

# Net Insight Interim Report January – September 2019



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

## July – September 2019

- Net sales amounted to SEK 112.3 (115.1) million, a decrease of -2.4% year-on-year. In comparable currencies net sales decreased by -6.8%.
- Operating earnings amounted to SEK 3.1 (-4.2) million, corresponding to an operating margin of 2.7% (-3.7%).
- Net income was SEK 1.8 (-3.8) million for the period.
- Earnings per share, basic and diluted, was SEK 0.00 (-0.01).
- Total cash flow was SEK 17.3 (-38.4) million.

## January – September 2019

- Net sales amounted to SEK 352.2 (345.1) million, an increase of 2.0% year-on-year. In comparable currencies net sales decreased by -3.7%.
- Operating earnings amounted to SEK -5.5 (-14.7) million, corresponding to an operating margin of -1.6% (-4.3%).
- Net income was SEK -4.6 (-10.2) million for the period.
- Earnings per share, basic and diluted, was SEK -0.01 (-0.03).
- Total cash flow was SEK -26.9 (-67.0) million.

## Positive cash flow and strong results for Nimbra

Henrik Sund, CEO Net Insight

### Significant events:

- Positive cash flow
- Business area reported as segments
- Launch of new Nimbra solution

### Significant events after the period:

- Crister Fritzson appointed new CEO of Net Insight and will take on the position on April 14 2020, by latest.

## FINANCIAL HIGHLIGHTS

SEK millions	Jul-Sep			Jan-Sep			Oct 2018-	Jan-Dec	Change
	2019	2018	Change	2019	2018	Change	Sep 2019	2018	
<i>Netsales per business area</i>									
Media Networks	89.8	95.0	-5.5%	289.8	292.0	-0.8%	372.8	375.1	-0.6%
Resource Optimization	19.7	19.1	3.2%	53.6	51.5	4.0%	76.5	74.4	2.8%
Streaming Solutions	2.8	1.0	181.6%	8.8	1.7	433.9%	9.3	2.1	341.7%
Net sales	112.3	115.1	-2.4%	352.2	345.1	2.0%	458.6	451.6	1.6%
Operating earnings	3.1	-4.2		-5.5	-14.7		-65.9	-75.1	
Operating margin	2.7%	-3.7%		-1.6%	-4.3%		-14.4%	-16.6%	
Net income	1.8	-3.8		-4.6	-10.2		-52.5	-58.2	
EBITDA	0.1	-2.3		-7.3	-16.8		-36.9	-49.0	
EBITDA margin	0.1%	-2.0%		-2.1%	-5.7%		-8.1%	-10.9%	
Total cash flow	17.3	-38.4		-26.9	-67.0		-45.4	-85.5	

The Company presents its business areas as segments. Previous periods 2019 and comparison periods 2018 have been restated according to the same principles, see pages 13-14.

Previous years was not restated at the transition to IFRS 16. The impact of IFRS 16 is presented on page 13.

# CEO's Statement



Positive cash flow and strong results for Nimbra

## Positive earnings and cash flow

**Operating earnings and cash flow were positive despite slightly lower sales. We've introduced segment reporting for the business areas to increase transparency.**

Sales totaled SEK 112 million in the third quarter, down -2% year-on-year. Operating earnings were positive at SEK 3 million. Improved earnings and lower capital tied up generated positive cash flow of SEK 18 million. From this quarter onwards, we've introduced segment reporting of revenue and earnings for the business areas. Media Networks (Nimbra) returned an operating margin of 20% despite slightly lower sales. Strong earnings for Media Networks offset a deficit for Resource Optimization (ScheduALL) and the continued investments in Streaming Solutions (Sye). In the quarter, we launched a new website as a step towards improving our information flow and clarifying our customer focus.

We also participated in the International Broadcast Convention (IBC), the industry's biggest trade fair in Amsterdam, where we had a large number of customer interactions. It's clear that the industry is continuing to change rapidly, with the most pronounced trends including a shift towards remote production, IP-based transport and cloud-based solutions.

Our Media Networks-business returned increased and solid profitability in the quarter, despite slightly lower sales. Sales are largely driven by events, and large individual transactions can have a significant impact on the quarterly numbers. There is no pronounced seasonal pattern, which means that rolling 12-month sales provide a better indicator than quarterly figures. Over the last year, sales were largely unchanged on a 12-month basis. Looking ahead, we see good growth prospects in expanding market segments such as production and IP and cloud-based transport solutions. In production, we've strengthened our industry partnership with a leading manufacturer of cameras and studio equipment, Grass Valley, and have joined their Tech Alliance. This collaboration has generated a joint deal relating to IP-based remote production for a European production company.

Our customers are continuing to modernize their networks using Nimbra 1060. The Spanish state-owned radio and TV broadcaster RTVE provides an example, where we're delivering their national IP network based on Nimbra 1060. As part of the development of our IP and cloud-based networks portfolio, we launched Nimbra 400 in the quarter, a product family that supports a broad spectrum of video and transport formats.

We see considerable potential for Resource Optimization looking ahead, although realizing this potential requires significant resources. As earlier

communicated, we are evaluating different strategic alternatives to realize the full potential of the ScheduALL business. Given the current direction of this business, synergies with other operations will gradually decrease. Accordingly, one of several potential outcomes may include the divestment of the business unit. We expect to be able to communicate the results of the evaluation in connection to the 2019 year-end report.

For Streaming Solutions, we presented plans in the second quarter for increased efforts, requiring a capital contribution during the autumn. We have, for strategic reasons, decided to postpone the timeline for the increased efforts and the capital contribution somewhat. A capital contribution will therefore not take place during the autumn. We have no short-term financing need, and our ambition is to communicate the plans for the Sye efforts at the latest in the first quarter report 2020. On the business side, we announced that Hong Kong Jockey Club is using our Sye solution in their mobile app via the CDN of Mediatech.

In conclusion, it's pleasing to see that the changes we initiated in the third quarter 2018 have had a positive effect, particularly on the cost side. We hope that increased transparency in the form of segment reporting will improve our stakeholders' understanding of the different business areas.

Solna, October 29, 2019  
Henrik Sund, CEO

## REVENUES

Net sales in the third quarter of 2019 were SEK 112.3 (115.1) million, a decrease of -2.4%. In comparable currencies, sales decreased by -6.8%.

Net sales in the first nine months of the year were SEK 352.2 (345.1) million, an increase of -2.0%. In comparable currencies, sales decreased by -3.7%.

Net Insight's solutions are sold all over the world and we have customers in around 60 countries. Many customers are global, with central purchasing functions for subsidiaries. Revenue per region for Media Networks, our largest Business Area, 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 will from now on not make any comments.

### Revenues by Business Area

Net Insight has the following Business Areas: Media Networks, Resource Optimization and Streaming Solutions.

#### Media Networks

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

Revenues for the third quarter were SEK 89.8 (95.0) million, a decrease of -5.5%. The product mix is largely unchanged, but software revenue decreased.

Revenues for the first nine months of the year were SEK 289.8 (292.0) million, a decrease of -0.8%.

#### Resource Optimization

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

Revenues for the third quarter were SEK 19.7 (19.1) million, an increase of 3.2%. Software revenue decreased by SEK -2.3 million, offset by an increase of support and services revenue of SEK 3.0 million. In local currency, revenue decreased by -4.4%, mainly due to decrease in license revenue. The decrease was expected since we have presented a new, modern solution that is not yet commercially launched. The customer response has been very positive, and several customers are investing in certain upgrades of existing systems, in preparation for a future migration to the new solution.

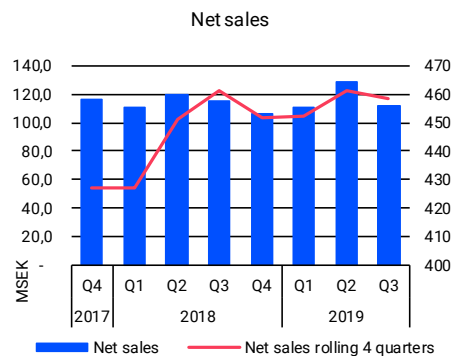
Revenues for the first nine months were SEK 53.6 (51.5) million, an increase of 4.0%.

#### Streaming Solutions

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

Revenues for the third quarter were SEK 2.8 (1.0) million, mainly from SaaS.

Revenues for the first nine months were SEK 8.8 (1.7) million.



## EARNINGS

Gross profit for the third quarter was SEK 69.3 (71.2) million, a decrease by -2.6%. The decrease is mainly explained by a slightly lower turnover in combination with increased amortization of capitalized development expenditure. Gross profit included amortization of capitalized development expenditure of SEK -14.6 (-13.0) million. Gross margin excluding amortization of capitalized development expenditure was 74.7% (73.2%).

Operating expenses in the third quarter of SEK 68.8 (75.8) million were SEK 7.0 million lower compared to the corresponding period of the previous year. Operating expenses include non-recurring costs relating to staff restructuring of SEK 1.2 (2.7) million, and bad debt of SEK 2.3 (-) million. The decrease is explained by lower sales and marketing expenses because of the earlier cost saving program. Sales and marketing expenses were SEK 35.1 (44.9) million, including cost for restructuring of SEK 1.2 (2.7) million and the above-mentioned bad debt. Administration expenses were somewhat higher than for the previous period, primarily because of the reorganization in the fourth quarter 2018, as the cost of business area managers were classed as administration expenses from the beginning of the year. Development expenses were SEK 17.0 (17.1) million. Total development expenditure was SEK 39.7 (30.0) million due to investments in the modernization of the ScheduALL solution and a slight increase of investments in Sye. In total, operating expenses were affected by SEK 1.2 (2.7) million in costs for restructuring and by SEK 2.3 million in exchange rate effects when translating foreign subsidiaries, compared with using last year's exchange rates. Excluding the effects of restructuring cost and currency effects, operating expenses decreased by some 10%, corresponding to SEK 8 million.

Operating earnings were SEK 3.1 (-4.2) million, corresponding to an operating margin of 2.7% (-3.7%). Excluding items affecting comparability of SEK -1.2 (-2.7) million, operating earnings were SEK 4.3 (-1.5) million. The higher operating earnings year-on-year were mainly due to lower costs in accordance with the above.

EBITDA was SEK 0.1 (-2.3) million, corresponding to an EBITDA margin of 0.1% (-2.0%). EBITDA was affected by SEK 2.8 (-) million due to the implementation of IFRS16, since office lease as an operating expense is replaced with interest and depreciation. Previous years was not restated at the transition to IFRS 16.

In the third quarter, net financial items were positively affected by SEK 0.2 (0.8) million for the revaluation of synthetic options programs due to a lower share price at the end of the quarter. The third quarter has been affected by SEK -1.1 (-) million in costs related to the bank credit line. Net financial items amounted to SEK -1.1 (-0.6) million.

Profit before tax for the third quarter was SEK 1.9 (-4.8) million, and net income was SEK 1.8 (-3.8) million, corresponding to a net margin of 1.6% (-3.3%).

For the first nine months of the year, Gross profit amounted to SEK 210.2 (207.9) million. Operating expenses of SEK -218.0 (-222.8) million were SEK 4.8 million lower as a consequence of the earlier cost reduction program. Operating earnings were SEK -5.5 (-14.7) and has been affected with restructuring costs of SEK -7.7 (-7.4) million. Excluding restructuring costs, operating earnings were SEK 2.1 (-7.3) million.

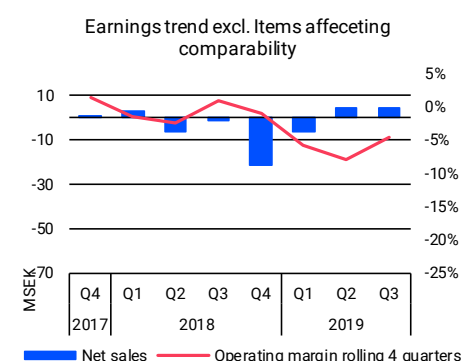
Key Ratios	Jul-Sep		Jan-Sep		Oct 2018-	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Net sales, SEK millions	112.3	115.1	352.2	345.1	458.6	451.6
Net sales YoY, change in %	-2.4%	9.9%	2.0%	11.0%	-0.6%	5.8%
Gross earnings	69.3	71.2	210.2	207.9	264.7	262.4
Gross margin	61.7%	61.9%	59.7%	60.2%	57.7%	58.1%
Operating earnings	3.1	-4.2	-5.5	-14.7	-65.9	-75.1
Operating margin	2.7%	-3.7%	-1.6%	-4.3%	-14.4%	-16.6%
EBITDA	0.1	-2.3	-7.3	-19.4	-36.9	-49.0
EBITDA margin	0.1%	-2.0%	-2.1%	-5.6%	-8.1%	-10.9%

## Earnings per Business Area

### Media Networks

Operating earnings for Media Networks for the third quarter increased and amounted to SEK 18.3 (13.3) million, corresponding to an operating margin of 20.4% (14.0%). The increase is explained by reductions of operating expenses, which more than offsets the lower revenue. The profitability is stable, but the revenue on rolling 12-month basis is unchanged. We see good growth potential in market segments like production and IP and cloud-based transport solutions. Total development expenditure was largely unchanged and amounted to SEK -17.5 (-16.9) million.

Operating earnings for the first nine months of the year were SEK 52.7 (42.6) million, corresponding to an operating margin of 18.2% (14.6). Total development expenditure was SEK -57.7 (-57.1) million.



### **Resource Optimization**

For Resource Optimization, operating earnings for the third quarter of SEK -5.8 (-4.5) were slightly lower than for the corresponding period. This is due to bad debts of SEK -2.3 (-) million. Total development expenditure increased following investments in the modernization of the ScheduALL solution and amounted to SEK -13.1 (-6.3).

Operating earnings for the first nine months of the year were SEK -23.5 (-12.9) million. The decrease is a consequence of lower gross margin and increased operating expenses. Total development expenditure was SEK -33.8 (-17.5).

### **Streaming Solutions**

Operating earnings for the third quarter for Streaming Solutions were SEK -12.1 (-13.6) million. The increase is primarily due to increased revenue. Total development expenditure increased somewhat and was SEK -9.1 (-6.9) million.

Operating earnings for the first nine months of the year were SEK -37.5 (-44.7). The increase follows a revenue increase as well as reduced operating expenses. Total development expenditure was SEK -26.0 (-23.5) million.

## **INVESTMENTS**

Third quarter investments were SEK 23.5 (25.0) million, of which SEK 22.7 (12.9) million related to capitalization of development expenditure. Investments for the first nine months were SEK 62.0 (76.0), of which SEK 61.0 (51.3) related to capitalization of development expenditure.

Depreciation and amortization in the third quarter totaled SEK 19.7 (14.8) million, of which SEK 14.6 (13.0) million related to amortization of capitalized development expenditure. Depreciation and amortization for the first nine months totaled SEK 58.6 (46.5) million, of which SEK 43.3 (42.0) million related to amortization of capitalized development expenditure. The increase in other depreciation and amortization is due to the implementation of IFRS 16 and the relocation to new offices in Stockholm and Miami in the second half of 2018, which also explains the high investments in other assets for the previous year.

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

At the end of the period, net value of capitalized development expenditure was SEK 252.2 million, against SEK 234.1 million as of December 31, 2018.

### **Investments per Business Area**

Investments per Business Area only reflects capitalized development expenditure.

#### **Media Networks**

Capitalization of development in the third quarter amounted to SEK 8.4 (6.0) million, and for the first nine months SEK 23.6 (26.3) million.

Depreciation and amortization in the third quarter totaled SEK 8.4 (9.5) million, and for the first nine months SEK 26.4 (31.8) million.

At the end of the period, net value of capitalized development expenditure was SEK 120.3 million, against SEK 123.1 million as of December 31, 2018.

#### **Resource Optimization**

Capitalization of development in the third quarter amounted to SEK 8.1 (0.8) million, and for the first nine months SEK 17.5 (3.3) million. The large increase compared to the previous year follows investments in the modernization of the ScheduALL solution.

Depreciation and amortization in the third quarter totaled SEK 1.2 (1.4) million, and for the first nine months SEK 4.2 (4.1) million.

At the end of the period, net value of capitalized development expenditure was SEK 54.0 million, against SEK 39.7 million as of December 31, 2018.

#### **Streaming Solutions**

Capitalization of development in the third quarter amounted to SEK 6.2 (6.1) million, and for the first nine months SEK 19.3 (21.7) million.

Depreciation and amortization in the third quarter totaled SEK 4.9 (2.1) million, and for the first nine months SEK 12.7 (6.2) million.

At the end of the period, net value of capitalized development expenditure was SEK 77.8 million, against SEK 71.3 million as of December 31, 2018.

## CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities in the third quarter was SEK 42.8 (-13.4) million. Total cash flow was SEK 17.3 (-38.4) million. The positive cash flow was mainly due to improved earnings and a decrease in working capital, primarily related to a decrease in receivables. Cash flow from operating activities covers investments in development projects.

Cash flow for the nine months period was SEK -26.9 (-66.9) million.

Cash and cash equivalents were SEK 66.9 million at the end of the quarter, against SEK 92.9 million as of 31 December 2018.

The volatility in net working capital is high and tied up working capital for the first six months were at a high level relatively to the cash position. To avoid working capital impact on investments the company, for prudence reasons, signed in July a SEK 50 million bank credit arrangement. The target is not to utilize the credit. During the third quarter the credit was not utilized. For more information, see section Loans, pledged assets and transactions with related parties on page 14.

Remaining tax loss carry-forwards for group companies were SEK 137.3 million at the end of the period, against SEK 145.4 million as of 31 December 2018. For more information, see the section Tax on page 14.

Equity was SEK 494.5 million at the end of the period, against SEK 493.9 million as of 31 December 2018. The equity/assets ratio was 70.4%, against 76.0% as of 31 December 2018. The decrease in the equity/assets ratio was mainly due to effects of new accounting principles for leases (IFRS 16). Excluding the effects of IFRS 16, the equity/assets ratio was 74.9% at the end of the period. For more information about share repurchases and share structure, see the section Contributed equity on page 14.

## EMPLOYEES

The average number of employees and consultants at Net Insight during the third quarter and the nine months period was 213 (239) and 217 (242) respectively of which 137 (146) and 138 (150) respectively in the parent company Net Insight AB (publ).

On October 14, 2019, the Board of Directors announced that Crister Fritzson had been appointed CEO of Net Insight AB. Crister will assume the position by latest on April 14, 2020. The current CEO, Henrik Sund, will leave the company during the fall of 2019.

## PARENT COMPANY

Parent company net sales were SEK 119.7 (126.8) million in the third quarter, and net income was SEK 2.2 (3.5) million. In the third quarter, intra-group sales totaled SEK 27.1 (31.0) million, and intra-group purchases SEK -38.8 (-41.8) million.

Parent company net sales for the nine months period were SEK 389.2 (390.2) million and net income was SEK 9.7 (6.1) million. In the nine months period, intra-group sales totaled SEK 90.6 (95.7) million, and intra-group purchases SEK -125.3 (-121.5) million. During the first quarter of 2019, the parent company received a dividend from a subsidiary of SEK 1.8 (-) million.

Progress in the parent company in the third quarter and the nine months period largely shadowed Group progress as indicated above for the business areas Media Networks and Streaming Solutions.

## 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 2018, arose during the year or are anticipated in 2019.

For a complete review of the company's risk and sensitivity analysis, and its risk management process, see pages 36–40 and 54–55 of the Annual Report for 2018.

## SEASONALITY

In the past three calendar years, average seasonality has been fairly modest. Net sales were 24% of annual sales in the first, second and third quarter respectively, and 28% of annual sales in the fourth quarter.

## CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK thousands	Jul-Sep		Jan-Sep		Oct 2018-	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Net sales	112,307	115,097	352,153	345,138	458,600	451,585
Cost of sales	-42,974	-43,892	-141,948	-137,235	-193,925	-189,212
<b>Gross earnings</b>	<b>69,333</b>	<b>71,205</b>	<b>210,205</b>	<b>207,903</b>	<b>264,675</b>	<b>262,373</b>
Sales and marketing expenses	-35,108	-44,938	-109,980	-134,683	-156,409	-181,112
Administration expenses	-16,693	-13,738	-50,895	-41,058	-64,770	-54,933
Development expenses	-17,007	-17,122	-57,090	-47,073	-74,929	-64,912
Other operating income and expenses	2,532	358	2,217	220	-34,513	-36,510
<b>Operating earnings</b>	<b>3,057</b>	<b>-4,235</b>	<b>-5,543</b>	<b>-14,691</b>	<b>-65,946</b>	<b>-75,094</b>
Net financial items	-1,126	-551	-663	1,690	-966	1,387
<b>Profit/loss before tax</b>	<b>1,931</b>	<b>-4,786</b>	<b>-6,206</b>	<b>-13,001</b>	<b>-66,912</b>	<b>-73,707</b>
Tax	-159	941	1,619	2,759	14,380	15,520
<b>Net income</b>	<b>1,772</b>	<b>-3,845</b>	<b>-4,587</b>	<b>-10,242</b>	<b>-52,532</b>	<b>-58,187</b>
<b>Net income for the period attributable to the shareholders of the parent company</b>	<b>1,772</b>	<b>-3,845</b>	<b>-4,587</b>	<b>-10,242</b>	<b>-52,532</b>	<b>-58,187</b>

Earnings per share, based on net income attributable to the parent company's shareholders during the period	Jul-Sep		Jan-Sep		Oct 2018-	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Earnings per share, basic (SEK)	0.00	-0.01	-0.01	-0.03	-0.14	-0.15
Earnings per share, diluted (SEK)	0.00	-0.01	-0.01	-0.03	-0.14	-0.15
Average number of outstanding shares in thousands, basic	382,758	383,458	382,828	383,485	382,973	383,478
Average number of outstanding shares in thousands, diluted	382,758	383,458	382,828	383,485	382,973	383,478

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands	Jul-Sep		Jan-Sep		Oct 2018-	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
<b>Net income</b>	<b>2,175</b>	<b>-3,845</b>	<b>-4,587</b>	<b>-10,242</b>	<b>-52,532</b>	<b>-58,187</b>
<b>Other comprehensive income</b>						
<i>Items that may be reclassified subsequently to the income statement</i>						
Translation differences	4,376	-989	7,074	5,609	8,167	6,702
<b>Total other comprehensive income, after tax</b>	<b>4,376</b>	<b>-989</b>	<b>7,074</b>	<b>5,609</b>	<b>8,167</b>	<b>6,702</b>
<b>Total other comprehensive income for the period</b>	<b>6,148</b>	<b>-4,834</b>	<b>2,487</b>	<b>-4,633</b>	<b>-44,365</b>	<b>-51,485</b>
<b>Total comprehensive income for the period attributable to the shareholders of the parent company</b>	<b>6,148</b>	<b>-4,834</b>	<b>2,487</b>	<b>-4,633</b>	<b>-44,365</b>	<b>-51,485</b>

Previous years was not restated at the transition to IFRS 16. The impact of IFRS 16 is presented on page 13.

## CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	Sep 30, 2019	Jun 30, 2019	31 Dec 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalized expenditure for development	252,173	243,100	234,064
Goodwill	68,786	65,281	63,307
Other intangible assets	12,114	12,210	14,246
Right-of-use assets	55,207	57,332	-
Equipment	30,562	31,536	33,580
Deferred tax asset	33,593	32,636	30,247
Deposits	5,212	5,199	5,211
<b>Total non-current assets</b>	<b>457,647</b>	<b>447,294</b>	<b>380,655</b>
<b>Current assets</b>			
Inventories	41,511	47,629	46,388
Accounts receivable	112,052	147,158	106,067
Other receivables	24,609	18,065	23,924
Cash and cash equivalents	66,885	48,924	92,893
<b>Total current assets</b>	<b>245,057</b>	<b>261,776</b>	<b>269,272</b>
<b>TOTAL ASSETS</b>	<b>702,704</b>	<b>709,070</b>	<b>649,927</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 capita	1,192,727	1,192,727	1,192,727
Translation reserve	12,643	8,267	5,569
Accumulated deficit	-726,452	-728,224	-720,028
<b>Total shareholders' equity</b>	<b>494,515</b>	<b>488,367</b>	<b>493,865</b>
<b>Non-current liabilities</b>			
Lease liabilities	43,991	45,913	-
Other liabilities	18,658	27,777	17,906
<b>Total non-current liabilities</b>	<b>62,649</b>	<b>73,690</b>	<b>17,906</b>
<b>Current liabilities</b>			
Lease liabilities	10,771	10,423	-
Accounts payable	23,887	23,000	36,009
Other liabilities	110,882	113,590	102,147
<b>Total current liabilities</b>	<b>145,540</b>	<b>147,013</b>	<b>138,156</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>702,704</b>	<b>709,070</b>	<b>649,927</b>

Previous years was not restated at the transition to IFRS 16. The impact of IFRS 16 is presented on page 13.



## 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, 2018</b>	<b>15,597</b>	<b>1,192,727</b>	<b>-1,133</b>	<b>-661,102</b>	<b>546,089</b>
Repurchase of own shares	-	-	-	-739	-739
Total comprehensive income	-	-	6,702	-58,187	-51,485
<b>December 31, 2018</b>	<b>15,597</b>	<b>1,192,727</b>	<b>5,569</b>	<b>-720,028</b>	<b>493,865</b>
<b>January 1, 2019</b>	<b>15,597</b>	<b>1,192,727</b>	<b>5,569</b>	<b>-720,028</b>	<b>493,865</b>
Repurchase of own shares	-	-	-	-1,837	-1,837
Total comprehensive income	-	-	7,074	-4,587	2,487
<b>September 30, 2019</b>	<b>15,597</b>	<b>1,192,727</b>	<b>12,643</b>	<b>-726,452</b>	<b>494,515</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousands	Jul-Sep		Jan-Sep		Oct 2018-	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
<b>Ongoing activities</b>						
Profit/loss before tax	1,931	-4,786	-6,206	-13,001	-66,912	-73,707
Income tax paid	-371	-	-371	-	-609	-238
Depreciation, amortization & impairment	19,717	14,835	58,632	46,536	113,575	101,479
Other items not affecting liquidity	2,470	739	3,135	3,436	8,119	8,420
<b>Cash flow from operating activities before changes in working capital</b>	<b>23,747</b>	<b>10,788</b>	<b>55,190</b>	<b>36,971</b>	<b>54,173</b>	<b>35,954</b>
<b>Changes in working capital</b>						
Increase-/decrease+ in inventories	4,430	-3,060	2,692	-2,355	-3,748	-8,795
Increase-/decrease+ in receivables	25,781	-3,376	-11,805	-35,517	12,622	-11,090
Increase+/decrease- in liabilities	-11,199	-17,711	-3,384	10,925	-7,656	6,653
<b>Cash flow from operating activities</b>	<b>42,759</b>	<b>-13,359</b>	<b>42,693</b>	<b>10,024</b>	<b>55,391</b>	<b>22,722</b>
<b>Investment activities</b>						
Investment in intangible assets	-23,249	-13,230	-61,017	-51,287	-85,156	-75,426
Investment in tangible assets	-279	-11,370	-1,028	-24,464	-8,223	-31,659
Increase-/decrease+ in financial assets, net	16	-411	48	-298	46	-300
<b>Cash flow from investment activities</b>	<b>-23,512</b>	<b>-25,011</b>	<b>-61,997</b>	<b>-76,049</b>	<b>-93,333</b>	<b>-107,385</b>
<b>Financing activities</b>						
Amortization leasing	-1,954	-	-5,797	-	-5,797	-
Option premiums paid	-	-	-	1,197	184	1,381
Final settlements options	-	-	-	-1,415	-20	-1,435
Repurchase of own shares	-	-	-1,837	-739	-1,837	-739
<b>Cash flow from financing activities</b>	<b>-1,954</b>	<b>-</b>	<b>-7,634</b>	<b>-957</b>	<b>-7,470</b>	<b>-793</b>
<b>Net change in cash and cash equivalents</b>	<b>17,293</b>	<b>-38,370</b>	<b>-26,938</b>	<b>-66,982</b>	<b>-45,412</b>	<b>-85,456</b>
Exchange differences in cash and cash equivalents	668	-30	930	486	1,048	604
Cash and cash equivalents at the beginning of the period	48,924	149,649	92,893	177,745	111,249	177,745
<b>Cash and cash equivalents at the end of the period</b>	<b>66,885</b>	<b>111,249</b>	<b>66,885</b>	<b>111,249</b>	<b>66,885</b>	<b>92,893</b>

## SEGMENT

As of September 1, 2019, the company has changed the performance evaluation and reporting of its operations, hence the company reports segments according to the principles below from this date. Previous periods 2019 and comparison periods 2018 have been restated according to the same principles, see also section Segment reporting in Accounting Policies on pages 13-14.

Reporting segments are the business areas Media Networks, Resource Optimization and Streaming Solutions.

SEK thousands	Jul-Sep 2019					Jul-Sep 2018				
	Media Networks	Resource Optimization	Streaming Solutions	Unallocated items & eliminations	Total	Media Networks	Resource Optimization	Streaming Solutions	Unallocated items & eliminations	Total
Net Sales	89,783	19,725	2,799	-	112,307	94,988	19,115	994	-	115,097
Gross earnings	59,570	12,167	-2,429	25	69,333	61,924	12,750	-3,469	-	71,205
Net margin	66.3%	61.7%	-86.8%		61.7%	65.2%	66.7%	-349.0%		61.9%
Operating earnings	18,273	-5,828	-12,084	2,696	3,057	13,296	-4,465	-13,587	521	-4,235
Gross margin	20.4%	-29.5%	-431.7%		2.7%	14.0%	-23.4%	-1366.9%		-3.7%
Net financial items				-1,126	-1,126				-551	-551
<b>Profit/loss before tax</b>					<b>1,931</b>					<b>-4,786</b>

SEK thousands	Jan-Sep 2019					Jan-Sep 2018					Oct 2018-Sep 2019					Jan-Dec 2018				
	Media Networks	Resource Optimization	Streaming Solutions	Unallocated items & eliminations	Total	Media Networks	Resource Optimization	Streaming Solutions	Unallocated items & eliminations	Total	Media Networks	Resource Optimization	Streaming Solutions	Unallocated items & eliminations	Total	Media Networks	Resource Optimization	Streaming Solutions	Unallocated items & eliminations	Total
Net Sales	289,776	53,557	8,820	-	352,153	292,008	51,478	1,652	-	345,138	372,837	76,497	9,266	-	458,600	375,069	74,418	2,098	-	451,585
Gross earnings	187,621	28,826	-6,310	68	210,205	183,971	32,260	-8,328	-	207,903	229,526	44,443	-9,362	68	264,675	225,876	47,877	-11,380	-	262,373
Gross margin	64.7%	53.8%	-71.5%		59.7%	63.0%	62.7%	-504.1%		60.2%	61.6%	58.1%	-101.0%		57.7%	60.2%	64.3%	-542.4%		58.1%
Operating earnings	52,715	-23,476	-37,469	2,687	-5,543	42,566	-12,899	-44,741	383	-14,691	11,738	-27,408	-52,076	1,800	-65,946	1,589	-16,831	-59,348	-504	-75,094
Gross margin	18.2%	-43.8%	-424.8%		-1.6%	14.6%	-25.1%	-2708.3%		-4.3%	3.1%	-35.8%	-562.0%		-14.4%	0.4%	-22.6%	-2828.8%		-16.6%
Net financial items				-663	-663				1,690	1,690				-966	-966				1,387	1,387
<b>Profit/loss before tax</b>					<b>-6,206</b>					<b>-13,001</b>					<b>-66,912</b>					<b>-73,707</b>

## DISAGGREGATION OF REVENUE

SEK thousands	Jul-Sep 2019				Jul-Sep 2018				Jan-Sep 2019				Jan-Sep 2018			
	Media Networks	Resource Optimization	Streaming Solutions	Total	Media Networks	Resource Optimization	Streaming Solutions	Total	Media Networks	Resource Optimization	Streaming Solutions	Total	Media Networks	Resource Optimization	Streaming Solutions	Total
<b>Net sales by product group</b>																
Hardware	40,375	-	-	<b>40,375</b>	41,914	-	-	<b>41,914</b>	135,114	-	-	<b>135,114</b>	120,671	-	-	<b>120,671</b>
Software licenses	19,943	2,269	2,799	<b>25,011</b>	25,739	4,613	88	<b>30,440</b>	64,809	4,649	7,904	<b>77,362</b>	87,450	7,858	186	<b>95,494</b>
Support and Services	29,465	17,456	-	<b>46,921</b>	27,335	14,502	906	<b>42,743</b>	89,853	48,908	916	<b>139,677</b>	83,887	43,620	1,466	<b>128,973</b>
<b>Total</b>	<b>89,783</b>	<b>19,725</b>	<b>2,799</b>	<b>112,307</b>	<b>94,988</b>	<b>19,115</b>	<b>994</b>	<b>115,097</b>	<b>289,776</b>	<b>53,557</b>	<b>8,820</b>	<b>352,153</b>	<b>292,008</b>	<b>51,478</b>	<b>1,652</b>	<b>345,138</b>
<b>Net sales by region</b>																
WE	48,484	4,530	1,556	<b>54,570</b>	41,431	4,536	1	<b>45,968</b>	132,578	13,363	5,121	<b>151,062</b>	133,148	14,447	339	<b>147,934</b>
AM	24,553	12,281	1,243	<b>38,077</b>	35,041	12,715	993	<b>48,749</b>	105,176	32,183	3,413	<b>140,772</b>	86,829	29,364	1,081	<b>117,274</b>
RoW	16,746	2,914	-	<b>19,660</b>	18,516	1,864	-	<b>20,380</b>	52,022	8,011	286	<b>60,319</b>	72,031	7,667	232	<b>79,930</b>
<b>Total</b>	<b>89,783</b>	<b>19,725</b>	<b>2,799</b>	<b>112,307</b>	<b>94,988</b>	<b>19,115</b>	<b>994</b>	<b>115,097</b>	<b>289,776</b>	<b>53,557</b>	<b>8,820</b>	<b>352,153</b>	<b>292,008</b>	<b>51,478</b>	<b>1,652</b>	<b>345,138</b>
<b>Timing of revenue recognition</b>																
Products and services transferred at a point in time	60,337	2,269	2,799	<b>65,405</b>	67,810	4,613	88	<b>72,511</b>	199,970	4,649	7,904	<b>212,523</b>	208,892	7,858	186	<b>216,936</b>
Services transferred over time	29,446	17,456	-	<b>46,902</b>	27,178	14,502	906	<b>42,586</b>	89,806	48,908	916	<b>139,630</b>	83,116	43,620	1,466	<b>128,202</b>
<b>Total</b>	<b>89,783</b>	<b>19,725</b>	<b>2,799</b>	<b>112,307</b>	<b>94,988</b>	<b>19,115</b>	<b>994</b>	<b>115,097</b>	<b>289,776</b>	<b>53,557</b>	<b>8,820</b>	<b>352,153</b>	<b>292,008</b>	<b>51,478</b>	<b>1,652</b>	<b>345,138</b>

## FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category - Assets	Sep 30, 2019			31 Dec 2018		
	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss
SEK thousands						
<b>Assets in Balance Sheet</b>						
Derivative instruments	2	-	61	2	-	181
Accounts receivable and other receivables, excluding non-financial assets		122,757	-		113,406	-
Cash and cash equivalents		66,885	-		92,893	-
<b>Total</b>		<b>189,642</b>	<b>61</b>		<b>206,299</b>	<b>181</b>

Group's financial instruments by category - Liabilities	Sep 30, 2019			31 Dec 2018		
	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss
SEK thousands						
<b>Liabilities in Balance Sheet</b>						
Synthetic options	2	-	86	2	-	299
Derivative instruments	2	-	-	2	-	-
Accounts payable and other liabilities, excluding non-financial liabilities		66,578	-		42,955	-
<b>Total</b>		<b>66,578</b>	<b>86</b>		<b>42,955</b>	<b>299</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.

## PARENT COMPANY INCOME STATEMENT, IN SUMMARY

SEK thousands	Jul-Sep		Jan-Sep		Oct 2018-	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Net sales	119,722	126,783	389,172	390,154	513,898	514,880
Cost of sales	-51,356	-53,937	-171,088	-160,739	-225,934	-215,585
<b>Gross earnings</b>	<b>68,366</b>	<b>72,846</b>	<b>218,084</b>	<b>229,415</b>	<b>287,964</b>	<b>299,295</b>
Sales and marketing expenses	-26,370	-31,547	-87,014	-104,399	-129,158	-146,543
Administration expenses	-14,565	-11,516	-41,462	-36,611	-51,721	-46,870
Development expenses	-26,481	-24,576	-83,489	-82,350	-118,947	-117,808
Other income expenses	2,404	-61	2,510	-262	767	-2,005
<b>Operating earnings</b>	<b>3,355</b>	<b>5,146</b>	<b>8,630</b>	<b>5,793</b>	<b>-11,094</b>	<b>-13,931</b>
Net financial items	-514	-623	3,226	1,759	-31,855	-33,322
<b>Profit/loss before tax</b>	<b>2,840</b>	<b>4,523</b>	<b>11,854</b>	<b>7,552</b>	<b>-42,951</b>	<b>-47,253</b>
Tax	-590	-1,051	-2,147	-1,471	2,361	3,037
<b>Net income</b>	<b>2,249</b>	<b>3,472</b>	<b>9,706</b>	<b>6,081</b>	<b>-40,591</b>	<b>-44,216</b>

## PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	Sep 30, 2019	Jun 30, 2019	31 Dec 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Other intangible assets	3,629	3,305	3,999
Equipment	26,169	27,139	28,901
Participations in group companies	295,068	295,068	295,068
Deferred tax asset	2,884	3,473	5,031
Deposits	4,694	4,665	4,695
<b>Total non-current assets</b>	<b>332,399</b>	<b>333,650</b>	<b>337,694</b>
<b>Current assets</b>			
Inventories	41,511	47,629	46,388
Accounts receivable	102,633	134,298	95,599
Receivables from group companies	154,558	146,582	135,583
Other receivables	25,777	18,014	17,806
Cash and cash equivalents	51,089	35,679	79,681
<b>Total current assets</b>	<b>375,508</b>	<b>382,202</b>	<b>375,057</b>
<b>TOTAL ASSETS</b>	<b>707,907</b>	<b>715,852</b>	<b>712,751</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	128,419	128,419	128,419
Non-restricted equity	490,548	488,296	482,676
<b>Total equity</b>	<b>618,964</b>	<b>616,715</b>	<b>611,095</b>
<b>Non-current liabilities</b>			
Other liabilities	7,792	16,161	9,362
<b>Total non-current liabilities</b>	<b>7,792</b>	<b>16,161</b>	<b>9,362</b>
<b>Current liabilities</b>			
Accounts payable	17,529	20,454	31,806
Other liabilities	63,622	62,522	60,488
<b>Total current liabilities</b>	<b>81,151</b>	<b>82,976</b>	<b>92,294</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>707,907</b>	<b>715,852</b>	<b>712,751</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.

Effective January 1, 2019, Net Insight applies the following new or amended International Financial Reporting Standards (IFRS):

- IFRS 16 Leases

### New accounting policies from 2019

#### IFRS 16 Leases - transition

IFRS 16 Leases will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The definition of a lease is amended which impacts the accounting both from a lessee and lessor perspective. The new standard includes more specific guidance on if and when leasing is embedded in a service contract. The parent company has chosen not to apply IFRS 16 according to exceptions in RFR 2.

#### Accounting for lessees

The standard requires assets and liabilities arising from all leases, with some exceptions for short agreements and agreements of low value, to be recognized on the balance sheet. This model reflects that, at the start of a lease, the lessee always obtains the right to use an asset for a period of time and has an obligation to pay for that right. The main types of assets leased by the Company are real estate.

#### Accounting for lessors

The accounting for lessors will be based on the same classification as of an operating or finance lease under IAS 17. This means that if the Company, as a lessor, substantially retains the ownership rights and obligations of the asset, then the lease is classified as an operating lease. On the contrary, the lease is classified as a finance lease if the ownership rights and obligations of the asset are transferred to the lessee. The Company's lease arrangements are normally short in time, related to specific events.

#### Impact at transition

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

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

The income statement is affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense is replaced with interest and depreciation, so key metrics like EBITDA are changed. For the periods July-September, 2019, and January-September, 2019, IFRS 16 affected Gross earnings by 0.0 MSEK and 0.0 MSEK, respectively, Operating earnings by 0.2 MSEK and 0.5 MSEK, respectively, Profit/loss before tax by -0.3 and -1.0 MSEK, respectively, and Net

income by -0.3 MSEK and -0.8 MSEK, respectively. For EBITA the effect of IFRS 16 was SEK 2.8 million for the period April-September, 2019, and SEK 8.3 million for the period January-September, 2019.

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

The Company had no material impact on lessor accounting at transition.

#### IFRS 16 Leases - Accounting policy

##### *Leasing when the Company is the lessee*

The main types of assets leased by the Company are, in the order of materiality, real estate, IT- and office equipment.

The Company recognizes right-of-use assets and lease liabilities arising from all leases in the balance sheet, with some exceptions. This model reflects that, at the start of a lease, the lessee always obtains the right to use an asset for a period of time and has an obligation to pay for that right.

In the assessment of a lease contract the lease components are separated from non-lease components and the lease term is defined considering any extension or termination options.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate.

Lease payments included in the liability are fixed payments, variable payments depending on an index or rate, residual values and penalties for termination of contracts.

The right-of-use asset is initially measured at cost, which equals the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received plus any initial direct costs, and restoration costs.

The Company applies the recognition exemption for short-term leases and leases for which the underlying asset is of low-value recognizing the lease payments for those leases as an expense on a straight-line basis over the lease term.

##### *Leasing when the Company is the lessor*

Leasing contracts with the Company as lessor are classified as finance leases when the majority of risks and rewards are transferred to the lessee, and otherwise as operating leases. Under a finance lease, a receivable is recognized at an amount equal to the net investment in the lease and revenue is recognized in accordance with the revenue recognition principles.

Under operating leases the equipment is recorded as property, plant and equipment and revenue as well as depreciation is recognized on a straight-line basis over the lease term.

The Company's lease arrangements are normally short in time, related to specific events.

#### Segment information

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

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

Items not allocated are exchange rate differences, financial items and tax. Lease fees in the segments are reported as operating lease fees and the difference between this principle and the Group's accounting principle, IFRS 16 Leases, is reported as Unallocated items and eliminations. Sales between segments have not occurred.

For assets, liabilities and investments, only the item Capitalized expenditure for development is evaluated by segment.

Reporting segments are the business areas:

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

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

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

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 2018.

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

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 SEK 1.6 (2.8) million for the period January–September, 2019. Reported tax corresponds to an effective tax rate of 26 (21) percent. Profit before tax of SEK -6.2 (-13.0) million includes value changes on synthetic options of SEK 0.6 (2.4) million. The value change on synthetic options is not taxable if an income, or tax deductible if a cost. Hence, the relative share the value change on synthetic options of profit/loss before tax can have a significant effect on the differences in the effective tax rates between periods. The effective tax rate is also affected by the relative effects of foreign tax rates and temporary differences. The latter has had not impact on the effective tax rate during 2019.

Remaining tax loss carry-forwards for group companies amounted to SEK 141.0 million at the end of the period, compared to SEK 145.4 million as of December 31, 2018. Deferred tax assets has been recognized for the tax loss carry-forwards.

## CONTRIBUTED EQUITY

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

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

All shares issued by the parent company were fully paid.

The division of shares	30 Sep, 2019			31 Dec, 2018		
	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	382,458,009	<b>383,458,009</b>
Repurchased own shares	-	7,175,000	<b>7,175,000</b>	-	6,475,000	<b>6,475,000</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>

## LOANS, PLEDGED ASSETS AND TRANSACTIONS WITH RELATED PARTIES

In July, the Parent company, Net Insight AB, signed a SEK 50 million bank credit arrangement, which runs until year-end. The fees for the bank credit are a combination of a fixed contract rate and a variable interest rate when utilizing the credit. The credit has not yet been utilized.

The bank credit is secured through a combination of guarantee (blocked account) from Briban Invest AB, the company's largest shareholders, as well as shares in the subsidiary Net Insight Intellectual Property AB and a corporate mortgage in the parent company of SEK 50 million.

The fees to Briban Invest AB for the guarantee (blocked account) are a combination of a fixed contract rate and a variable interest rate when utilizing the credit. During the third quarter, SEK -1.0 (-) million was expensed as fees to Briban Invest AB.

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On October 14, 2019, the Board of Directors announced that Crister Fritzson had been appointed CEO of Net Insight AB. Crister will assume the position by latest on April 14, 2020. The current CEO, Henrik Sund, will leave the company during the fall of 2019.

## THIS IS NET INSIGHT

### Business concept and model

With its deep market knowledge and insight, genuine customer focus and world-leading innovative technology, Net Insight makes it easier to create and deliver better content in a simpler and more effective way.

With the three business areas Media Networks, Resource Optimization and Streaming Solutions, Net Insight offers solutions that enable network operators and media companies the benefit of lower costs and the potential for effective new media service launches. Revenues are generated through sales of hardware and software solutions and services.

### Strategy

Net Insight is driven by the idea that everything can always be done smarter, for both its customers and their customers. Net Insight's long-term view of the media market of tomorrow is a global, fully connected world where new technology enables direct, intelligent and seamless exchange of content between producers, distributors and consumers.

The strategy is to offer competitive and future-proof solutions that meet these customer demands, by continuously develop solutions that make customers even more relevant and competitive in the media landscape of tomorrow.

### Value creators

The value-creating factors affect Net Insight's development and are divided into three groups: market transformation, innovative technology and global scope. Net Insight benefits from the general increase in video traffic, live streaming and file-based transfers, the use of remote production, increased distribution over the internet and broader coverage of live events.

## REPORTING DATES

Year-end report 2019	February 14, 2020
Interim report January – March	April 22, 2020
Annual General Meeting	May 8, 2020
Interim report January – June	July 21, 2020
Interim report January – September	November 4, 2020

Solna, October 29, 2019

Henrik Sund  
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.

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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 08.45 am CET on October 29, 2019.

# REVIEW REPORT

## **Introduction**

We have reviewed the interim report for Net Insight AB (publ) for the period January 1 - September 30, 2019. The Board of Directors and the President 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, October 29, 2019  
Deloitte AB

Therese Kjellberg  
Authorized Public Accountant



## FINANCIAL INFORMATION

SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2018-	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
<b>Earnings</b>						
<i>Netsales per business area</i>						
Media Networks	89.8	95.0	289.8	292.0	372.8	375.1
Resource Optimization	19.7	19.1	53.6	51.5	76.5	74.4
Streaming Solutions	2.8	1.0	8.8	1.7	9.3	2.1
Net sales	112.3	115.1	352.2	345.1	458.6	451.6
Gross earnings	69.3	71.2	210.2	207.9	264.7	262.4
Operating expenses	68.8	75.8	218.0	222.8	296.1	301.0
Total development expenditure	39.7	30.0	117.5	98.4	159.5	140.3
EBITDA	0.1	-2.3	-7.3	-19.4	-36.9	-49.0
Operating earnings	3.1	-4.2	-5.5	-14.7	-65.9	-75.1
Profit/loss after financial items	1.9	-4.8	-6.2	-13.0	-66.9	-73.7
Net income	1.8	-3.8	-4.6	-10.2	-52.5	-58.2
<b>Balance sheet and cash flow</b>						
Cash and cash equivalents	66.9	47.5	66.9	43.9	66.9	92.9
Working capital	59.8	111.2	54.5	111.2	53.9	42.8
Total cash flow	17.3	-38.4	-26.9	-67.0	-45.4	-85.5
<b>The share</b>						
Dividend per share, SEK	-	-	-	-	-	-
Earnings per share basic and diluted, SEK	0.00	-0.01	-0.01	-0.03	-0.14	-0.15
Cash flow per share, SEK	0.05	-0.10	-0.07	-0.17	-0.12	-0.22
Equity per share basic and diluted, SEK	1.29	1.41	1.29	1.41	1.29	1.29
Average number of outstanding shares basic and diluted, thousands	382,758	383,458	382,828	383,485	382,973	383,478
Number of outstanding shares basic and diluted, thousands	382,758	383,458	382,758	383,485	382,758	383,458
Share price at end of period, SEK	1.37	3.08	1.37	3.08	1.37	2.68
<b>Employees and consultants</b>						
Average number of employees and consultants	213	239	217	242	228	239
<b>KPI</b>						
Net sales YoY, change in %	-2.4%	9.9%	2.0%	11.0%	-0.6%	5.8%
Gross margin	61.7%	61.9%	59.7%	60.2%	57.7%	58.1%
Total development expenditure/Net sales	35.3%	26.1%	33.4%	28.5%	34.8%	31.1%
Operating margin	2.7%	-3.7%	-1.6%	-4.3%	-14.4%	-16.6%
EBITDA margin	0.1%	-2.0%	-2.1%	-5.6%	-8.1%	-10.9%
Net margin	1.6%	-3.3%	-1.3%	-3.0%	-11.5%	-12.9%
Return on capital employed	-12.2%	-2.6%	-12.5%	-2.6%	-12.0%	-14.1%
Equity/asset ratio	70.4%	77.1%	70.4%	77.1%	70.4%	76.0%
Return on equity	-13.2%	-2.6%	-13.2%	-2.6%	-13.2%	-14.4%

Previous years was not restated at the transition to IFRS 16. The impact of IFRS 16 is presented on page 13.

## 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.

### 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's 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 of 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. <ul style="list-style-type: none"> <li>• Western Europe (WE).</li> <li>• Americas (AM), North and South America.</li> <li>• Rest of World (RoW), countries outside of Western Europe and Americas.</li> </ul>	

Change in net sales in comparable currencies SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Jan-Dec
	2019	2018	2019	2018	2018
Net sales	112.3	115.1	352.2	345.1	451.6
Net currency effect of comparable currencies	-5.0	-8.7	-19.7	-10.2	-16.5
<b>Net sales in comparable currencies</b>	<b>107.3</b>	<b>106.4</b>	<b>332.5</b>	<b>334.9</b>	<b>435.1</b>
<b>Change in net sales in comparable currencies</b>	<b>-6.8%</b>	<b>1.5%</b>	<b>-3.7%</b>	<b>7.8%</b>	<b>1.9%</b>

KPI Income Statement SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2018-	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Net sales	112.3	115.1	352.2	345.1	458.6	451.6
Net sales YoY, change in %	-2.4%	9.9%	2.0%	-11.0%	-0.6%	5.8%
Cost of sales ex. amortization of capitalized development	-28.4	-30.9	-98.7	-95.3	-134.2	-130.8
<b>Gross earnings ex. amortization of capitalized development</b>	<b>83.9</b>	<b>84.2</b>	<b>253.5</b>	<b>249.9</b>	<b>324.4</b>	<b>320.8</b>
Gross margin ex. amortization of capitalized development	74.7%	73.2%	72.0%	72.4%	70.7%	71.0%
Cost of sales amortization of capitalized development	-14.6	-13.0	-43.3	-42.0	-59.7	-58.4
<b>Gross earnings</b>	<b>69.3</b>	<b>71.2</b>	<b>210.2</b>	<b>207.9</b>	<b>264.7</b>	<b>262.4</b>
Gross margin	61.7%	61.9%	59.7%	60.2%	57.7%	58.1%
Sales and marketing expenses	-35.1	-44.9	-110.0	-134.7	-156.4	-181.1
Administration expenses	-16.7	-13.7	-50.9	-41.1	-64.8	-54.9
Development expenses	-17.0	-17.1	-57.1	-47.1	-74.9	-64.9
<b>Operating expenses</b>	<b>-68.8</b>	<b>-75.8</b>	<b>-218.0</b>	<b>-222.8</b>	<b>-296.1</b>	<b>-301.0</b>
Operating expenses/net sales	61.3%	65.9%	61.9%	64.6%	-64.6%	66.6%
Other operating income and expenses	2.5	0.4	2.2	0.2	-34.5	-36.5
<b>Operating earnings</b>	<b>3.1</b>	<b>-4.2</b>	<b>-5.5</b>	<b>-14.7</b>	<b>-65.9</b>	<b>-75.1</b>
Operating margin	2.7%	-3.7%	-1.6%	-4.3%	-14.4%	-16.6%
Net financial items	-1.1	-0.6	-0.7	1.7	-1.0	1.4
<b>Profit/loss before tax</b>	<b>1.9</b>	<b>-4.8</b>	<b>-6.2</b>	<b>-13.0</b>	<b>-66.9</b>	<b>-73.7</b>
Tax	-0.2	0.9	1.6	2.8	14.4	15.5
<b>Net income</b>	<b>1.8</b>	<b>-3.8</b>	<b>-4.6</b>	<b>-10.2</b>	<b>-52.5</b>	<b>-58.2</b>
Net margin	1.6%	-3.3%	-1.3%	-3.0%	-11.5%	-12.9%

EBITDA margin SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2018-	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Operating earnings	3.1	-4.2	-5.5	-14.7	-65.9	-75.1
Amortization of capitalized development expenditure	14.6	13.0	43.3	42.0	59.7	58.4
Other depreciation, amortization & impairment	5.1	1.8	15.3	4.6	53.8	43.1
Capitalization of development expenditure	-22.7	-12.9	-60.4	-51.3	-84.6	-75.4
<b>EBITDA</b>	<b>0.1</b>	<b>-2.3</b>	<b>-7.3</b>	<b>-19.4</b>	<b>-36.9</b>	<b>-49.0</b>
Net sales	112.3	115.1	352.2	345.1	458.6	451.6
<b>EBITDA margin</b>	<b>0.1%</b>	<b>-2.0%</b>	<b>-2.1%</b>	<b>-5.6%</b>	<b>-8.1%</b>	<b>-10.9%</b>

Development expenditure SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2018-	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Development expenses	17.0	17.1	57.1	47.1	74.9	64.9
Capitalization of development expenditure	22.7	12.9	60.4	51.3	84.6	75.4
<b>Total development expenditure</b>	<b>39.7</b>	<b>30.0</b>	<b>117.5</b>	<b>98.4</b>	<b>159.5</b>	<b>140.3</b>
<b>Capitalization rate</b>	<b>57.2%</b>	<b>43.0%</b>	<b>51.4%</b>	<b>52.1%</b>	<b>53.0%</b>	<b>53.7%</b>
Net Sales	112.3	115.1	352.2	345.1	458.6	451.6
<b>Total development expenditure/net sales</b>	<b>35.3%</b>	<b>26.1%</b>	<b>33.4%</b>	<b>28.5%</b>	<b>34.8%</b>	<b>31.1%</b>

During the period January – March 2018, SEK 0.4 million was reclassified from Other intangible fixed assets to Capitalized expenditure for development, which are included in the item Capitalization of development expenditure but not in Investments.

<b>Capital and return measures</b>		
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 understand 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. .	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 2018- Sep 2019	Jan-Dec 2018
	2019	2018	2019	2018		
Current assets	253.4	327.7	264.3	334.6	293.5	321.5
Cash and cash equivalents	-57.9	-130.4	-67.5	-150.8	-92.8	-139.2
No interest-bearing short term liabilities	-135.7	-149.7	-142.3	-139.8	-146.7	-139.5
<b>Working capital</b>	<b>59.8</b>	<b>47.5</b>	<b>54.5</b>	<b>43.9</b>	<b>53.9</b>	<b>42.8</b>

Return on capital employed SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2018- Sep 2019	Jan-Dec 2018
	2019	2018	2019	2018		
<i>Capital employed</i>						
Total balance	705.9	713.3	697.1	705.4	698.0	694.3
No interest-bearing liabilities	-158.9	-170.1	-164.0	-159.8	-142.0	-159.1
<b>Capital employed</b>	<b>547.0</b>	<b>543.3</b>	<b>533.1</b>	<b>545.6</b>	<b>556.0</b>	<b>535.2</b>
<i>Operating earnings less interest income R4Q</i>						
Operating earnings R4Q	-65.9	-14.0	-65.9	-14.0	-65.9	-75.1
Interest income R4Q	0.6	0.2	0.6	0.2	0.6	0.3
Operating earnings less interest income R4Q	-66.5	-14.2	-66.5	-14.2	-66.5	-75.4
<b>Return on capital employed</b>	<b>-12.2%</b>	<b>-2.6%</b>	<b>-12.5%</b>	<b>-2.6%</b>	<b>-12.0%</b>	<b>-14.1%</b>

Equity/asset ratio SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2018- Sep 2019	Jan-Dec 2018
	2019	2018	2019	2018		
Equity	494.5	540.7	494.5	540.7	494.5	493.9
Total equity and liabilities	702.7	701.1	702.7	701.1	702.7	649.9
<b>Equity/asset ratio</b>	<b>70.4%</b>	<b>77.1%</b>	<b>70.4%</b>	<b>77.1%</b>	<b>70.4%</b>	<b>76.0%</b>

Return on equity SEK millions (if not defined differently)	Jul-Sep		Jan-Sep		Oct 2018-	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Net income - R4Q	-65.9	-14.0	-65.9	-14.0	-65.9	-75.1
Average equity - R4Q	500.7	547.0	500.7	547.0	500.7	523.2
<b>Return on equity</b>	<b>-13.2%</b>	<b>-2.6%</b>	<b>-13.2%</b>	<b>-2.6%</b>	<b>-13.2%</b>	<b>-14.4%</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 don't 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	Jul-Sep		Jan-Sep		Oct 2018-	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Average number of employees	179	202	185	207	196	205
Average number of consultants	34	36	32	36	32	34
<b>Average number of employees and consultants</b>	<b>213</b>	<b>239</b>	<b>217</b>	<b>242</b>	<b>228</b>	<b>239</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:

Return on capital employed		Jul-Sep		Jan-Sep		Oct 2018-	Jan-Dec
SEK millions	Note	2019	2018	2019	2018	Sep 2019	2018
<b>Effects of the Net Insight share price development during the period</b>							
Share-based benefits	(a)	0.0	0.1	0.1	0.3	0.1	0.3
Synthetic options, change in value	(b)	0.2	0.8	0.6	2.4	0.8	2.6
<b>Total</b>		<b>0.2</b>	<b>0.9</b>	<b>0.7</b>	<b>2.8</b>	<b>0.9</b>	<b>3.0</b>
<b>Items affecting comparability</b>							
Restructuring	(c)	-1.2	-2.7	-7.7	-7.4	-10.4	-10.2
Impairment of intangible assets	(d)	-	-	-	-	-35.9	-35.9
Empty office lease	(e)	-	-	-	-2.2	-	-2.2
<b>Total</b>		<b>-1.2</b>	<b>-2.7</b>	<b>-7.7</b>	<b>-9.6</b>	<b>-46.3</b>	<b>-48.3</b>
<b>Operating earnings excluding items affecting comparability</b>							
Operating earnings		3.1	-4.2	-5.5	-14.7	-65.9	-75.1
Items affecting comparability, as per above		1.2	2.7	7.7	9.6	46.3	48.3
<b>Operating earnings excluding items affecting comparability</b>		<b>4.3</b>	<b>-1.5</b>	<b>2.1</b>	<b>-5.0</b>	<b>-19.7</b>	<b>-26.8</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) Net Insight has synthetic option programs. The synthetic options are revaluated on a current basis to fair value by applying an options valuation model. The changes in value during the term of the options are presented as a financial item. To financially hedge future cash flow effects of the company's commitments in the synthetic option programs, if the share price would exceed the strike price, the parent company has repurchased its own shares. The repurchased of own shares is deducted from equity, retained earnings, and are not revaluated to fair value on a current basis.
- (c) During 2018 and 2019, Net Insight has initiated structural changes.
- (d) Impairment losses on intangible fixed assets, recognized as a result of re-prioritization in the Nimbra portfolio.
- (e) Lease for empty office refers to costs for remaining lease for the former head office after the move.

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