

# Net Insight Interim Report January – September 2021



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

## July – September 2021

- Net sales amounted to SEK 100.8 (77.2) million, an increase of 30.6% year-on-year. In comparable currencies net sales increased by 34.1%.
- Operating earnings amounted to SEK 11.8 (-4.1) million, corresponding to an operating margin of 11.7% (-5.3%). Excluding foreign exchange rate differences of SEK -0.2 (0.1) million, operating earnings were SEK 12.0 (-4.2) million.
- Net income for the period for continuing operations was SEK 10.1 (-3.9) million and for the Group, including discontinued operations, SEK 10.1 (-5.9) million.
- Earnings per share diluted for the Group was SEK 0.03 (-0.02).
- Total cash flow for the Group was SEK 25.1 (-21.1) million. Excluding the cash impact of the divestment of operations, cash flow was SEK -6.4 (-21.1) million.

## January – September 2021

- Net sales amounted to SEK 272.8 (241.4) million, an increase of 13.0% year-on-year. In comparable currencies net sales increased by 19.5%.
- Operating earnings amounted to SEK 23.5 (-0.9) million, corresponding to an operating margin of 8.6% (-0.4%). Excluding foreign exchange rate differences of SEK 8.2 (1.9) million, operating earnings were SEK 15.3 (-2.8) million.
- Net income for the period for continuing operations was SEK 21.0 (-2.8) million. Net Income for the Group, including discontinued operations, was SEK -16.0 (244.2) million. This includes capital loss on disposal of discontinued operations of SEK -35.9 (246.4) million.
- Earnings per share diluted for the Group was SEK -0.04 (0.64).
- Total cash flow for the Group was SEK 55.9 (214.0) million. Excluding the cash impact of the divestment of operations, cash flow was SEK 9.3 (-88.4) million.

## High sales and increased orders

Crister Fritzson, CEO, Net Insight

### Significant events:

- Strong growth across all regions
- New IP functionality attracts customers

### Significant events after the reporting period:

- Signed agreement with a total value of SEK 220 million in 5G synchronization
- Decision to initiate repurchase of Treasury shares

## FINANCIAL HIGHLIGHTS

SEK millions	Jul-Sep			Jan-Sep			Oct 2020- Sep 2021	Jan-Dec 2020	Change
	2021	2020	Change	2021	2020	Change			
<b>Continuing operations</b>									
Net sales	100.8	77.2	30.6%	272.8	241.4	13.0%	363.4	332.1	9.4%
Operating earnings	11.8	-4.1		23.5	-0.9		9.1	-15.3	
Operating margin	11.7%	-5.3%		8.6%	-0.4%		2.5%	-4.6%	
Net income	10.1	-3.9		21.0	-2.8		9.1	-14.7	
EBITDA	15.2	-1.0		28.3	-3.4		12.7	-19.0	
EBITDA margin	15.1%	-1.2%		10.4%	-1.4%		3.5%	-5.7%	
<b>Total Group, including discontinued operations</b>									
Net Income	10.1	-5.9		-16.0	244.2		-22.8	237.4	
Total cash flow	25.1	-21.1		55.9	214.0	-73.9%	74.5	232.6	-68.0%

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

# CEO's Statement

## Strong growth in the third quarter, followed by a big agreement in 5G synchronization



Strong growth in all regions a sign of strength

Crister Fritzson, CEO Net Insight

**Q3 was the strongest in terms of revenue** since Q2 2019, and sales in the period of SEK 101 million were up by just over 30% year-on-year and by 13% compared to the same period in 2019. All regions exceeded last year's sales figures, contributing to the increase, alongside increased sales for the Aperi portfolio. Looking back, our customers' investment appetite increased gradually in the first nine months of the year. Q3 2021 was the fourth consecutive quarter of year-on-year growth.

Operating earnings were SEK 12 million due to strong sales in combination with decreased personnel expenses as the third quarter included the holiday period. Revenue was derived from continuous orders from many different customers in the quarter. This is a sign of strength. For example, we received orders from customers that extended existing media networks, but also from customers that won rights to new sporting events.

Positive profit coupled with our systematic approach to reducing capital tied-up, generated positive cash flow in the year. As a result of the current components shortages, there is a risk of a temporary increase in capital tied up in inventories to secure customer deliveries.

### **Agreement in 5G synchronization totaling SEK 220 million after the end of the reporting period**

Net Insight once again demonstrated its ability to commercialize its leading-edge tech expertise. On November 1, we signed an agreement with Turkish

telecom operator Türk Telekom relating to 5G synchronization. The agreement is a milestone that opens up a large new market, estimated to have a future value of USD 1 Bn annually.

### **Components shortages affecting supply chain**

The effects of Covid-19 include longer lead times and disruptions to the supply chain. Components shortages are expected to continue in 2022. We are proactively working to secure components, focusing on customer deliveries. Thanks to our systematic approach, we have been successful to date.

### **New IP functionality attracts customers**

Our largest order of Aperi products to date, which was placed in the second quarter, was largely delivered during the third quarter. I am very proud of the successful integration of the Aperi products and this order win. It demonstrates how competitive our broad IP product portfolio is becoming as we transfer IP functionality to our other Nimbra MSR products. New functionality will be delivered continuously over the next year as part of our ongoing investments.

### **Award-winning Nimbra Edge confirms market-leading cloud solution**

I am also proud that our cloud-based Nimbra Edge solution won the category Best Network Delivery Technology in the prestigious CSI Awards. The product has been installed and is operational with customers such as The Switch,

which launched its cloud-based on-demand service MIMiC for transmission in August, which runs on Nimbra Edge. Last fall, The Switch supported a virtualized production of 21 Twitter Live programs for the NHL Stanley Cup. This is further evidence that our market-leading platform is reliable and delivers in demanding environments.

#### **Repurchase of shares**

As previously communicated, the AGM authorized the Board to repurchase a maximum of 10% of the total number of outstanding shares. The Board meeting on November 8 decided on a repurchase program will amount to at most 16 million shares or SEK 70 million. The repurchase program will commence in on November 11, 2021, and run until the AGM on May 13, 2022.

#### **Net Insight well positioned for the future**

We have made significant advances and our marketing has become much more effective. Continuous investment in product development, new functionality and our clear transition towards IP and cloud-based solutions are the foundation for the breadth of our product portfolio. Our extensive experience of remote production and time synchronization is closely aligned with market demand.

Alongside my dedicated colleagues, I'm pleased to conclude a positive quarter. Given the team's strong commitment to our customers and Net Insight, we are taking positive steps in the right direction.

Solna, Sweden, November 9, 2021

Crister Fritzson, CEO





## EXTRAORDINARY EVENTS

### Divested operations

The business area Resource Optimization (ScheduALL) was divested on March 31, 2021, and is reported as discontinued operations in this report. For more information on discontinued operations, including the in 2020 divested business Streaming Solutions, see tables on page 11.

Comments in this report have reference to continuing operations, business area Media Networks, unless otherwise specified.

## REVENUES

Net sales in the third quarter of 2021 were SEK 100.8 (77.2) million, an increase of 30.6%. In comparable currencies, sales increased by 34.1%.

Net sales for the first nine months were SEK 272.8 (241.8) million, an increase of 13.0%. In comparable currencies, sales increased by 19.5%.

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

In Q3, we have seen an increased interest to invest among our customers. This, in combination with our initiatives to further develop and strengthen our customer offering and improve our sales & marketing approach, have had impact on our growth in the quarter. All regions exceeded last year's sales figures, contributed to the increase, alongside increased sales for the Aperi-portfolio. We are also seeing a modest increase in revenue from our cloud-based solution Nimbra Edge. Revenues for the quarter also consists to some extent of revenues related to the Summer Games in Tokyo, but in general it is the customers long term investments to meet their customers increased demand and quality expectations that drive our long-term growth.

## EARNINGS

Gross profit for the third quarter was SEK 60.5 (41.9) million, an increase by 44.4%. The increase is primarily driven by the sharp increase in revenue compared to last year. Gross profit included amortization of capitalized development expenditure of SEK -11.0 (-8.0) million. Gross margin excluding and including amortization of capitalized development expenditure was 70.9% (64.7%) and 60.1% (54.3%) respectively.

Operating expenses in the third quarter of SEK -48.5 (-46.6) million, an increase by 4.1% compared to last year. The increase is attributable to the sharp increase in revenue, which, among other things, results in higher sales and marketing costs. For the comparing period the operating expenses was positively affected with SEK 0.9 million related to governmental Covid-19 relief support, no corresponding grants during this period.

Sales and marketing expenses were SEK -24.9 (-21.7) million, and administration expenses to SEK -12.2 (-13.2). Development expenses were SEK -11.4 (-11.7) million and the total development expenditure, i.e. before capitalization, were SEK -22.6 (-20.7) million. Other operating income and expenses were SEK -0.2 (0.6) million, of which foreign exchange rate differences of SEK -0.2 (0.1) million.

Operating earnings were SEK 11.8 (-4.1) million, corresponding to an operating margin of 11.7% (-5.3%). Excluding foreign exchange rate differences of SEK -0.2 (0.1) million, operating profit amounted to SEK 12.0 (-4.2) million. See also table Material profit and loss items on page 21.

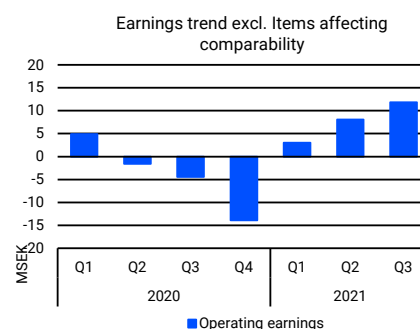
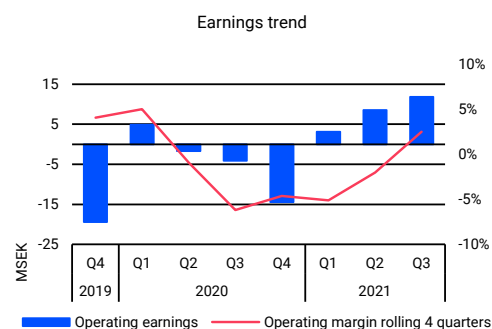
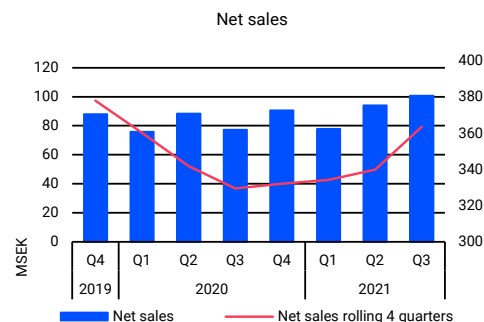
EBITDA was SEK 15.2 (-1.0) million, corresponding to an EBITDA margin of 15.1% (-1.2%). The increase is attributable to the higher revenue.

In the third quarter, net financial items amounted to SEK 0.9 (-0.3) million.

Profit before tax for the third quarter was SEK 12.7 (-4.4) million, and net income was SEK 10.1 (-3.9) million, corresponding to a net margin of 10.0% (-5.1%). Including Discontinued operations, net income was SEK 10.1 (-5.9) million.

Gross earnings for the nine-month period were SEK 163.3 (147.5) million. Gross profit included amortization of capitalized development expenditure of SEK -32.4 (-22.4) million. Gross margin excluding and including amortization of capitalized development expenditure was 71.7% (70.4%) and 59.8% (61.1%) respectively.

Operating expenses of SEK -149.2 (-151.5) million decreased following cost reduction initiatives and reduced costs for travel exhibits etc. These costs are expected to increase slightly from Q4 2021. Operating expenses was positively affected with SEK 0.8 (2.6) million related to governmental Covid-19 relief support.



Operating earnings were SEK 25.5 (-0.9). Excluding foreign exchange rate differences of SEK 8.2 (1.9) million, operating earnings was SEK 15.3 (-2.8) million. See also table Material profit and loss items on page 21.

EBITDA was SEK 28.3 (-3.4) million, corresponding to an EBITDA margin of 10.4% (-1.4%).

Profit before tax for the nine months was SEK 24.9 (-3.1) million, and net income was SEK 21.0 (-2.8) million, corresponding to a net margin of 7.7% (-1.2%). Including discontinued operations, net income was SEK -16.0 (244.2) million, including capital loss on disposal of discontinued operations of SEK -35.9 (246.4) million.

Key Ratios continuing operations	Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
	2021	2020	2021	2020	Sep 2021	2020
Net sales, SEK millions	100.8	77.2	272.8	241.4	363.4	332.1
Net sales YoY, change in %	30.6%	-14.0%	13.0%	-16.7%	10.3%	-12.1%
Gross earnings	60.5	41.9	163.3	147.5	217.9	202.2
Gross margin	60.1%	54.3%	59.8%	61.1%	60.0%	60.9%
Operating earnings	11.8	-4.1	23.5	-0.9	9.1	-15.3
Operating margin	11.7%	-5.3%	8.6%	-0.4%	2.5%	-4.6%
EBITDA	15.2	-1.0	28.3	-3.4	12.7	-19.0
EBITDA margin	15.1%	-1.2%	10.4%	-1.4%	3.5%	-5.7%

## INVESTMENTS INCLUDING DIVESTED OPERATIONS

Third quarter investments were SEK 11.2 (12.2) million, of which SEK 11.1 (12.2) million related to capitalization of expenditure for development. Depreciation and amortization in the third quarter totaled SEK -14.5 (-15.7) million, of which SEK -11.0 (-10.1) million related to amortization of capitalized expenditure for development.

Investments for the first nine months were SEK 43.4 (59.3) million, of which SEK 42.1 (54.0) million related to capitalization of expenditure for development. Depreciation and amortization for the first nine months totaled SEK -46.1 (-43.5) million, of which SEK -33.8 (-27.3) million related to amortization of capitalized expenditure for development.

At the end of the period, net value of capitalized expenditure for development was SEK 151.3 million. Net value of capitalized expenditure for development as of December 31, 2020, was SEK 208.9 million.

For continuing operations (Media Networks), capitalized expenditure for development in the third quarter amounted to SEK 11.1 (9.0) million, and amortization to SEK -11.0 (-8.0) million. For the nine-month period, capitalized expenditure for development amounted to SEK 39.0 (36.4) million, and amortization to SEK -32.4 (-22.4) million.

At the end of the period, net value of capitalized expenditure for development was SEK 151.3 million, against SEK 144.8 million as of December 31, 2020.

## CASH FLOW AND FINANCIAL POSITION INCLUDING DISCONTINUED OPERATIONS

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

Cash flow from operating activities in the third quarter was SEK 38.1 (-6.7) million. Total cash flow was SEK 25.1 (-21.1) million. The improvement is primarily driven by improved earnings and reduced tied-up capital. The parent company also received the final payment from the divestment of the business area Streaming Solutions of SEK 31.5 million. Excluding the impact from the divestment, cash flow was SEK -6.4 million (-21.1).

Cash flow from operating activities for the nine-month period was SEK 90.3 (-23.1) million, and total cash flow was 55.9 (214.0). The divestments of Business Areas Resource Optimization and Streaming Solutions had cash impact of SEK 46.6 (302.3) million. Excluding the impact from the divestments, cash flow was SEK 9.3 million (-88.4). The improvement is primarily driven by reduced tied-up capital. Last year also includes SEK -12.7 million of assets acquired from Aperi.

Cash and cash equivalents were SEK 339.6 million at the end of the period, against SEK 283.2 million as of 31 December 2020.

Remaining tax loss carry-forwards for group companies amounted to SEK 83.2 million at the end of the period, compared to SEK 101.6 million for continuing business as of December 31, 2020. Deferred tax has been recognized for the tax loss carry-forwards. For more information, see the section Tax on page 13.

Equity was SEK 676.9 million at the end of the period, against SEK 692.6 million as of 31 December 2020. The equity/assets ratio was 83.8%, against 80.3% as of 31 December 2020. For information about warrants, share repurchases and share structure, see the section Contributed equity on page 13.

## EMPLOYEES

The average number of employees and consultants at Net Insight during the third quarter and the nine-month period was 154 (152) and 152 (151) respectively, of which 124 (126) and 123 (127) respectively in the parent company Net Insight AB (publ).

## PARENT COMPANY

Parent company net sales were SEK 100.7 (79.3) million in the third quarter, and net income was SEK 9.7 (-4.2) million. In the third quarter, intra-group sales totaled SEK 0.0 (0.9) million, and intra-group purchases SEK -13.0 (-13.3) million.

For the nine-month period, parent company net sales were SEK 272.6 (247.7) million, and net income was SEK -55.8 (193.8) million. The financial net includes result from participation in group companies of SEK -69.8 (196.5) million, which relates to capital loss/gains from divestment of subsidiary. For the nine-month period, intra-group sales totaled SEK 0.0 (7.1) million, and intra-group purchases SEK -37.3 (-37.7) million.

Progress in the parent company in the second quarter and for the first nine months largely shadowed Group progress as indicated above (except for the effect of the sale of operations/subsidiaries).

## RISK AND SENSITIVITY ANALYSIS

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

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

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

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

## SEASONALITY

In the past three calendar years, average seasonality has been fairly modest.

## CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK thousands	Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
	2021	2020	2021	2020	Sep 2021	2020
<b>Continuing operations</b>						
Net sales	100,792	77,191	272,793	241,443	363,441	332,091
Cost of sales	-40,261	-35,272	-109,540	-93,915	-145,549	-129,924
<b>Gross earnings</b>	<b>60,531</b>	<b>41,919</b>	<b>163,253</b>	<b>147,528</b>	<b>217,892</b>	<b>202,167</b>
Sales and marketing expenses	-24,934	-21,670	-72,773	-69,121	-96,368	-92,716
Administration expenses	-12,157	-13,231	-38,383	-41,082	-51,236	-53,935
Development expenses	-11,440	-11,707	-38,037	-41,303	-52,591	-55,857
Other operating income and expenses	-161	590	9,457	3,055	-8,599	-15,001
<b>Operating earnings</b>	<b>11,839</b>	<b>-4,099</b>	<b>23,517</b>	<b>-923</b>	<b>9,098</b>	<b>-15,342</b>
Net financial items	872	-283	1,384	-2,203	-1,036	-4,623
<b>Profit/loss before tax</b>	<b>12,711</b>	<b>-4,382</b>	<b>24,901</b>	<b>-3,126</b>	<b>8,062</b>	<b>-19,965</b>
Tax	-2,623	447	-3,943	323	1,022	5,288
<b>Net income continuing operations</b>	<b>10,088</b>	<b>-3,935</b>	<b>20,958</b>	<b>-2,803</b>	<b>9,084</b>	<b>-14,677</b>
Discontinued operations, net after tax	-	-2,000	-36,926	247,017	-31,883	252,060
<b>Net income</b>	<b>10,088</b>	<b>-5,935</b>	<b>-15,968</b>	<b>244,214</b>	<b>-22,799</b>	<b>237,383</b>
<b>Net income for the period attributable to the shareholders of the parent company</b>	<b>10,088</b>	<b>-5,935</b>	<b>-15,968</b>	<b>244,214</b>	<b>-22,799</b>	<b>237,383</b>

Earnings per share, based on net income attributable to the parent company's shareholders during the period	Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
	2021	2020	2021	2020	Sep 2021	2020
<b>Earnings per share from continuing operations</b>						
-Basic, SEK	0.03	-0.01	0.05	-0.01	0.02	-0.04
-Diluted, SEK	0.03	-0.01	0.05	-0.01	0.02	-0.04
<b>Earnings per share including discontinuing operations</b>						
-Basic, SEK	0.03	-0.02	-0.04	0.64	-0.06	0.62
-Diluted, SEK	0.03	-0.02	-0.04	0.64	-0.06	0.62
<b>Average number of outstanding shares in thousands</b>						
-Basic	382,758	382,758	382,758	382,758	382,758	382,758
-Diluted	385,813	382,758	384,509	382,758	384,159	382,758

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands	Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
	2021	2020	2021	2020	Sep 2021	2020
Net income	10,088	-5,935	-15,968	244,214	-22,799	237,383
<b>Other comprehensive income</b>						
<i>Items that may be reclassified subsequently to the income statement</i>						
Translation differences	190	-2,422	202	-2,558	-6,980	-9,740
<b>Total other comprehensive income, after tax</b>	<b>190</b>	<b>-2,422</b>	<b>202</b>	<b>-2,558</b>	<b>-6,980</b>	<b>-9,740</b>
<b>Total other comprehensive income for the period</b>	<b>10,278</b>	<b>-8,357</b>	<b>-15,766</b>	<b>241,656</b>	<b>-29,779</b>	<b>227,643</b>
<b>Total comprehensive income for the period attributable to the shareholders of the parent company</b>	<b>10,278</b>	<b>-8,357</b>	<b>-15,766</b>	<b>241,656</b>	<b>-29,779</b>	<b>227,643</b>

## CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	30 Sep 2021	30 Jun 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalized expenditure for development	151,305	151,160	208,938
Goodwill	38,751	38,751	58,166
Other intangible assets	2,203	2,455	7,830
Right-of-use assets	35,516	37,419	45,231
Equipment	19,937	20,974	24,989
Deferred tax asset	17,903	20,590	27,428
Deposits	5,022	5,020	5,400
<b>Total non-current assets</b>	<b>270,637</b>	<b>276,369</b>	<b>377,982</b>
<b>Current assets</b>			
Inventories	54,507	49,227	52,470
Accounts receivable	84,972	74,490	98,116
Other receivables	57,708	87,000	50,620
Cash and cash equivalents	339,550	314,546	283,184
<b>Total current assets</b>	<b>536,737</b>	<b>525,263</b>	<b>484,390</b>
<b>TOTAL ASSETS</b>	<b>807,374</b>	<b>801,632</b>	<b>862,372</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to parent company's shareholders</b>			
Share capital	15,597	15,597	15,597
Other paid-in capital	1,192,727	1,192,727	1,192,727
Translation reserve	-65	-255	-267
Accumulated deficit	-531,409	-541,497	-515,441
<b>Total shareholders' equity</b>	<b>676,850</b>	<b>666,572</b>	<b>692,616</b>
<b>Non-current liabilities</b>			
Lease liabilities	26,888	28,847	35,498
Other liabilities	10,552	10,561	18,230
<b>Total non-current liabilities</b>	<b>37,440</b>	<b>39,408</b>	<b>53,728</b>
<b>Current liabilities</b>			
Lease liabilities	9,225	9,165	10,231
Accounts payable	23,099	16,651	17,093
Other liabilities	60,760	69,836	88,704
<b>Total current liabilities</b>	<b>93,084</b>	<b>95,652</b>	<b>116,028</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>807,374</b>	<b>801,632</b>	<b>862,372</b>



## CHANGES IN CONSOLIDATED EQUITY, IN SUMMARY

SEK thousands	Attributable to parent company's shareholders				Total shareholders' equity
	Share capital	Other paid-in capital	Translation reserve	Accumulated deficit	
<b>January 1, 2020</b>	<b>15,597</b>	<b>1,192,727</b>	<b>9,473</b>	<b>-754,052</b>	<b>463,745</b>
Warrants issued	-	-	-	1,228	<b>1,228</b>
Total comprehensive income	-	-	-9,740	237,383	<b>227,643</b>
<b>December 31, 2020</b>	<b>15,597</b>	<b>1,192,727</b>	<b>-267</b>	<b>-515,441</b>	<b>692,616</b>
<b>January 1, 2021</b>	<b>15,597</b>	<b>1,192,727</b>	<b>-267</b>	<b>-515,441</b>	<b>692,616</b>
Total comprehensive income	-	-	202	-15,968	<b>-15,766</b>
<b>September 30, 2021</b>	<b>15,597</b>	<b>1,192,727</b>	<b>-65</b>	<b>-531,409</b>	<b>676,850</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS INCLUDING DISCONTINUED OPERATIONS

SEK thousands	Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
	2021	2020	2021	2020	Sep 2021	2020
<b>Ongoing activities</b>						
Profit/loss before tax	12,711	-7,645	-12,093	243,567	-18,763	236,897
Income tax paid	-589	-47	-782	-47	-1,048	-313
Depreciation & amortization	14,528	15,656	46,104	43,494	62,497	59,887
Other items not affecting liquidity	2,083	8,922	30,434	-235,804	36,345	-229,893
<b>Cash flow from operating activities before changes in working capital</b>	<b>28,733</b>	<b>16,886</b>	<b>63,663</b>	<b>51,210</b>	<b>79,031</b>	<b>66,578</b>
<b>Changes in working capital</b>						
Increase-/decrease+ in inventories	-6,551	-55	-2,990	-19,130	2,471	-13,669
Increase-/decrease+ in receivables	18,638	-1,181	20,341	-17,040	44,395	7,014
Increase+/decrease- in liabilities	-2,681	-22,348	9,272	-38,113	3,329	-44,056
<b>Cash flow from operating activities</b>	<b>38,139</b>	<b>-6,698</b>	<b>90,286</b>	<b>-23,073</b>	<b>129,226</b>	<b>15,867</b>
<b>Investment activities</b>						
Investment in intangible assets	-11,123	-12,328	-42,138	-56,375	-60,109	-74,346
Investment in tangible assets	-45	88	-1,423	-2,940	-1,545	-3,062
Disposal of subsidiary, net effect on cash	-	-	15,129	302,348	15,129	302,348
Increase-/decrease+ in financial assets, net	-	-	-	-	-278	-278
<b>Cash flow from investment activities</b>	<b>-11,168</b>	<b>-12,240</b>	<b>-28,432</b>	<b>243,033</b>	<b>-46,803</b>	<b>224,662</b>
<b>Financing activities</b>						
Amortization leasing	-1,899	-2,172	-5,978	-6,953	-8,159	-9,134
Warrant premiums paid	-	-	-	950	278	1,228
<b>Cash flow from financing activities</b>	<b>-1,899</b>	<b>-2,172</b>	<b>-5,978</b>	<b>-6,003</b>	<b>-7,881</b>	<b>-7,906</b>
<b>Net change in cash and cash equivalents</b>	<b>25,072</b>	<b>-21,110</b>	<b>55,876</b>	<b>213,957</b>	<b>74,542</b>	<b>232,623</b>
Exchange differences in cash and cash equivalents	-68	-258	490	-978	-301	-1,769
Cash and cash equivalents at the beginning of the period	314,546	286,677	283,184	52,330	265,309	52,330
<b>Cash and cash equivalents at the end of the period</b>	<b>339,550</b>	<b>265,309</b>	<b>339,550</b>	<b>265,309</b>	<b>339,550</b>	<b>283,184</b>

## DISAGGREGATION OF REVENUE

SEK thousands	Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
	2021	2020	2021	2020	Sep 2021	2020
<b>Net sales by product group</b>						
Hardware	44,609	30,938	122,258	99,551	160,165	137,458
Software licenses	21,418	18,902	55,000	57,224	78,702	80,926
Support and Services	34,764	27,351	95,534	84,668	124,573	113,707
<b>Total</b>	<b>100,792</b>	<b>77,191</b>	<b>272,793</b>	<b>241,443</b>	<b>363,441</b>	<b>332,091</b>
<b>Net sales by region</b>						
WE	48,817	40,942	142,852	111,585	189,242	157,975
AM	37,034	26,861	88,861	85,827	120,240	117,206
RoW	14,940	9,388	41,079	44,031	53,958	56,910
<b>Total</b>	<b>100,792</b>	<b>77,191</b>	<b>272,793</b>	<b>241,443</b>	<b>363,441</b>	<b>332,091</b>
<b>Timing of revenue recognition</b>						
Products and services transferred at a point in time	66,028	49,843	177,296	156,798	238,909	218,411
Services transferred over time	34,764	27,348	95,497	84,645	124,532	113,680
<b>Total</b>	<b>100,792</b>	<b>77,191</b>	<b>272,793</b>	<b>241,443</b>	<b>363,441</b>	<b>332,091</b>

## FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category - Assets		Sep 30, 2021		31 Dec 2020	
SEK thousands		Value-tier	Measured at amortized cost	Value-tier	Measured at amortized cost
			Measured at fair value through profit or loss		Measured at fair value through profit or loss
<b>Assets in Balance Sheet</b>					
Derivative instruments		2	-	2	-
Accounts receivable and other receivables, excluding non-financial assets			103,745		130,667
Cash and cash equivalents			339,550		283,184
<b>Total</b>			<b>443,295</b>		<b>413,851</b>

Group's financial instruments by category - Liabilities		Sep 30, 2021		31 Dec 2020	
SEK thousands		Value-tier	Measured at amortized cost	Value-tier	Measured at amortized cost
			Measured at fair value through profit or loss		Measured at fair value through profit or loss
<b>Liabilities in Balance Sheet</b>					
Synthetic options		2	116	2	-
Derivative instruments		2	1,334	2	-
Accounts payable and other liabilities, excluding non-financial liabilities			29,673		22,763
Lease liabilities			36,114		45,728
<b>Total</b>			<b>65,786</b>		<b>68,492</b>

### Financial instruments in tier 2

The fair value of derivative instruments is measured using exchange rates of currency forwards on the reporting date. The closing balance for synthetic options represents the total assessed value of a number of outstanding options, which has been measured on the basis of accepted market principles and are based on Net Insight's share price.

## INCOME FROM DISCONTINUED OPERATIONS

SEK thousands	Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
	2021	2020	2021	2020	Sep 2021	2020
Revenues	-	15,314	15,101	49,638	31,945	66,482
Expenses	-	-18,576	-16,176	-49,295	-22,851	-55,970
Capital gain on disposal of discontinued operations	-	-	-35,919	246,350	-35,919	246,350
<b>Profit/loss before tax</b>	-	<b>-3,262</b>	<b>-36,994</b>	<b>246,693</b>	<b>-26,825</b>	<b>256,862</b>
Tax	-	1,262	68	324	-5,058	-4,802
<b>Net income discontinuing operations</b>	-	<b>-2,000</b>	<b>-36,926</b>	<b>247,017</b>	<b>-31,883</b>	<b>252,060</b>

## ASSETS HELD FOR SALE

SEK thousands	Mar 2021	Jan 2020
<b>Disposed assets and liabilities</b>		
Capitalized expenditure for development	70,198	79,756
Goodwill	22,932	-
Other intangible assets	3,642	-
Right-of-use assets	3,617	-
Equipment	2,688	250
Deferred tax asset	6,261	13,598
Deposits	407	-
Accounts receivable	7,916	-
Other receivables	1,859	186
Cash and cash equivalents	2,274	1,533
Lease liabilities, non-current	-2,593	-
Other liabilities, non-current	-5,862	-
Lease liabilities	-1,291	-
Accounts payable	-1,702	-
Other liabilities	-32,596	-2,875
<b>Net assets and liabilities</b>	<b>77,750</b>	<b>92,448</b>
Cash consideration	49,538	348,002
Less: Escrow	-24,428	-34,917
Less: Cash and cash equivalents in discontinued operations	-2,274	-1,533
Less: Transaction costs	-7,707	-9,204
<b>Effect on group's cash and cash equivalents</b>	<b>15,129</b>	<b>302,348</b>

## CASHFLOW FROM DISCONTINUED OPERATIONS

SEK thousands	Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
	2021	2020	2021	2020	Sep 2021	2020
<b>Cash flow from discontinued operations, net</b>						
Cash flow from operating activities	31,488	-277	32,387	17,182	36,660	21,455
Cash flow from investment activities	-	-3,199	11,960	284,810	8,088	280,938
Cash flow from financing activities	-	-	-	-	-	-
<b>Cash flow from discontinued operations, net</b>	<b>31,488</b>	<b>-3,476</b>	<b>44,347</b>	<b>301,992</b>	<b>44,748</b>	<b>302,393</b>

## PARENT COMPANY INCOME STATEMENT, IN SUMMARY

SEK thousands	Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
	2021	2020	2021	2020	Sep 2021	2020
Net sales	100,733	79,254	272,617	247,691	365,589	340,663
Cost of sales	-39,112	-36,039	-106,248	-94,755	-142,941	-131,448
<b>Gross earnings</b>	<b>61,621</b>	<b>43,215</b>	<b>166,369</b>	<b>152,936</b>	<b>222,648</b>	<b>209,215</b>
Sales and marketing expenses	-30,327	-23,320	-88,858	-73,932	-124,761	-109,835
Administration expenses	-12,003	-13,600	-38,159	-42,187	-51,743	-55,771
Development expenses	-7,740	-12,408	-27,924	-41,275	-42,751	-56,102
Other income expenses	-378	759	3,964	2,296	-13,522	-15,190
<b>Operating earnings</b>	<b>11,173</b>	<b>-5,354</b>	<b>15,392</b>	<b>-2,162</b>	<b>-10,129</b>	<b>-27,683</b>
Net financial items	1,212	9	-67,452	195,379	-66,630	196,201
<b>Profit/loss before tax</b>	<b>12,385</b>	<b>-5,345</b>	<b>-52,060</b>	<b>193,217</b>	<b>-76,759</b>	<b>168,518</b>
Tax	-2,666	1,108	-3,777	561	1,436	5,774
<b>Net income</b>	<b>9,719</b>	<b>-4,237</b>	<b>-55,837</b>	<b>193,778</b>	<b>-75,323</b>	<b>174,292</b>

## PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	30 Sep 2021	30 Jun 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalized expenditure for development	151,305	151,160	144,776
Other intangible assets	2,203	2,455	3,981
Equipment	18,247	19,215	20,407
Participations in group companies	174,895	174,895	246,400
Deferred tax asset	17,141	19,807	20,919
Deposits	4,927	4,927	4,927
<b>Total non-current assets</b>	<b>368,718</b>	<b>372,459</b>	<b>441,410</b>
<b>Current assets</b>			
Inventories	54,507	49,227	52,470
Accounts receivable	85,493	74,920	90,453
Other receivables	59,675	88,324	50,520
Cash and cash equivalents	332,741	298,074	263,558
<b>Total current assets</b>	<b>532,416</b>	<b>510,545</b>	<b>457,001</b>
<b>TOTAL ASSETS</b>	<b>901,134</b>	<b>883,004</b>	<b>898,411</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	210,038	255,925	200,181
Non-restricted equity	430,863	375,257	496,557
<b>Total equity</b>	<b>640,901</b>	<b>631,182</b>	<b>696,738</b>
<b>Non-current liabilities</b>			
Other liabilities	10,504	10,655	11,357
<b>Total non-current liabilities</b>	<b>10,504</b>	<b>10,655</b>	<b>11,357</b>
<b>Current liabilities</b>			
Accounts payable	23,099	16,651	15,557
Liabilities to group companies	169,447	158,272	120,390
Other liabilities	57,183	66,244	54,369
<b>Total current liabilities</b>	<b>249,729</b>	<b>241,167</b>	<b>190,316</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>901,134</b>	<b>883,004</b>	<b>898,411</b>

## ACCOUNTING POLICIES

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

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

IFRS Interpretations Committee (IFRIC) has issued a new final agenda decision on cloud computing arrangements. This update discusses how an entity which incurs cloud computing arrangement costs, including implementation costs, may account for those costs – i.e. capitalize or expense. An entity should evaluate whether the rights granted in a cloud computing arrangement are within the scope of IAS 38 Intangible Assets or IFRS 16 Leases. Otherwise, the arrangement is likely to be a service contract.

After evaluation, the company found that 0,2 MSEK of what according to previous assessments had been capitalized should have been expensed when applying the new IFRIC. Since this is not considered significant, everything was expensed in June 2021 without retrospective adjustments. The new IFRIC has also resulted in the company expensing implementation costs for ongoing implementations of cloud computing arrangements during the period, which according to the previous assessments should have been capitalized.

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

Business area Resource Optimization (ScheduALL) was divested on March 31, 2021, and business area Streaming Solutions (Sye) was divested on January 3, 2020. Hence, Net Insight has now only one business area and segment. The divested business areas are presented in the report as discontinued operations. As a result of the divestment, certain costs for central functions have been reallocated between the various business areas. Most of these costs are fixed and do not accompany the divested operations.

Except for stated above, the same accounting principles and basis of calculation as those used in the latest Annual Report have been applied to the group and parent company. For a description of these accounting principles, please refer to the Annual Report for 2020.

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

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

## TAX

The group reported tax of total SEK -3.9 (0.6) million for the period January–September 2021, of which SEK -3.9 (0.3) million relates to continuing operations. Reported tax corresponds to an effective tax rate of -32.0 (-0.3) percent and 15.8 (10.3) percent, respectively. The group recognized a capital loss/gain from discontinued operations of SEK -35.9 (246.4) million, which is a non taxable income. The effective tax rate is also affected by the relative effects of foreign tax rates and temporary differences.

Remaining tax loss carry-forwards for group companies amounted to SEK 83.2 million at the end of the period, compared to SEK 101.6 million for continuing business as of December 31, 2020. Deferred tax has been recognized for the tax loss carry-forwards.

## CONTRIBUTED EQUITY

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

No own shares have been repurchased during January–September 2021.

At the Board meeting on November 8, the board of Directors of Net Insight AB decided to utilize the repurchase mandate given at the AGM and begin repurchasing own shares. The repurchase program will commence in on November 11, 2021, and last until the AGM on May 13, 2022, and will amount to at most 16 million shares or SEK 70 million.

At the end of the reporting period, the parent company had a total of 7,175,000 of its own class B shares, at an average cost of SEK 4.44 per share and with a par value of SEK 0.04 per share. The shares are held as own shares. The parent company has the right to reissue these shares at a later date.

All shares issued by the parent company were fully paid.

The Company has two warrant programs where management and key personnel acquired a total of 3,055,000 warrants for 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 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. When calculating earnings per share, a dilution effect arises when the average price for the period exceeds the exercise price for the warrants. For more information about the programs and the accounting principles, see Note 7 in the 2020 Annual Report.

The division of shares	30 Sep, 2021			31 Dec, 2020		
	A-shares	B-shares	Total	A-shares	B-shares	Total
Outstanding shares	1,000,000	381,758,009	<b>382,758,009</b>	1,000,000	381,758,009	<b>382,758,009</b>
Repurchased own shares	-	7,175,000	<b>7,175,000</b>	-	7,175,000	<b>7,175,000</b>
<b>Issued shares</b>	<b>1,000,000</b>	<b>388,933,009</b>	<b>389,933,009</b>	<b>1,000,000</b>	<b>388,933,009</b>	<b>389,933,009</b>

## TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties during the period.

## AUDITORS' REVIEW

This Report has been reviewed by the company's auditors.



## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On November 1, Net Insight signed a collaboration agreement with Turkish telecom operator Türk Telekom relating to 5G synchronization. The agreement is a milestone that opens up a large new market. Under the agreement, which is worth SEK 220 million, Net Insight is initially provided SEK 55 million for product development, as well as an initial order worth SEK 25 million for existing products with delivery starting this year. The remaining orders for an entirely new product for 5G synchronization will be delivered towards the end of 2023, with delivery completed in 2026.

At the Board meeting on November 8, the board of Directors of Net Insight AB decided to utilize the repurchase mandate given at the AGM on May 7, 2021, and begin repurchasing own shares. The repurchase program will commence in on November 11, 2021, and last until the AGM on May 13, 2022, and will amount to at most 16 million shares or SEK 70 million.

## THIS IS NET INSIGHT

### Business concept and model

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

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

### Strategy

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

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

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

## VALUE CREATORS

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

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

## REPORTING DATES

Year-end report 2021	February 22, 2022
Interim report January – March	April 29, 2022
Annual General Meeting	May 13, 2022
Interim report January – June	July 20, 2022
Interim report January – September	November 8, 2022

Solna, Sweden, November 9, 2021

Crister Fritzson  
CEO

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

### For more information, please contact:

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This information is information that Net Insight AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 8:45 am CET on November 9, 2021.

# REVIEW REPORT

## Introduction

We have reviewed the interim report for Net Insight AB (publ) for the period January 1 - September 30, 2021. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, November 9, 2021  
Deloitte AB

Therese Kjellberg  
Authorized public accountant

## FINANCIAL INFORMATION

SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
	2021	2020	2021	2020	Sep 2021	2020
<b>Earnings continuing operations</b>						
Net sales	100.8	77.2	272.8	241.4	363.4	332.1
Gross earnings	60.5	41.9	163.3	147.5	217.9	202.2
Operating expenses	48.5	46.6	149.2	151.5	200.2	202.5
Total development expenditure	22.6	20.7	77.0	77.7	105.7	106.4
EBITDA	15.2	-1.0	28.3	-3.4	12.7	-19.0
Operating earnings	11.8	-4.1	23.5	-0.9	9.1	-15.3
Profit/loss before tax	12.7	-4.4	24.9	-3.1	8.1	-20.0
Net income	10.1	-3.9	21.0	-2.8	9.1	-14.7
<b>Balance sheet and cash flow including discontinued operations</b>						
Cash and cash equivalents	339.6	265.3	339.6	265.3	339.6	283.2
Working capital	79.7	82.7	75.4	56.0	78.7	57.8
Total cash flow	25.1	-21.1	55.9	214.0	74.5	232.6
<b>The share</b>						
Dividend per share, SEK	-	-	-	-	-	-
Earnings per share, basic continuing operations, SEK	0.03	-0.01	0.05	-0.01	0.02	-0.04
Earnings per share, diluted continuing operations, SEK	0.03	-0.01	0.05	-0.01	0.02	-0.04
Earnings per share including discontinuing operations, basic, SEK	0.03	-0.02	-0.04	0.64	-0.06	0.62
Earnings per share including discontinuing operations, diluted, SEK	0.03	-0.02	-0.04	0.64	-0.06	0.62
Cash flow per share, basic, SEK	0.07	-0.06	0.15	0.56	0.19	0.61
Cash flow per share, diluted, SEK	0.06	-0.06	0.15	0.56	0.19	0.61
Equity per share basic, SEK	1.77	1.85	1.77	1.85	1.77	1.81
Equity per share diluted, SEK	1.75	1.85	1.76	1.85	1.76	1.81
Average number of outstanding shares basic, thousands	382,758	382,758	382,758	382,758	382,758	382,758
Average number of outstanding shares diluted, thousands	385,813	382,758	384,509	382,758	384,159	382,758
Number of outstanding shares at the end of the period, basic, thousands	382,758	382,758	382,758	382,758	382,758	382,758
Number of outstanding shares at the end of the period, diluted, thousands	385,813	382,758	385,813	382,758	385,813	382,758
Share price at end of period, SEK	3.53	1.89	3.53	1.89	3.53	1.58
<b>Employees and consultants continuing operations</b>						
Average number of employees and consultants	154	152	152	151	153	152
<b>KPI continuing operations</b>						
Net sales YoY, change in %	30.6%	-14.0%	13.0%	-16.7%	10.3%	-12.1%
Gross margin	60.1%	54.3%	59.8%	61.1%	60.0%	60.9%
Total development expenditure/Net sales	22.4%	26.8%	28.2%	32.2%	29.1%	32.0%
Operating margin	11.7%	-5.3%	8.6%	-0.4%	2.5%	-4.6%
EBITDA margin	15.1%	-1.2%	10.4%	-1.4%	3.5%	-5.7%
Net margin	10.0%	-5.1%	7.7%	-1.2%	2.5%	-4.4%
<b>KPI Group including discontinued operations</b>						
Return on capital employed	0.9%	-4.4%	0.9%	-4.8%	0.9%	-0.6%
Equity/asset ratio	83.8%	79.8%	83.8%	79.8%	83.8%	80.3%
Return on equity	-3.4%	35.0%	-3.4%	35.0%	-3.4%	36.0%

## ALTERNATIVE PERFORMANCE MEASURES AND OTHER DEFINITIONS

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

### Calculation of performance measures not included in IFRS framework

Performance measures	Various types of performance measures and margin measures as a percentage of sales.	
Non-IFRS performance measures	Description	Reason for use of the measure
<b>Gross margin</b>	Gross earnings as a percentage of net sales.	The gross margin is of major importance, showing the margin for covering the operating expenses.
<b>Gross margin excl. amortization of capitalized development</b>	Gross earnings excl. amortization of capitalized development as a percentage of net sales.	
<b>Operating expenses</b>	Sales and marketing expenses, administration expenses and development expenses.	
<b>Operating expenses/net sales</b>	Operating expenses as a percentage of net sales.	Used in charts to illustrate trend.
<b>Operating earnings</b>	Calculated as operating earnings before financial items and tax.	Operating earnings provides an overall picture of earnings generated in the operating activities.
<b>Operating margin</b>	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.
<b>Net sales YoY, change in %</b>	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.
<b>Change in Net sales in comparable currencies</b>	The relation between the net sales for the period, recalculated using the foreign currency rates from the comparative period, and the corresponding sales for the comparative period in previous year. Only sales from business combinations that has been part of the Group for the whole comparative period are recalculated.	This measure is of major importance for management in its monitoring of underlying sales growth driven by changes in volume, price and product mix for comparable currency rates between different periods.
<b>Net margin</b>	Net Income as a percentage of net sales.	The net margin shows the remaining share of net sales after all the company's costs have been deducted.
<b>Total development (R&amp;D) expenditure</b>	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.
<b>Capitalization rate</b>	Capitalized development expenditures as a percentage of total development expenditures.	
<b>Total development (R&amp;D) expenditure/net sales</b>	Total development expenditure as percentage of net sales.	
<b>EBITDA</b>	Operating earnings before depreciation and amortization and capitalization of development expenditure.	The measures are good complements to operating earnings and margin as it, simplified, shows the earnings-generated cash flow in the operation and it shows operating earnings without influence of variations in the level of capitalized development expenditures in the company's development projects.
<b>EBITDA margin</b>	EBITDA as a percentage of net sales.	
<b>Region</b>	Region. • Western Europe (WE). • Americas (AM), North and South America. • Rest of World (RoW), countries outside of Western Europe and Americas.	

Change in net sales in comparable currencies	Jul-Sep		Jan-Sep	
SEK millions (if not defined differently)	2021	2020	2021	2020
Net sales	100.8	77.2	272.8	241.4
Net currency effect of comparable currencies	2.7	3.5	15.7	-1.3
<b>Net sales in comparable currencies</b>	<b>103.5</b>	<b>80.7</b>	<b>288.5</b>	<b>240.1</b>
<b>Change in net sales in comparable currencies</b>	<b>34.1%</b>	<b>-10.1%</b>	<b>19.5%</b>	<b>-17.1%</b>

KPI Income Statement	Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
SEK millions (if not defined differently)	2021	2020	2021	2020	Sep 2021	2020
<b>Continuing operations</b>						
Net sales	100.8	77.2	272.8	241.4	363.4	332.1
Net sales YoY, change in %	30.6%	-14.0%	13.0%	-16.7%	10.3%	-12.1%
Cost of sales ex. amortization of capitalized development	-29.3	-27.2	-77.1	-71.5	-104.1	-98.5
<b>Gross earnings ex. amortization of capitalized development</b>	<b>71.5</b>	<b>50.0</b>	<b>195.7</b>	<b>170.0</b>	<b>259.3</b>	<b>233.6</b>
Gross margin ex. amortization of capitalized development	70.9%	64.7%	71.7%	70.4%	71.4%	70.3%
development	-11.0	-8.0	-32.4	-22.4	-41.4	-31.4
<b>Gross earnings</b>	<b>60.5</b>	<b>41.9</b>	<b>163.3</b>	<b>147.5</b>	<b>217.9</b>	<b>202.2</b>
Gross margin	60.1%	54.3%	59.8%	61.1%	60.0%	60.9%
Sales and marketing expenses	-24.9	-21.7	-72.8	-69.1	-96.4	-92.7
Administration expenses	-12.2	-13.2	-38.4	-41.1	-51.2	-53.9
Development expenses	-11.4	-11.7	-38.0	-41.3	-52.6	-55.9
<b>Operating expenses</b>	<b>-48.5</b>	<b>-46.6</b>	<b>-149.2</b>	<b>-151.5</b>	<b>-200.2</b>	<b>-202.5</b>
Operating expenses/net sales	48.1%	60.4%	54.7%	62.8%	-55.1%	61.0%
Other operating income and expenses	-0.2	0.6	9.5	3.1	-8.6	-15.0
<b>Operating earnings</b>	<b>11.8</b>	<b>-4.1</b>	<b>23.5</b>	<b>-0.9</b>	<b>9.1</b>	<b>-15.3</b>
Operating margin	11.7%	-5.3%	8.6%	-0.4%	2.5%	-4.6%
Net financial items	0.9	-0.3	1.4	-2.2	-1.0	-4.6
<b>Profit/loss before tax</b>	<b>12.7</b>	<b>-4.4</b>	<b>24.9</b>	<b>-3.1</b>	<b>8.1</b>	<b>-20.0</b>
Tax	-2.6	0.4	-3.9	0.3	1.0	5.3
<b>Net income continuing operations</b>	<b>10.1</b>	<b>-3.9</b>	<b>21.0</b>	<b>-2.8</b>	<b>9.1</b>	<b>-14.7</b>
Net margin continuing operations	10.0%	-5.1%	7.7%	-1.2%	2.5%	-4.4%
Discontinued operations, net after tax	-	-2.0	-36.9	247.0	-31.9	252.1
<b>Net Income</b>	<b>10.1</b>	<b>-5.9</b>	<b>-16.0</b>	<b>244.2</b>	<b>-22.8</b>	<b>237.4</b>

EBITDA margin continuing operations	Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
SEK millions (if not defined differently)	2021	2020	2021	2020	Sep 2021	2020
Operating earnings	11.8	-4.1	23.5	-0.9	9.1	-15.3
Amortization of capitalized development expenditure	11.0	8.0	32.4	22.4	41.4	31.4
Other depreciation, amortization & impairment	3.5	4.1	11.3	11.5	15.2	15.4
Capitalization of development expenditure	-11.1	-9.0	-39.0	-36.4	-53.1	-50.5
<b>EBITDA</b>	<b>15.2</b>	<b>-1.0</b>	<b>28.3</b>	<b>-3.4</b>	<b>12.7</b>	<b>-19.0</b>
Net sales	100.8	77.2	272.8	241.4	363.4	332.1
<b>EBITDA margin</b>	<b>15.1%</b>	<b>-1.2%</b>	<b>10.4%</b>	<b>-1.4%</b>	<b>3.5%</b>	<b>-5.7%</b>

Development expenditure continuing operations	Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
SEK millions (if not defined differently)	2021	2020	2021	2020	Sep 2021	2020
Development expenses	11.4	11.7	38.0	41.3	52.6	55.9
Capitalization of development expenditure	11.1	9.0	39.0	36.4	53.1	50.5
<b>Total development expenditure</b>	<b>22.6</b>	<b>20.7</b>	<b>77.0</b>	<b>77.7</b>	<b>105.7</b>	<b>106.4</b>
Capitalization rate	49.3%	43.4%	50.6%	46.9%	50.2%	47.5%
Net Sales	100.8	77.2	272.8	241.4	363.4	332.1
<b>Total development expenditure/net sales</b>	<b>22.4%</b>	<b>26.8%</b>	<b>28.2%</b>	<b>32.2%</b>	<b>29.1%</b>	<b>32.0%</b>



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

Working capital SEK millions	Jul-Sep		Jan-Sep		Oct 2020- Sep 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Current assets	491.9	474.5	475.9	416.9	473.2	424.3
Cash and cash equivalents	-327.0	-276.0	-308.9	-225.6	-300.2	-237.1
No interest-bearing short term liabilities	-85.2	-115.8	-91.5	-135.3	-94.4	-129.4
<b>Working capital</b>	<b>79.7</b>	<b>82.7</b>	<b>75.4</b>	<b>56.0</b>	<b>78.7</b>	<b>57.8</b>

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

Return on capital employed including discontinued operations SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2020- Sep 2021	Jan-Dec 2020
	2021	2020	2021	2020		
<i>Capital employed</i>						
Total balance	804.5	899.7	818.0	855.2	813.4	856.6
No interest-bearing liabilities	-95.7	-132.5	-104.2	-150.0	-107.7	-148.8
<b>Capital employed</b>	<b>708.8</b>	<b>767.2</b>	<b>713.8</b>	<b>705.2</b>	<b>705.8</b>	<b>707.8</b>
<i>Operating earnings less interest income R4Q</i>						
Operating earnings R4Q	7.1	-33.4	7.1	-33.4	7.1	-4.3
Interest income R4Q	0.9	0.3	0.9	0.3	0.9	0.2
<b>Operating earnings less interest income R4Q</b>	<b>6.2</b>	<b>-33.7</b>	<b>6.2</b>	<b>-33.7</b>	<b>6.2</b>	<b>-4.5</b>
<b>Return on capital employed</b>	<b>0.9%</b>	<b>-4.4%</b>	<b>0.9%</b>	<b>-4.8%</b>	<b>0.9%</b>	<b>-0.6%</b>

Equity/asset ratio SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2020- Sep 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Equity	676.9	706.4	676.9	706.4	676.9	692.6
Total equity and liabilities	807.4	885.1	807.4	885.1	807.4	862.4
<b>Equity/asset ratio</b>	<b>83.8%</b>	<b>79.8%</b>	<b>83.8%</b>	<b>79.8%</b>	<b>83.8%</b>	<b>80.3%</b>

Return on equity including discontinued operations SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2020- Sep 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Net income - R4Q	-22.8	216.6	-22.8	216.6	-22.8	237.4
Average equity - R4Q	680.4	619.4	680.4	619.4	680.4	659.0
<b>Return on equity</b>	<b>-3.4%</b>	<b>35.0%</b>	<b>-3.4%</b>	<b>35.0%</b>	<b>-3.4%</b>	<b>36.0%</b>

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

Employees	Measures related to employees.	
Non-IFRS performance measure	Description	Reason for use of the measure
<b>Average number of employees and consultants/co-workers</b>	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.

	Jul-Sep		Jan-Sep		Oct 2020- Sep 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Average number of employees and consultants						
Average number of employees	129	168	143	167	149	168
Average number of consultants	25	29	24	31	26	30
<b>Total average number of employees and consultants</b>	<b>154</b>	<b>197</b>	<b>167</b>	<b>198</b>	<b>175</b>	<b>198</b>
discontinued operations	-	-45	-15	-47	-22	-46
<b>Net Average number of employees and consultants continuing operations</b>	<b>154</b>	<b>152</b>	<b>152</b>	<b>151</b>	<b>153</b>	<b>152</b>

## MATERIAL PROFIT AND LOSS ITEMS

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

Material profit and loss items, continued operations		Jul-Sep		Jan-Sep		Oct 2020-	Jan-Dec
SEK millions	Note	2021	2020	2021	2020	Sep 2021	2020
<b>Effects of the Net Insight share price development during the period</b>							
Share-based benefits	(a)	-0.1	0.1	-0.2	0.1	-0.3	-0.0
Synthetic options, change in value	(b)	-0.1	0.1	-0.1	0.1	-0.1	0.1
<b>Total</b>		<b>-0.2</b>	<b>0.2</b>	<b>-0.3</b>	<b>0.1</b>	<b>-0.4</b>	<b>0.0</b>
<b>Exchange rate differences</b>							
Part of Other operating income & expenses		-0.2	0.1	8.2	1.9	-9.8	-16.0
Part of Net Financial Items		1.0	-0.1	1.7	-1.2	-0.6	-3.5
<b>Total Exchange rate differences</b>		<b>0.8</b>	<b>0.0</b>	<b>9.9</b>	<b>0.7</b>	<b>-10.3</b>	<b>-19.5</b>
<b>Government grants Covid-19</b>							
Reduction of employee expenses		-	0.9	0.8	2.6	1.6	3.4
Other operating income		0.0	0.3	0.2	0.7	0.2	0.7
<b>Total</b>		<b>0.0</b>	<b>1.3</b>	<b>1.0</b>	<b>3.2</b>	<b>1.9</b>	<b>4.1</b>
<b>Items affecting comparability</b>							
Restructuring	(c)	-	-	-	-0.4	-0.5	-0.9
Government grants Covid-19, other operating income	(d)	0.0	0.3	0.2	0.7	0.2	0.7
Adjustment cost for advisory services disposal of discontinued operations	(e)	-	-	0.4	-	0.4	-
<b>Total</b>		<b>0.0</b>	<b>0.3</b>	<b>0.6</b>	<b>0.2</b>	<b>0.0</b>	<b>-0.3</b>
<b>Operating earnings excluding items affecting comparability</b>							
Operating earnings		11.8	-4.1	23.5	-0.9	9.1	-15.3
Items affecting comparability, as per above		-0.0	-0.3	-0.6	-0.2	-0.0	0.3
<b>Total</b>		<b>11.8</b>	<b>-4.4</b>	<b>22.9</b>	<b>-1.2</b>	<b>9.1</b>	<b>-15.1</b>
<b>Operating earnings excluding exchange rate differences</b>							
Operating earnings		11.8	-4.1	23.5	-0.9	9.1	-15.3
Exchange rate differences, as per above		0.2	-0.1	-8.2	-1.9	9.8	16.0
<b>Total</b>		<b>12.0</b>	<b>-4.2</b>	<b>15.3</b>	<b>-2.8</b>	<b>18.9</b>	<b>0.7</b>
<b>Operating earnings excluding exchange rate differences &amp; items affecting comparability</b>							
Operating earnings		11.8	-4.1	23.5	-0.9	9.1	-15.3
Exchange rate differences, as per above		0.2	-0.1	-8.2	-1.9	9.8	16.0
Items affecting comparability, as per above		-0.0	-0.3	-0.6	-0.2	-0.0	0.3
<b>Total</b>		<b>12.0</b>	<b>-4.6</b>	<b>14.7</b>	<b>-3.1</b>	<b>18.8</b>	<b>1.0</b>

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

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

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