summa 2020	**-**	**-**	**127**	**280**	**408**	**-561**	**254**	2022
2022								
2022:1								
Crister Fritzson (CEO)	-	-	-	-	43	**-**	43	
Other senior executives	-	-	-	-	59	**-**	59	
Other employees, Sweden	-	-	-	-	85	**-**	85	
2022:2							-	
Other employees, Sweden	-	-	-	-	2	**-**	2	
Summa 2022	**-**	**-**	**-**	**-**	**189**	**-**	**189**	2023
Total				**339**	**597**	**-1,169**	**443**	

The following was resolved at the 2022 annual general meeting and applies until a general meeting decides otherwise.

At the AGM 2023, a new proposal will be submitted, which is presented in the Administration Report on pages 51-53.

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 2022. These guidelines do not apply to any remuneration decided or approved by the general meeting.

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

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

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

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

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

Types of remuneration, etc.

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

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

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

For other executives, pension benefits, including health insurance, shall be premium defined. The pension premiums for premium defined pension may amount to not more than 35 per cent of the fixed annual cash salary. However, a senior executive's pension premiums for premium defined pension may amount to not more than 55 per cent of the fixed annual cash salary, in case of a full outcome of variable remuneration since variable remuneration pursuant to the applicable collective bargaining agreement entitles to pension.

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.

When the termination is made by the company, notice period may not exceed twelve months for the CEO and six months for other executives, however, with the exception of senior executives who based on the collective bargaining agreement's criteria as regards to employment and age has 12 months period of notice upon termination of the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to 18 months of fixed cash salary for the CEO and 12 months for the other senior executives. Fixed cash salary and severance pay shall be set-off 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 at least 70 percent 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. Collective bargaining agreements shall also be taken into consideration.

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

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

Derogation from the guidelines

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

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

These guidelines have been prepared for the annual general meeting 2022 and are essentially based on earlier guidelines for remuneration to members of the group management, entailing that no material changes have been made to the guidelines. The guidelines are annually reviewed by the remuneration committee that, in case of amendments, submits these to the board of directors and to the general meeting, respectively, for comments and decisions, respectively.

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Note 8. Operating Income and Expenses

Other operating income and expenses	Group		Parent company	
Amounts in SEK thousands	2022	2021	2022	2021
Other operating income	292	987	292	987
Exchange rate differences, net	-1,889	6,509	-4,253	1,227
Losses on fixed assets	-14	-304	-	-304
Government grants	79	-7	-	-
Impairment of intangible assets	-1,477	-	-1,477	-
Adjustment cost for advisory services disposal of discontinued operations	-	353	-	-
Total	**-3,009**	**7,538**	**-5,438**	**1,910**

Note 9. Expenses by Nature

Expenses by nature	Group		Parent company	
Amounts in SEK thousands	2022	2021	2022	2021
Cost of goods and services	-164,708	-130,204	-195,213	-147,635
Other expenses	-67,488	-52,406	-108,288	-83,651
Employee expenses (note 7)	-206,304	-194,486	-145,700	-140,603
Capitalized expenditure for development (note 16)	87,573	59,585	87,573	56,416
Depreciation and amortization (note 5)	-60,680	-60,061	-52,370	-49,360
Discontinued operations	-	*16,121*	-	-
Total expenses	**-411,607**	**-361,451**	**-413,998**	**-364,833**

Reconciliation with comprehensive income statement	Group		Parent company	
Amounts in SEK thousands	2022	2021	2022	2021
Cost of sales	-177,454	-152,303	-177,684	-152,014
Sales and marketing expenses	-130,021	-104,308	-131,021	-107,202
Administration expenses	-52,753	-51,877	-52,757	-51,479
Development expenses	-51,379	-52,963	-52,536	-54,138
Total expenses	**-411,607**	**-361,451**	**-413,998**	**-364,833**

Note 10. Operating Leases

Lease income and expenses	Group	
Continued operations, amounts in SEK thousands	2022	2021
Income from operating lease	6,832	17,930
Lease expenses:		
Short-term leases	-939	-1,051
Leases of low-value assets	-585	-570
Variable lease payments	-1,044	-673
Depreciation of right-of-use assets	-7,654	-7,896
Total lease expenses in operating income	**-10,222**	**-10,190**
Interest expenses on leasing liabilities	-972	-1,201

Property, right-of-use buildings	Group	
Amounts in SEK thousands	2022	2021
Opening balance, January 1, 2022	**33,614**	**45,231**
New additions	6,122	-
Depreciation of right-of-use assets	-7,654	-8,230
Exchange rate differences	47	230
Discontinued operations	-	-3,617
Closing balance, December 31, 2022	**32,129**	**33,614**

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

Leasing agreements for premises are negotiated locally and separately for each agreement and contain a large number of different contract terms. The Group has no call options or guarantees residual value. The leases do not contain any special conditions, covenants or restrictions that would mean that the leases would be terminated, but the leased assets may not be sold or pledged or used as collateral for loans. For existing leasing agreements for premises, the Group must keep these properties in good condition and restore the premises in acceptable condition upon termination of the lease. Furthermore, the Group must perform and pay for the necessary maintenance in accordance with the leases. Options to extend agreements are included in a number of the Group's leasing agreements for premises to increase the flexibility of the business. When determining the duration of the lease, management considers all available information that provides a financial incentive to exercise an extension option, or not to exercise an option to terminate an agreement. Opportunities to extend an agreement are only included in the duration of the lease if it is reasonably certain that the Group will extend (or not terminate) the lease period. As of December 31, 2022, the Group has determined that it is not reasonably certain that the Group will exercise any extension option and therefore no extension period is therefore not included in the lease debt. The potential effect of future discounted cash flows regarding the first extension period for leases with an extension option that is not included in the lease debt amounts to SEK 20 million.

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

The total cash outflow for leasing agreements during the year was SEK -11.7 million.

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

Lease maturity structure	Group	
Amounts in SEK thousands	2022	2021
<1 year	11,434	9,286
1-5 yeas	20,733	24,914
>5 years	-	-
Total	**32,167**	**34,200**

Note 11. Fees and Reimbursements

Audit services and other assignments	Group		Parent company	
Amounts in SEK thousands	2022	2021	2022	2021
KPMG, appointed auditor*				
Auditing	800	-	800	-
Audit-related fees	37	-	37	-
Total	**837**	**-**	**837**	**-**
Deloitte, appointed auditor*				
Auditing	165	836	165	836
Other	37	8	37	8
Total	**202**	**844**	**202**	**844**
Other auditors				
Auditing	102	168	-	-
Other	232	193	-	-
Total	**334**	**361**	**-**	**-**

* At the AGM on May 13, 2022, KPMG was appointed auditors after Deloitte. Data in note only refers to services as appointed auditors

Note 12. Financial Income and Expenses

Financial income and expenses	Group		Parent company	
Amounts in SEK thousands	2022	2021	2022	2021
Result from financial investments				
Received group contributions	-	-	-	7
Dividends received from group companies	-	-	3,071	-
Realization result on divestment of group companies[1]	-	-	-4,335	-69,765
Result from financial investments	**-**	**-**	**-1,264**	**-69,758**
Financial income				
Interest income	2,445	1,127	2,442	1,127
Exchange rate differences, net	6,944	2,659	6,944	2,659
Financial income	**9,389**	**3,786**	**9,386**	**3,786**
Financial expenses				
Interest expenses	-1,009	-1,212	-35	-3
Synthetic options, change in value (note 7)	-	-640	-	-640
Financial expenses	**-1,009**	**-1,852**	**-35**	**-643**
Net financial income and expenses	**8,380**	**1,934**	**8,087**	**-66,615**

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

Note 13. Income Tax Expense

Tax	Group		Parent company	
Amounts in SEK thousands	2022	2021	2022	2021
Current tax				
Current tax on profits for the year	-1,732	-199	-	-
Total current tax	**-1,732**	**-199**	**-**	**-**
Deferred tax				
Tax losses carry-forwards	-13,693	-4,600	-13,693	-4,568
Deferred revenue	-90	-52	-	-
Intangible assets	-	104	-	-
Other	649	-91	-	-
Total deferred tax	**-13,134**	**-4,639**	**-13,693**	**-4,568**
Total tax	**-14,866**	**-4,838**	**-13,693**	**-4,568**
Less tax discontinued operations	-	-68		
Tax continued operations	**-14,866**	**-4,906**		

Difference between reported tax expense and tax expense based on applicable tax rate - total	Group		Parent company	
Amounts in SEK thousands	2022	2021	2022	2021
Profit/loss before tax	**68,882**	**-8,286**	**63,358**	**-49,085**
Tax at the Swedish tax rate of 20.6 (20.6)%	-14,190	1,707	-13,052	10,112
Effect of foreign tax rates	-265	-108	-	-
Tax effect of non-deductible expenses and non-taxable revenues	-405	-6,608	-641	-14,680
Adjustments in respect of prior years	-6	171	-	-
Tax on income according to Income Statement	**-14,866**	**-4,838**	**-13,693**	**-4,568**
Effective tax rate for the year	***21.6%***	***-58.4%***	***21.6%***	***-9.3%***

Deferred tax	Group					Parent company
Amounts in SEK thousands	Tax losses carry-forwards	Deferred revenue	Intangible assets	Other	Total	Tax losses carry-forwards
As of January 1, 2021	**24,464**	**1,723**	**575**	**666**	**27,428**	**20,919**
– to profit or loss	-4,600	-52	104	-91	**-4,639**	-4,568
– to other comprehensive income	230	103	42	-15	**360**	-
As of December 31, 2021	**20,094**	**1,774**	**721**	**560**	**23,149**	**16,350**
– less discontinued operations	-3,742	-1,684	-721	-114	**-6,261**	
As of December 31, 2021	**16,352**	**90**	**-**	**446**	**16,888**	
As of January 1, 2022	**16,352**	**90**	**-**	**446**	**16,888**	**16,350**
– to profit or loss	-13,693	-90	-	649	**-13,134**	-13,693
– to other comprehensive income	-	-	-	-35	**-35**	-
As of December 31, 2022	**2,659**	**-**	**-**	**1,060**	**3,719**	**2,657**

In 2021, the Resource Optimization business area was divested via sale of the subsidiary VizuALL Inc. The capital loss was not tax-deductible for either the parent company (SEK -69.8 million) or the group (SEK -35.9 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 2022, Net Insight utilized deferred tax assets on tax loss carryforward of net SEK 13.7 (4.6) million.

The capitalization is based on expected long- term profitability. Of the tax loss carry-forwards SEK 2.7 16.4) million are consisting of Swedish loss carry-forwards with indefinite useful lives.

Tax loss carry-forwards for which deferred tax is not reported	Group		Parent company	
Amounts in SEK thousands	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Tax loss carry-forwards	1	7	-	-

Note 14. Earnings per Share

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

Earnings per share	2022	2021
Average number of outstanding shares in thousands		
-Basic	367,083	382,162
-Diluted*	370,840	384,174
Continued operations		
Net income attributable to stockholders of the parent, SEK thousands	54,016	23,802
Earnings per share before dilution, SEK	0.15	0.06
Earnings per share after dilution, SEK	0.15	0.06
Discontinued operations		
Net income attributable to stockholders of the parent, SEK thousands	-	-36,926
Earnings per share before dilution, SEK	-	-0.10
Earnings per share after dilution, SEK	-	-0.10
Total, including discontinued operations		
Net income attributable to stockholders of the parent, SEK thousands	54,016	-13,124
Earnings per share before dilution, SEK	0.15	-0.03
Earnings per share after dilution, SEK	0.15	-0.03

**Dilution attributable to warrents 3,757 (2,012) (Thousands)*

Note 15. Discontinued Operations

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

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

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

The realization results entailed no tax.

Income from Discontinued Operations

Amounts in SEK thousands	2022	2021
Revenues	-	15,101
Expenses	-	-16,176
Capital gain on disposal of discontinued operations	-	-35,919
Profit/loss before tax	**-**	**-36,994**
Tax	-	68
Net income discontinued operations	**-**	**-36,926**

Cash Flow from Discontinued Operations

Amounts in SEK thousands	2022	2021
Cash flow from operating activities	-	899
Cash flow from investment activities	-	67,173
Cash flow from financing activities	-	-
Cash flow from discontinued operations, net	**-**	**68,072**

Disposed assets and impact on the Group’s cash

	Group		Parent company	
Amounts in SEK thousands	**2022**	**2021**	**2022**	**2021**
Disposed assets and liabilities				
Capitalized expenditure for development	-	70,198		
Goodwill	-	22,932		
Other intangible assets	-	3,642		
Right-of-use assets	-	3,617		
Equipment	-	2,688		
Deferred tax asset	-	6,261		
Deposits	-	407		
Accounts receivable	-	7,916		
Other receivables	-	1,859		
Cash and cash equivalents	-	2,274		
Lease liabilities, non-current	-	-2,593		
Other liabilities, non-current	-	-5,862		
Lease liabilities	-	-1,291		
Accounts payable	-	-1,702		
Other liabilities	-	-32,596		
Net assets and liabilities	**-**	**77,750**		
Cash consideration	-	49,538	-	49,538
Less: Escrow	-	-24,428	-	-24,428
Less: Cash and cash equivalents in discontinued operations	-	-2,274	-	-
Less: Transaction costs	-	-7,707	-	-7,707
Effect on group's cash and cash equivalents at divestment	**-**	**15,129**	**-**	**17,403**
Final settlements	-	55,213	-	55,213
Intra-group transfer	-	-	-	-
Disposal of subsidiary, net effect on cash	**-**	**70,342**	**-**	**72,616**

Note 16. Intangible Assets

Capitalized expenditure for development	Group		Parent company	
Amounts in SEK thousands	2022	2021	2022	2021
Accumulated cost at beginning of year	594,507	610,140	240,979	184,563
New purchases	87,573	59,585	87,573	56,416
Retirements	-1,477	-	-1,477	-
Exchange diffrences	-	4,832	-	-
Discontinued operations	-	-80,050	-	-
Closing accumulated cost	**680,603**	**594,507**	**327,075**	**240,979**
Accumulated amortization and impairment at beginning of year	-436,244	-401,202	-82,716	-39,788
Amortization for the year	-46,159	-44,325	-46,159	-42,928
Exchange differences	-	-569	-	-
Discontinued operations	-	9,852	-	-
Closing accumulated amortization	**-482,403**	**-436,244**	**-128,875**	**-82,716**
Carrying amount	**198,200**	**158,263**	**198,200**	**158,263**

Other intangible assets	Group		Parent company	
Amounts in SEK thousands	**2022**	**2021**	**2022**	**2021**
Accumulated cost at beginning of year	9,818	36,580	9,818	14,637
New purchases	575	-	575	-
Scraped	-942	-4,633	-942	-4,633
Reclassification	-868	-186	-868	-186
Exchange differences for the year	-	1,434	-	-
Discontinued operations	-	-23,377	-	-
Closing accumulated cost	**8,583**	**9,818**	**8,583**	**9,818**
Accumulated amortization and impairment at beginning of year	-7,868	-28,751	-7,868	-10,656
Amortization for the year	-852	-2,031	-852	-1,590
Scraped	942	4,328	942	4,328
Reclassifications	868	50	868	50
Exchange differences for the year	-	-1,199	-	-
Discontinued operations	-	19,735	-	-
Closing accumulated amortization	**-6,910**	**-7,868**	**-6,910**	**-7,868**
Carrying amount	**1,673**	**1,950**	**1,673**	**1,950**
Other intangible assets consists of:				
Trademark	-	-	-	-
Customer relationships	-	-	-	-
Other	1,673	1,950	1,673	1,950
Total	**1,673**	**1,950**	**1,673**	**1,950**

Goodwill	Group	
Amounts in SEK thousands	2022	2021
Accumulated cost at beginning of year	38,751	58,166
Exchange differences for the year	-	3,517
Discontinued operations	-	-22,932
Closing accumulated cost	**38,751**	**38,751**
Carrying amount	**38,751**	**38,751**

Allocation of goodwill

At year-end, SEK 38.8 (36.6) million of goodwill was attributable to Media Networks/continuing bussiness. At the beginning of previous year, SEK 21.5 million was also attributable to the Resource Optimization business area divisted in 2021.

Impairment test

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

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

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

The assumptions are also based upon information gathered in the Company's long-term strategy process, including assumptions on the development of current products and forthcoming launches, the Company's competitive position and the development of the global media market. Assumptions are based on both externally obtained data, regarding primarily market development and competitors, as well as the company's previous experience and own assessments.

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, based on external data. Cash flows beyond the five-year period is extrapolate using an estimated growth rate for each KGE. The perpetuity growth rate applied was two (2) percent.

The discount rate before tax applied is 13.4%. A three (3) percentage point change in the discount rate does not cause any impairment. A two (2) percentage point change in estimated EBITDA does not cause any impairment. A two (2) percentage point change in growth does not cause any impairment.

Based on the above, no impairment is considered necessary.

Note 17. Tangible Fixed Assets

Inventory	Group		Parent company	
Amounts in SEK thousands	2022	2021	2022	2021
Accumulated cost at beginning of year	47,404	50,210	44,835	43,003
New purchases	2,596	2,125	2,343	2,125
Scraped	-4,445	-293	-4,409	-293
Reclassification	868	-	868	-
Exchange differences for the year	402	570	-	-
Discontinued operations	-	-5,208	-	-
Closing accumulated cost	**46,825**	**47,404**	**43,637**	**44,835**
Accumulated amortization at beginning of year	-28,111	-25,221	-27,149	-22,596
Amortization for the year	-6,015	-5,475	-5,359	-4,842
Scraped	4,431	289	4,409	289
Reclassification	-868	-	-868	-
Exchange differences for the year	-167	-224	-	-
Discontinued operations	-	2,520	-	-
Closing accumulated amortization	**-30,730**	**-28,111**	**-28,967**	**-27,149**
Carrying amount	**16,095**	**19,293**	**14,670**	**17,686**

Note 18. Inventories

Inventories	Group		Parent company	
Amounts in SEK thousands	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Components	47,406	21,571	47,406	21,571
Finished goods	36,843	32,141	36,843	32,141
Total	**84,249**	**53,712**	**84,249**	**53,712**

The expensed inventories are included in cost of sales and amount to SEK -99,822 (-87,725) thousand.

Inventories with a value of SEK 117,884 (88,119) thousand were impaired to an estimated net realizable value of SEK 84,249 (53,712) thousand.

This year's effect in profit or loss of impairment and scrap of inventories for the year amounts to SEK -3,292 (-2,825) thousand and is recognized in cost of sales.

Note 19. Contract Assets and Liabilities

Contract assets	Group		Parent company	
Amounts in SEK thousands	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Hardware	-	9,492	-	9,492
Software licenses	379	3,026	379	3,026
Support and Services	206	-	206	-
Total	**585**	**12,518**	**585**	**12,518**
Whereof:				
Non-current assets	-	-	-	-
Current assets	585	12,518	585	12,518
Total	**585**	**12,518**	**585**	**12,518**

Contract liabilities	Group		Parent company	
Amounts in SEK thousands	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Hardware	45,219	7,825	45,219	7,825
Software licenses	5,866	4,186	5,866	4,186
Support and Services	57,555	47,907	57,555	47,496
Total	**108,640**	**59,918**	**108,640**	**59,507**
Of which:				
Non-current liabilities	56,469	5,830	56,469	5,830
Current liabilities	52,171	54,088	52,171	53,677
Total	**108,640**	**59,918**	**108,640**	**59,507**

Revenue recognized that was included in the contract liability balance at the beginning of the period	Group		Parent company	
Amounts in SEK thousands	**2022**	**2021**	**2022**	**2021**
Hardware	7,825	-	7,825	-
Software licenses	4,186	-	4,186	-
Support and Services	42,077	30,396	41,666	18,375
Total	**54,088**	**30,396**	**53,677**	**18,375**

Transaction price allocated to the remaining obligations[1]	Group					
Amounts in SEK thousands	2023	2024	2025	2026	2027	Total
Hardware	706	14,838	14,838	14,837	-	**45,219**
Software licenses	2,770	1,964	1,132	-	-	**5,866**
Support and Services	48,695	4,832	2,776	881	371	**57,555**
Total	**52,171**	**21,634**	**18,746**	**15,718**	**371**	**108,640**

[1] Revenue from performance obligations that are unsatisfied (or partly unsatisfied) at December 31, 2022, are expected to be recognized as stated in the table above.

Note 20. Accounts Receivable and other Receivables

Accounts receivable and other receivables	Group		Parent company	
Amounts in SEK thousands	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Accounts receivable	131,014	107,917	131,014	107,917
Provision for impairment of receivables	-1,599	-1,848	-834	-1,241
Accounts receivable, net	**129,415**	**106,069**	**130,180**	**106,676**
Other receivables	17,909	19,906	18,010	19,967
Prepaid expenses	9,222	8,012	11,518	10,195
Carrying amount of accounts receivable and other receivables	**156,546**	**133,987**	**160,054**	**136,838**

In 2022, the Group reported SEK -549 (-338) thousand as realized loss of accounts receivables.
An age of analysis of the Group's accounts receivable and provisions for impairment follows.

Group's accounts receivables	Accounts receivable		Provision for impairment of receivables	
Amounts in SEK thousands	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Not due	74,338	73,205	-431	-407
Less than a month	25,785	10,992	-151	-64
1-3 months	25,850	12,745	-152	-74
3-6 months	4,353	3,530	-550	-23
More than 6 months	688	7,445	-315	-1,279
Total	**131,014**	**107,917**	**-1,599**	**-1,848**

Group's accounts receivable and other receivables, carrying amount/currency

Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
SEK	27,960	26,789
USD	94,649	46,677
EUR	33,688	60,494
GBP	-	16
SGD	249	11
Total	**156,546**	**133,987**

Group's accounts receivables

	31 Dec 2022		31 Dec 2021	
Amounts in SEK thousands	Amount	Proportion	Amount	Proportion
Accounts receivables < 1 SEK million per customer	18,108	*14%*	20,593	*20%*
Accounts receivables 1- 5 SEK million per customer	33,321	*26%*	33,101	*31%*
Accounts receivables > 5 SEK million per customer	77,986	*60%*	52,375	*49%*
Total	**129,415**	***100%***	**106,069**	***100%***

Current receivables contain the following major items:

	Group		Parent company	
Amounts in SEK thousands	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Tax account	4,973	4,072	4,973	4,072
VAT claims	4,122	3,700	4,115	3,684
Other claims	8,814	12,134	8,922	12,211
Total	**17,909**	**19,906**	**18,010**	**19,967**

Prepaid expenses include the following major items:

	Group		Parent company	
Amounts in SEK thousands	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Prepaid rent	326	318	2,860	2,502
Prepaid employee-related expenses	836	939	836	939
Prepaid royalty	2,867	2,481	2,867	2,481
Other prepaid items	5,193	4,274	4,955	4,273
Total	**9,222**	**8,012**	**11,518**	**10,195**

Note 21. Cash and Cash Equivalents

Cash and cash equivalents	Group		Parent company	
Amounts in SEK thousands	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Cash and bank balances	16,163	354,863	8,676	350,422
Short-term bank investments	292,184	-	292,184	-
Total cash and cash equivalents	**308,347**	**354,863**	**300,860**	**350,422**
Of which in blocked accounts	*1,200*	*1,200*	*1,200*	*1,200*

Short-term bank investments to interest investments made at the end of the business day until the beginning of the next business day with our AA-rated bank.

Note 22. Financial Assets and Liabilites

Group's financial instruments by category	31 Dec 2022			31 Dec 2021		
Amounts in SEK thousands	Value-tier	Assets measured at amortized cost	Assets measured at fair value through profit or loss	Value-tier	Assets measured at amortized cost	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		140,200			116,705	
Cash and cash equivalents		308,347			354,863	
Total		**448,547**	**-**		**471,568**	**-**

Group's financial instruments by category	31 Dec 2022			31 Dec 2021		
Amounts in SEK thousands	Value-tier	Liabilities measured at amortized cost	Liabilities measured at fair value trough profit and loss	Value-tier	Liabilities measured at amortized cost	Liabilities measured at fair value trough profit and loss
Liabilities in Balance Sheet						
Derivative instruments	2		787	2		2,104
Accounts payable and other liabilities, excluding non-financial		47,368			41,964	
Total		**47,368**	**787**		**41,964**	**2,104**

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 where the resulting value is discounted to present value.

Financial liabilities maturity	Group	
	31 Dec 2022	31 Dec 2021
<1 year	48,155	44,068
1-5 yeas	-	-
>5 years	-	-
Total	**48,155**	**44,068**

Note 23. Participations in Group Companies

Subsidiaries to the parent company and other major subsidiaries within the group as of December 31, 2022:

Amounts in SEK thousands	Share of equity, parent company (%)	Share of equity, group (%)	Number of shares parent company	Carrying amounts, parent company	Equity
Net Insight Consulting AB (publ), corp. ID. no. 556583-7365, registered office: Solna, Sweden	100	100	5,000	500	490
Net Insight Pte. Ltd., registered office: Singapore	100	100	1	0	433
Net Insight UK Ltd; registered office: London, UK	100	100	1	0	434
Net Insight Inc; registered office: Delaware, USA	100	100	1	2,673	8,735
Total				**3,173**	**10,092**

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 restriction

Accumulated cost	Parent company	
Amounts in SEK thousands	31 Dec 2022	31 Dec 2021
Accumulated cost at beginning of year	**174,895**	**246,400**
Disposal	-	-71,505
Liqudation*	-171,722	-
Total participations in group companies	**3,173**	**174,895**

Note 24. Share Capital

As of December 31, 2022, the share capital of SEK 14,750 thousand is divided between 389,758,009 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.

In 2022, the parent company has in total, within the repurchase programs decided at the 2021 and 2022 Annual General Meetings (AGM), repurchased 20,130,000 of its own B shares on Nasdaq Stockholm for SEK 98.3 million.

The 2022 AGM resolved that the company's share capital shall be reduced by SEK 847,000 for allocation to unrestricted equity through cancellation of 21,175,000 own B shares held by the company. The cancellation was completed on August 31.

As of December 31, 2022., the parent company had a total of 11,580,000 of its own class B shares (corresponding to 3.1 percent of the total number of shares), at an average cost of SEK 5.33 per share and with a par value of SEK 0.04 per share. The shares are held as own shares. The parent company has the right to reissue these shares at a later date.

For more information about the share, see The Share and shareholders in the Adminstration report on page 47-48 and section the Share on pages 43-44.

	31 Dec 2022			31 Dec 2021		
The division of shares	**A-shares**	**B-shares**	**Total**	**A-shares**	**B-shares**	**Total**
Outstanding shares	1,000,000	356,178,009	**357,178,009**	1,000,000	376,308,009	**377,308,009**
Repurchased own shares	-	11,580,000	**11,580,000**	-	12,625,000	**12,625,000**
Issued shares	**1,000,000**	**367,758,009**	**368,758,009**	**1,000,000**	**388,933,009**	**389,933,009**

Note 25. Other Provisions

Group

	Current provision			Non-current provisions			
Amounts in SEK thousands	Warranty provisions¹	Variable incentive program²	Other provisions	Warranty provisions¹	Variable incentive program²	Other provisions	Total
As of January 1, 2021	1,668	391	-	1,668	390	2,672	6,789
- additional provisions	155	94	-	155	448	281	1,133
- used amount affecting liquidity	-	-547	-	-	-	-	-547
- reversed unused amount	-	-	-	-	-14	-	-14
- share-based remuneration	-	233	-	-	366	-	599
- reclassification	-	418	-	-	-418	-	-
As of December 31, 2021	1,823	589	-	1,823	772	2,953	7,960
As of January 1, 2022	1,823	589	-	1,823	772	2,953	7,960
- additional provisions	36	658	-	36	307	-	1,037
- used amount affecting liquidity	-	-1,081	-	-	-	-281	-1,362
- share-based remuneration	-	-10	-	-	-155	-	-165
- reclassification	-	617	-	-	-617	-	-
As of December 31, 2022	1,859	773	-	1,859	307	2,672	7,470

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 and option programs. Share-based remuneration is value changes in amounts held in escrow. The terms and conditions of the synthetic share program are stated in note 7.

Parent company	Current provision			Non-current provisions			
Amounts in SEK thousands	Warranty provisions[1]	Variable incentive program[2]	Other provisions	Warranty provisions[1]	Variable incentive program[2]	Other provisions	Total
As of January 1, 2021	**1,668**	**391**	**-**	**1,668**	**390**	**3,048**	**7,165**
- additional provisions	155	94	-	155	448	-	**852**
- used amount affecting liquidity	-	-547	-	-	-	-283	**-830**
- reversed unused amount	-	-	-	-	-14	-	**-14**
- share-based remuneration	-	233	-	-	366	-	**599**
- reclassification	-	418	-	-	-418	-	**-**
As of December 31, 2021	**1,823**	**589**	**-**	**1,823**	**772**	**2,765**	**7,772**
	-		-	-		-	
As of January 1, 2022	**1,823**	**589**	**-**	**1,823**	**772**	**2,765**	**7,772**
- additional provisions	36	658	-	36	307	-	**1,037**
- used amount affecting liquidity	-	-1,081	-	-	-	-843	**-1,924**
- share-based remuneration	-	-10	-	-	-155	-	**-165**
- reclassification	-	617	-	-	-617	-	**-**
As of December 31, 2022	**1,859**	**773**	**-**	**1,859**	**307**	**1,922**	**6,720**

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 and option programs. Share-based remuneration is value changes in amounts held in escrow. The terms and conditions of the synthetic share program are stated in note 7.

Note 26. Other Liabilites

Other liabilities	Group		Parent company	
Amounts in SEK thousands	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Employee-related taxes	2,697	2,533	2,647	2,489
Derivatives	787	2,104	787	2,104
Social security contribution	1,787	1,339	1,787	1,339
Other current liabilities	863	917	944	1,001
Total current liabilities	**6,134**	**6,893**	**6,165**	**6,933**

Note 27. Accrued Expenses

Accrued expenses	Group		Parent company	
Amounts in SEK thousands	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Vacation pay liability	11,260	8,757	9,081	8,383
Accrued remuneration to employees	19,271	19,138	15,803	16,615
Accrued expenses consultants	5,242	3,730	5,216	3,630
Accrued royalty expenses	1,011	515	1,011	515
Other accrued expenses	12,931	4,349	12,432	4,108
Total accrued expenses	**49,715**	**36,489**	**43,543**	**33,251**

Note 28. Cash Flows Statements

Other items not affecting liquidity	Group		Parent company	
Amounts in SEK thousands	2022	2021	2022	2021
Synthetic options, change in value	-	640	-	640
Capital gain/losses	5,092	41,521	9,413	75,367
Provisions	-515	932	-551	932
Unrealized exchange differences	625	-8,494	58	241
Total	**5,202**	**34,599**	**8,920**	**77,180**

Interest	Group		Parent company	
Amounts in SEK thousands	2022	2021	2022	2021
Interest received	2,445	1,127	2,442	1,127
Interest paid	-1,009	-1,212	-37	-3
-Which interest paid related to lease liabilities	*-972*	*-1,201*	-	-

Note 29. Pledged Assets and Contingent Liabilites

Pledged assets	Group		Parent company	
Amounts in SEK thousands	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Deposits	4,902	4,784	4,628	4,686
Of which in blocked accounts	1,200	1,200	1,200	1,200
Total	**6,102**	**5,984**	**5,828**	**5,886**

Contingent liabilities	31 Dec 2022		31 Dec 2022	
Amounts in SEK thousands	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Guarantee	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 30. Proposed Appropriation of Profit

The following funds are at the disposal of the parent company (SEK thousands):	2022
Premium reserve	51,296
Retained earnings	183,620
Net income	49,665
Total	**284,581**

The Board of Directors proposes that funds be appropriated as follows:	2022
Brought forward:	284,581
of which to premium reserve	-
Total	**284,581**

Note 31. Significant Events after the Reporting Period

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

Declaration & signatures

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 24, 2023

Gunilla Fransson
Chairman

Jan Barchan
Board member

Cecilia de Leeuw
Board member

Torbjörn Wingårdh
Board member

Charlotta Falvin
Board member

Crister Fritzson
CEO

Our Audit Report was submitted.
Stockholm March 24, 2023
KPMG AB

Henrik Lind
Authorized Public Accountant

Auditor's Report

Auditor's Report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Net Insight AB (publ) for the year 2022, except for sustainability report on pages 54-55. The annual accounts and consolidated accounts of the company are included on pages 45-111 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 2022 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 2022 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. Our opinions do not cover the sustainability report on pages 54-55. 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 audit committee 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.

Other Matter

The audit of the annual accounts for year 2021 was performed by another auditor who submitted an auditor´s report dated 25 March 2022, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

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.

Valuation of capitalized expenditure for development

See disclosure 16 and accounting principles on page 67 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Capitalized expenditure for development amount to 198 MSEK as of December 31, 2022 representing 24% of total assets.

Expenditures for development is capitalized as an intangible asset provided that the criteria's described in the group's accounting policies on page 67 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.

Capitalized expenditure for development are being amortized on a straight line basis over the estimated useful life and management is required to assess whether there are any indications of impairment.

Capitalized expenditure for development not yet taken into use should annually be tested for impairment by comparing the capitalised amount to the recoverable amount. This impairment test includes prognoses' and assumptions prepared by management.

There is a risk that development expenditures do not meet the requirements for capitalization and that the carrying amount 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.

Response in the audit

We have reviewed the method for capitalization, valuation and impairment for capitalized expenditure for development.

We have tested the effectiveness in a selection of internal controls related to capitalization of expenditure for development. Additionally we have via samples, tested a selection of the capitalized expenditures and verified these to relevant documentation.

We have reviewed managements assessment of indications of impairment of capitalized expenditure for development. We have evaluated the recoverability of the carrying amount by analysing the assets on a portfolio basis and comparing the carrying amount as of 31 December 2022 to the current year revenue to determine if any indicators of impairment exits.

We have reviewed impairment tests prepared by management of projects not yet taken into use to assess if potential impairment by comparing the carrying amount to the recoverable amount. We have also assessed accounting principles and the disclosures related to capitalised development costs included in the annual accounts and consolidated accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-37,43-44, 54-55 and 119-133. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend 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, measures that have been taken to eliminate the threats or related safeguards.

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

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

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 year 2022 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor’s responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company’s profit or loss 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 or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor’s examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Net Insight AB (publ) for year 2022.

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

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

Basis for opinion

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

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

Responsibilities of the Board of Directors and the Managing Director

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

Auditor’s responsibility

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

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

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

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

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

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 38-42 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is 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.

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

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 26-32 and 54-55, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing 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.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Net Insight AB (publ) by the general meeting of the shareholders on the 13 May, 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2022.

Stockholm 24 March, 2023

Henrik Lind

Authorized public accountant

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

Five Year Summary

Five Year Summary

Five year summary[2]

SEK millions (if not defined differently)	2022	2021	2020	2019	2018
Earnings continued operations[1]					
Net sales per business area					
Media Networks	475.1	380.7	332.1	377.8	375.1
Resource Optimization	-	15.1	66.9	70.8	74.4
Streaming Solutions	-	-	-0.4	9.5	2.1
Discontinued operations	-	-15.1	-66.5	-80.3	-2.1
Net sales	**475.1**	**380.7**	**332.1**	**377.8**	**449.5**
Gross earnings	297.7	228.4	202.2	243.2	273.0
Operating expenses	234.2	209.1	202.5	224.8	270.5
Total development expenditure	139.0	109.4	106.4	85.2	140.3
EBITDA	122.7	84.5	31.5	63.9	59.2
EBITDA-2	35.1	28.1	-19.0	26.6	13.5
Operating earnings	60.5	26.8	-15.3	15.4	-34.1
Profit/loss before tax	68.9	28.7	-20.0	14.3	-32.7
Net income	54.0	23.8	-14.7	20.8	-25.9
Balance sheet and cash flow including discontinued operations					
Cash and cash equivalents	308.3	354.9	283.2	52.3	92.9
Working capital	76.5	73.1	57.8	46.8	42.8
Total cash flow	-47.0	71.0	232.6	-41.2	-85.5

1) Separate reporting of discontinued operations has only been made for the years 2019-2021(for 2018, the Streaming Solution business area has also been reported separately as a discontinued operations) , thus previous years' figures also include the Streaming Solution and Resource Optimization business area.

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

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SEK millions (if not defined differently)	2022	2021	2020	2019	2018
The share					
Dividend per share, SEK	-	-	-	-	-
Earnings per share, basic continued operations, SEK	0.15	0.06	-0.04	0.05	-0.07
Earnings per share, diluted continued operations, SEK	0.15	0.06	-0.04	0.05	-0.07
Earnings per share, basic discontinued operations, SEK	-	-0.10	0.66	-0.14	-0.08
Earnings per share, diluted discontinued operations, SEK	-	-0.10	0.66	-0.14	-0.08
Earnings per share including discontinued operations, basic, SEK	0.15	-0.03	0.62	-0.08	-0.15
Earnings per share including discontinued operations, diluted, SEK	0.15	-0.03	0.62	-0.08	-0.15
Cash flow per share, basic, SEK	-0.13	0.19	0.61	-0.11	-0.22
Cash flow per share, diluted, SEK	-0.13	0.18	0.61	-0.11	-0.22
Equity per share basic , SEK	1.65	1.69	1.81	1.21	1.29
Equity per share diluted, SEK	1.63	1.68	1.81	1.21	1.29
Average number of outstanding shares basic, thousands	367,083	382,162	382,758	382,812	383,478
Average number of outstanding shares diluted, thousands	370,840	384,174	382,758	382,812	383,478
Number of outstanding shares at the end of the period, basic, thousands	357,178	377,308	382,758	382,758	383,458
Number of outstanding shares at the end of the period, diluted, thousands	361,988	380,363	382,758	382,758	383,458
Share price at end of period, SEK	6.06	6.62	1.58	2.30	2.68
Employees and consultants continued operations					
Average number of employees and consultants	176	154	152	135	202
KPI continued operations[1]					
Net sales YoY, change in %	*24.8%*	*14.6%*	*-12.1%*	*0.7%*	*5.3%*
Gross margin	*62.7%*	*60.0%*	*60.9%*	*64.4%*	*60.7%*
Total development expenditure/Net sales	*29.2%*	*28.7%*	*32.0%*	*22.6%*	*31.1%*
Operating margin	*12.7%*	*7.0%*	*-4.6%*	*4.1%*	*-7.6%*
EBITDA margin	*25.8%*	*22.2%*	*9.5%*	*16.9%*	*13.2%*
EBITDA-2 margin	*7.4%*	*7.4%*	*-5.7%*	*7.0%*	*3.0%*
Net margin	*11.4%*	*6.3%*	*-4.4%*	*5.5%*	*-5.8%*
KPI Group including discontinued operations					
Return on capital employed	*8.9%*	*3.9%*	*-0.6%*	*-7.4%*	*-14.1%*
Equity/asset ratio	*71.6%*	*78.0%*	*80.3%*	*67.6%*	*76.0%*
Return on equity	*8.7%*	*-2.0%*	*36.0%*	*-6.6%*	*-14.4%*

Alternative Performance Measures

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 the years 2018-2021, key figures relating to the income statement are calculated on continuting operations, unless otherwise stated (in 2018, Resource Optimization is included in continuing operations) and key figures relating to the balance sheet have been calculated for the entire group including discontinued operations, unless otherwise stated.

Calculation of performance measures not included in IFRS framework and some other defitions

GROSS MARGIN	GROSS EARNINGS AS A PERCENTAGE OF NET SALES.	
Operating expenses	Sales and marketing expenses, administration expenses and development expenses.	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.
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	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.

GROSS MARGIN	GROSS EARNINGS AS A PERCENTAGE OF NET SALES.	
Operating expenses	Sales and marketing expenses, administration expenses and development expenses.	Reason for use of the measure
	from business combinations that has been part of the Group for the whole comparative period are recalculated.	
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 129.	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	
EBITDA	Operating earnings before depreciation and amortization.	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.
EBITDA-2	Operating earnings before depreciation and amortization and capitalization of development expenditure.	
EBITDA- & EBITDA-2 margin	EBITDA & EBITDA-2 as a percentage of net sales.	
Regions	Definition of regions for designation of revenue: • EMEA – Europe, the Middle East and Africa. • Americas (AM) - North and South America. • APAC – Asia and Pacific.	The regional follow-up was changed on 1 January 2022. Comparative periods have been recalculated.

KPI Income Statement

SEK millions (if not defined differently	2022	2021	2020	2019	2018
Continued operations					
Net sales	475.1	380.7	332.1	377.8	449.5
Net sales YoY, change in %	*24.8%*	*14.6%*	*-12.1%*	*0.7%*	*5.3%*
Cost of sales ex. amortization of capitalized development	-131.3	-109.4	-98.5	-100.5	-126.3
Gross earnings ex. amortization of capitalized development	**343.8**	**271.3**	**233.6**	**277.3**	**323.2**
Gross margin ex. amortization of capitalized development	*72.4%*	*71.3%*	*70.3%*	*73.4%*	*71.9%*
Cost of sales amortization of capitalized development	-46.2	-42.9	-31.4	-34.1	-50.2
Gross earnings	**297.7**	**228.4**	**202.2**	**243.2**	**273.0**
Gross margin	*62.7%*	*60.0%*	*60.9%*	*64.4%*	*60.7%*
Sales and marketing expenses	-130.0	-104.3	-92.7	-106.8	-153.2
Administration expenses	-52.8	-51.9	-53.9	-70.2	-54.9
Development expenses	-51.4	-53.0	-55.9	-47.9	-62.4
Operating expenses	**-234.2**	**-209.1**	**-202.5**	**-224.8**	**-270.5**
Operating expenses/net sales	*-49.3%*	*-54.9%*	*-61.0%*	*-59.5%*	*-60.2%*
Other operating income and expenses	-3.0	7.5	-15.0	-3.0	-36.5
Operating earnings	**60.5**	**26.8**	**-15.3**	**15.4**	**-34.1**
Operating margin	*12.7%*	*7.0%*	*-4.6%*	*4.1%*	*-7.6%*
Net financial items	8.4	1.9	-4.6	-2.1	1.4
Profit/loss before tax	**68.9**	**28.7**	**-20.0**	**14.3**	**-32.7**
Tax	-14.9	-4.9	5.3	6.5	6.7
Net income continued operations	**54.0**	**23.8**	**-14.7**	**20.8**	**-25.9**
Net margin	*11.4%*	*6.3%*	*-4.4%*	*5.5%*	*-5.8%*
Discontinued operations, net after tax	-	-36.9	252.1	-52.9	-32.3
Net Income	**54.0**	**-13.1**	**237.4**	**-32.2**	**-58.2**

Change in net sales in comparable currencies

SEK millions (if not defined differently)	2022	2021	2020	2019	2018
Net sales	475.1	380.7	332.1		
Net currency effect of comparable currencies	-43.7	14.9	5.7		
Net sales in comparable currencies	**431.5**	**395.6**	**337.7**		
Change in net sales in comparable currencies	**13.3%**	**19.1%**	**-10.6%**		

Change in net sales in comparable currencies for the years 2018-2019 has not been recalculated adjusted for discontinued operations.

Development expenditure continued operations

SEK millions (if not defined differently)	2022	2021	2020	2019	2018
Development expenses	51.4	53.0	55.9	47.9	62.4
Capitalization of development expenditure	87.6	56.4	50.5	37.3	45.7
Total development expenditure	**139.0**	**109.4**	**106.4**	**85.2**	**108.1**
Capitalization rate	*63.0%*	*51.6%*	*47.5%*	*43.8%*	*42.3%*
Net Sales	475.1	380.7	332.1	377.8	449.5
Total development expenditure/net sales	**29.2%**	**28.7%**	**32.0%**	**22.6%**	**24.0%**

EBITDA margin continued operations

SEK millions (if not defined differently)	2022	2021	2020	2019	2018
Operating earnings	60.5	26.8	-15.3	15.4	-34.1
Amortization of capitalized development expenditure	46.2	42.9	31.4	34.1	14.3
Other depreciation & amortization	14.5	14.8	15.4	14.4	43.1
Impairment	1.5	-	-	-	35.9
EBITDA	**122.7**	**84.5**	**31.5**	**63.9**	**59.2**
Capitalization of development expenditure	-87.6	-56.4	-50.5	-37.3	-45.7
EBITDA-2	**35.1**	**28.1**	**-19.0**	**26.6**	**13.5**
Net sales	475.1	380.7	332.1	377.8	449.5
EBITDA margin	*25.8%*	*22.2%*	*9.5%*	*16.9%*	*13.2%*
EBITDA-2 margin	*7.4%*	*7.4%*	*-5.7%*	*7.0%*	*3.0%*

CAPITAL AND RETURN MEASURES	SHOWS HOW CAPITAL IS UTILIZED AND THE COMPANY'S FINANCIAL STRENGTH. RETURN IS A FINANCIAL TERM THAT DESCRIBES HOW MUCH THE VALUE OF AN ASSET CHANGES FROM AN EARLIER POINT IN TIME.	
Non-ifrs 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.	Definitions to rows in the cash flow statement.
Total cash flow	Change in cash and cash equivalents during the period, excluding exchange differences in cash and cash equivalents.	

Working capital including discontinued operations

SEK millions (if not defined differently)	2022	2021	2020	2019	2018
Current assets	548.4	491.7	424.3	255.0	321.5
Cash and cash equivalents	-328.4	-318.1	-237.1	-64.5	-139.2
No interest-bearing short term liabilities	-143.5	-100.5	-129.4	-143.8	-139.5
Working capital	**76.5**	**73.1**	**57.8**	**46.8**	**42.8**

Capital employed including discontinued operations

SEK millions (if not defined differently)	2022	2021	2020	2019	2018
Capital employed					
Total balance	831.1	820.1	856.6	695.0	694.3
No interest-bearing liabilities	-175.5	-112.9	-148.8	-165.3	-159.1
Capital employed	**655.6**	**707.1**	**707.8**	**529.7**	**535.2**
Operating earnings less interest income R4Q					
Operating earnings R4Q	60.5	28.7	-4.3	-38.6	-75.1
Interest income R4Q	2.4	1.1	0.2	0.7	0.3
Operating earnings less interest income R4Q	**58.1**	**27.6**	**-4.5**	**-39.3**	**-75.4**
Return on capital employed	**8.9%**	**3.9%**	**-0.6%**	**-7.4%**	**-14.1%**

Equity/asset ratio including discontinued operations

SEK millions (if not defined differently)	2022	2021	2020	2019	2018
Equity	605.1	646.5	692.6	463.7	493.9
Total equity and liabilities	845.2	828.6	862.4	686.5	649.9
Equity/asset ratio	**71.6%**	**78.0%**	**80.3%**	**67.6%**	**76.0%**

Return on equity including discontinued operations

SEK millions (if not defined differently)	2022	2021	2020	2019	2018
Net income - R4Q	54.0	-13.1	237.4	-32.2	-58.2
Average equity - R4Q	624.2	668.5	659.0	485.4	535.2
Return on equity	**8.7%**	**-2.0%**	**36.0%**	**-6.6%**	**-10.9%**

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.	
Equity per share	Shareholders' equity divided by number of outstanding shares at the end of 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 out-standing shares at the end of the period.	

EMPLOYEES	MEASURES RELATED TO EMPLOYEES.	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	2022	2021	2020	2019	2018
Average number of employees	131	139	168	183	205
Average number of consultants	45	26	30	34	34
Total average number of employee's and consultants	**176**	**165**	**198**	**217**	**239**
Average number of employees and consultants discontinued	-	-11	-46	**-82**	**-38**
Net Average number of employees and consultants continued operations	**176**	**154**	**152**	**135**	**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:

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

(a) Share-based benefits are value changes in amounts held in escrow for participation in the synthetic share program. See note 7 for more information.
(b) During 2015-2019, Net Insight issued synthetic option programs. The synthetic options are revaluated on a current basis to fair value by applying an options valuation model. The changes in value during the term of the options, 3 years, are presented as a financial item. To financially hedge future cash flow effects of the company's commitments in the synthetic option programs, if the share price would exceed the strike price, the parent company has repurchased its own shares. The repurchased of own shares is deducted from equity, retained earnings, and are not revaluated to fair value on a current basis. See note 7 for more information.
(c) Severance pay in due to structural changes.
(d) Covid-19 related government grants for personnel and other resources that still contribute to creating value for the Company.
(e) Impairment losses on intangible fixed assets, recognized as a result of re-prioritization in the Nimbra portfolio.
(f) Lease for empty office refers to costs for remaining lease for the former head office after the move .
(g) During the second quarter of 2021, the final costs for advisory services in connection with the divestment of business area Resource Optimization (ScheduALL), which is presented as other operating income.
(h) Costs for strategic advisory services and preparation for capital injection, which were interrupted as a result of the divestment of the Sye business.
(i) Presenting the cash flow without effects from divestments of the Resource Optimization (ScheduALL operations) and Streaming Solutions (Sye operations) business areas and the repurchase program of own shares provides a better understanding and comparison of the underlying operations' cash flow.

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Material profit and loss items, continued operations, SEK millions	Not	2022	2021	2020	2019	2018
Effects of the Net Insight share price development during the period						
Share-based benefits	(a)	-0.2	-0.4	-0.0	0.0	0.3
Synthetic options, change in value	(b)	-	-0.6	0.1	0.2	2.6
Total		**-0.2**	**-1.1**	**0.0**	**0.3**	**3.0**
Exchange rate differences						
Part of Other operating income & expenses		-1.9	6.5	-16.0	-2.9	-0.5
Part of Net Financial Items		6.9	2.7	-3.5	1.5	-1.6
Total Exchange rate differences		**5.1**	**9.2**	**-19.5**	**-1.3**	**-2.1**
Government grants Covid-19						
Reduction of employee expenses		-	0.8	3.4	-	-
Other operating income		0.1	-0.2	0.7	-	-
Total		**0.1**	**0.6**	**4.1**	**-**	**-**
Items affecting comparability						
Restructuring	(c)	-1.2	-0.8	-0.9	-7.9	-5.9
Government grants Covid-19, other operating income	(d)	0.1	-0.2	0.7	-	-
Impairment of intangible assets	(e)	-1.5	-	-	-	-35.9
Empty office lease	(f)	-	-	-	-	-2.2
Adjustment cost for advisory services disposal of discontinued operations	(g)	-	0.4	-	-	-
Strategic advisory services and preparation for capital injection	(h)	-	-	-	-15.8	-
Total		**-2.6**	**-0.7**	**-0.3**	**-23.6**	**-44.0**
Operating earnings excluding items affecting comparability - Operating earnings, adjusted						
Operating earnings		60.5	26.8	-15.3	15.4	-34.1
Items affecting comparability, as per above		2.6	0.7	0.3	27.8	48.3
Total		**63.1**	**27.4**	**-15.1**	**43.2**	**14.2**
Operating earnings excluding exchange rate differences						
Operating earnings		60.5	26.8	-15.3	15.4	-34.1
Exchange rate differences, as per above		1.9	-6.5	16.0	2.9	0.5
Total		**62.4**	**20.3**	**0.7**	**18.2**	**-33.6**
Operating earnings excluding exchange rate differences & items affecting comparability						
Operating earnings		60.5	26.8	-15.3	15.4	-34.1
Exchange rate differences, as per above		1.9	-6.5	16.0	2.9	0.5
Items affecting comparability, as per above		2.6	0.7	0.3	27.8	48.3
Total		**65.0**	**20.9**	**1.0**	**46.0**	**14.7**
Cash Flow excluding disposal of subsidiary, net effect on cash, and repurchase of own shares	(i)					
Net change in cash and cash equivalents		-47.0	71.0	232.6	-41.2	-85.5
Disposal of subsidiary, net effect on cash		-	-70.3	-302.3	-	-
Repurchase of own shares		98.3	33.4	-	1.8	0.7
Total		**51.3**	**34.1**	**-69.7**	**-39.4**	**-84.7**

Other

Financial Calendar

May 3, 2023

INTERIM REPORT

January – March

May 12, 2023

ANNUAL GENERAL MEETING 2023

July 18, 2023

INTERIM REPORT

January – June

November 9, 2023

INTERIM REPORT

January – September

Shareholder Information

Annual General Meeting

The Annual General Meeting (AGM) will be Friday, 12 May 2023 at 10.00 CEST, at the company's premises at Smidesvägen 7, Solna, Sweden.

Shareholders who wish to participate in the annual general meeting must firstly be registered in the shareholders' register maintained by Euroclear Sweden AB on 4 May 2023, secondly notify the company of their participation in the Annual General Meeting no later than 8 May 2023.

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

Dividend

The Board of Directors is proposing to the AGM to resolve not to pay any dividend for the financial year 2022.

Distribution of Annual Report

The Annual Report 2022 will be published on April 21, 2023 at netinsight.net/investors
Printed versions of the Annual Report are available to order by e-mail: info@netinsight.net, or by telephone: +46 (0)8 685 04 00.

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

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Investor relations

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

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

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

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