Net Insight Interim Report January – March 2017

Net Insight AB (publ) reg.no. 556533–4397

Quote from CEO Fredrik Tumegård:

"Net sales for the first quarter were SEK 110.4 million, with operating earnings of SEK 7.5 million. This was in line with the corresponding period last year. We perceive a strong demand for our network-based operations, and great interest in our live OTT offering."

Q1 SIGNIFICANT EVENTS

- Net Insight in new collaboration with bet365 and SIS in live OTT.
- Delivery of Ultra HDTV (4K) licenses for a central European sporting league.
- Winner of 2017 WTA Teleport Technology of the Year Award for ScheduALL Connector.

First quarter 2017

- Net sales amounted to SEK 110.4 (110.0) million, a decrease of -3.6 percent in comparable currencies.
- Operating earnings amounted to SEK 7.5 (7.8) million, corresponding to an operating margin of 6.8 (7.1) percent. Adjusted operating earnings were SEK 8.9 (11.2) million, corresponding to an adjusted operating margin of 8.0 (9.9) percent.
- Net financial items were positively affected by SEK 6.0 (9.0) million for the revaluation of synthetic options. Net income was SEK 11.9 (14.0) million.
- Total cash flow was SEK 15.3 (11.8) million.

FINANCIAL SUMMARY SEK millions	Jan–Mar 2017	Jan–Mar 2016	Change	Apr 2016–Mar 2017	Jan–Dec 2016	Change
Net sales by region						
Western Europe	48.0	47.8	0.4%	231.6	231.4	0.1%
Americas	33.8	35.2	-4.0%	161.8	163.2	-0.9%
Rest of World	28.6	26.9	6.3%	110.6	108.9	1.5%
Net sales	**110.4**	**110.0**	**0.4%**	**504.0**	**503.5**	**0.1%**
Operating Earnings	7.5	7.8	-4.7%	52.0	52.4	-0.7%
Operating Margin	*6.8%*	*7.1%*		*10.3%*	*10.4%*	
Net Income	11.9	14.0	-15.5%	35.3	37.4	-5.8%
EBITDA	-4.1	3.0		31.5	38.6	-18.4%
EBITDA margin	*-3.7%*	*2.7%*		*6.3%*	*7.7%*	
Diluted and Basic EPS, SEK	0.03	0.04	-15.2%	0.09	0.10	-5.7%
Total Cash Flow	15.3	11.8	29.3%	24.4	20.9	16.5%

CEO's statement

The high activity level from the end of 2016 has continued into the first quarter of 2017. We see a strong demand on our network-based offering, even if we don't have any larger international sporting events that drives sales this year. At the same time we see a great interest in Sye, our live OTT offering, where several parallel tests take place.

"Net sales for the first quarter were SEK 110.4 million, with operating earnings of SEK 7.5 million.

A number of global sporting events drove sales in 2016, as many of our customers chose to upgrade their systems ahead of the Olympics and Euro 2016 soccer championships. Even if 2017 will be less busy in terms of sporting events, we're already returning results in line with last year, which shows the strength of our business. In the first quarter, we also delivered Ultra HDTV (4K) licenses for a central European sporting league and in March Net Insight's ScheduALL Connector won the World Teleport Association's (WTA) 2017 Award for Teleport Technology of the Year.

Net sales for the first quarter were SEK 110.4 million, in line with the corresponding quarter last year (SEK 110.0 million). Operating earnings were SEK 7.5 million in the first quarter 2017, compared to SEK 7.8 million in the previous year. The quarter was characterized by normal quarterly fluctuations, strong underlying business, a stable flow of medium-sized deals, while there were no larger individual transactions in the period. Although we're not completely satisfied with the outcome for the first quarter, we feel that we're well positioned both in short and long term.

We now have a product portfolio that comprises three product lines – Nimbra, ScheduALL and Sye. Our total offering stretch "from the TV camera lens to the studio, right through to the TV viewer" has made us more relevant to our 500 customers in 60 countries. At the same time, we're continuing to strengthen our position as the global leader on a market undergoing major transformation with extensive technology shifts.

We're continuing to develop and strengthen our sales organization and improve competencies in value-based sales. This applies both to our live OTT offering and network-based solutions. We will also focus on increased marketing activities and continue the journey towards a more customer focused company.

Great interest in Sye

A year ago, our product portfolio didn't include Sye, our live OTT offering – something that is hard to imagine today. Sye is now a natural part of Net Insight, and we're still the only industry operator able to offer synchronized live transmission over the internet across all screens. We're continuing to see a great interest, and are running multiple parallel tests. That means that we have come further in the test phase and that the response is positive.

The launch of Sye is proceeding with unwavering strength. The investment rate in our live OTT operations increased by 50 percent compared to the same period previous year. However, as always, it takes time for new technology to gain a foothold on the market, particularly as we need to take a number of different stakeholders into account, who will need to understand that live OTT is able to generate new customer bases and revenue streams. It's not only broadcasters that need to adjust the technology, but production companies are also working to develop formats and contents.

New collaborations with SIS and bet365

In the quarter, we initiated new collaborations with companies including SIS and bet365. The fact that our first contracts were signed with betting market operators isn't unexpected, as there are numerous new revenue streams to evaluate and exploit in this arena. In addition, the gambling industry is one of the most active in terms of product development for live broadcasting of sporting events. Bet365 is a globally leading betting and gambling group, and the first part of the collaboration relates to the integration of Sye in the bet365 app. SIS is a leading supplier of products and services for the online and betting market, and the company will implement our Sye platform in its streaming service. Overall, this means that online audiences will get a better, more qualitative and synchronized gambling experience. Ultimately, this will lead to the development of new types of products and services.

We look forward to continued exciting progress in 2017.

Stockholm, May 2017

Fredrik Tumegård, CEO

REVENUES

Net sales in the first quarter of 2017 were SEK 110.4 (110.0) million, which was in line with the corresponding period last year. In comparable currencies, net sales decreased by -3.6 percent. This mainly relates to a stronger USD against the SEK compared to the first quarter 2016. The quarter was characterized by normal quarterly fluctuations, strong underlying business, a stable flow of medium-sized deals, while there were no larger individual transactions in the period. In 2016, sales were positively affected by global sporting events such as the Olympics. There are fewer such major events in 2017, which means that an increased focus on local and regional sporting and live events will be important to continued growth.

Sales in the Western Europe region were SEK 48.0 (47.8) million. Sales were mainly to the company's existing customers, with Germany and Switzerland making positive progress while northern Europe was weaker than last year. Net Insight delivered Ultra HDTV (4K) licenses to a central European sporting league in the first quarter. The company is well positioned in this technology, but the market remains slightly hesitant because a full upgrade to 4K requires substantial investment by operators and broadcasters.

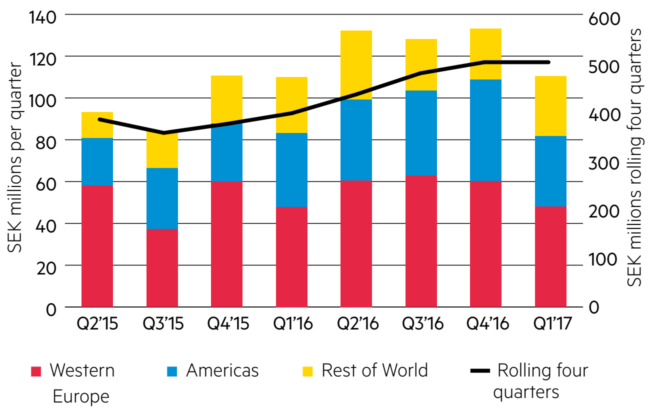
Net sales in the Rest of World region were SEK 28.6 (26.9) million, a 6.3 percent increase. The increase is mainly driven by positive exchange rate effects. Sales in the quarter were driven by extension deals in the Middle East, southern Africa and Australia.

Net sales in the Americas region were SEK 33.8 million (35.2) million, equivalent to a decrease of -4.0 percent. The decrease is primarily sourced from the network business and is within normal variations between quarters.

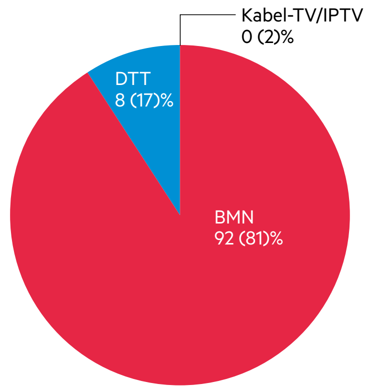
Net sales in the Broadcast & Media (BMN) business area were 92 (81) percent, in Digital Terrestrial TV (DTT) 8 (17) percent and in CATV/IPTV 0 (2) percent of total sales. The strong increase in business transactions in BMN and the low share of DTT business are both line with a trend that has been underway for a number of years. However, the relatively sharp variation on last year can be ascribed to normal quarterly fluctuations.

Net sales from hardware were SEK 44.0 (44.7) million. Net sales from software licenses were SEK 28.3 (30.0) million, and support and services amounted to SEK 38.1 (35.5) million. The above figures exclude other operating revenue of SEK -0.0 (-0.2) million, which consists of translation differences on accounts receivable in foreign currencies.

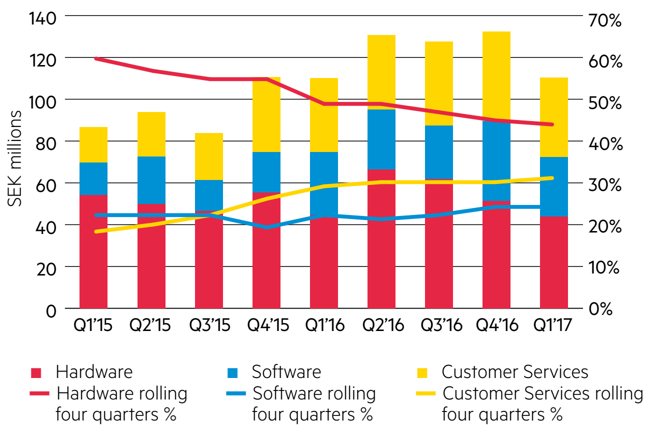
Net Sales by Region



Net Sales by Business Area Jan–Mar 2017



Net Sales by Product Group

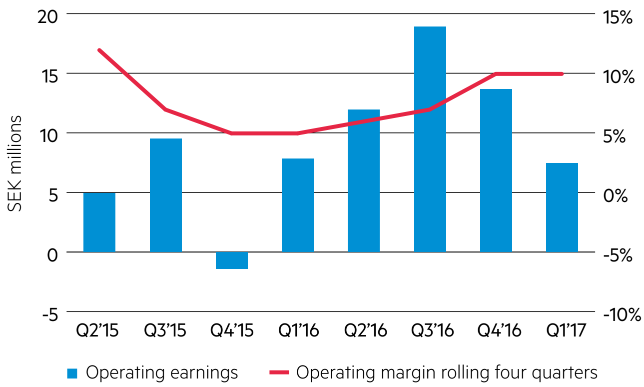


Key Ratios	Jan-Mar 2017	Jan-Mar 2016
Net sales, SEK millions	110.4	110.0
Gross margin	59.7%	61.7%
Operating margin	6.8%	7.1%
Opex/Net sales	52.9%	54.6%
EBITDA margin	-3.7%	2.7%

EARNINGS

Gross profit in the first quarter was SEK 65.9 (67.8) million, generating a gross margin of 59.7 (61.7) percent, a reduction on the previous year. The decrease mainly relates to increased costs in the service delivery organization, which was partly offset by positive currency effects.

Earnings trend



Operating expenses in the first quarter were SEK 58.4 (60.0) million. The decrease is due to a reduction in development expenses of SEK 5.1 to SEK 12.4 (17.5) million. The decrease is a result of increased capitalization of development projects. Total development expenditure was SEK 39.5 (37.5) million, increase attributable to more resources in live OTT. Sales and marketing expenses increased to SEK 34.3 (31.2) million as a result of slightly increased resources, mainly in live OTT, and increased costs mainly for the US organization resulting from a weaker SEK. Operating expenses decreased by SEK 1.2 (2.0) million as a result of revaluation of share-based incentive programs, see table Material profit and loss items on page 6.

Operating earnings were SEK 7.5 (7.8) million, equating to an operating margin of 6.8 percent against 7.1 percent for the comparable period in the previous year. Despite increased development expenditure, development expenses decreased by SEK 5.1 million year-on-year as a result of increased capitalization. Adjusted operating earnings, see table on page 6, was SEK 8.9 (11.2) million, corresponding to an adjusted operating margin of 8.0 (9.9) percent. The lower adjusted operating earnings figure is mainly due to a slight decrease in sales volumes and gross margin.

In the first quarter, net financial items were positively affected by SEK 6.0 (9.0) million in value changes in the synthetic options programs introduced in 2015 and 2016. Net financial items amounted to SEK 5.5 (8.5) million. Profit/loss before tax was SEK 13.0 (16.3) million.

Net earnings for the period were SEK 11.9 (14.0) million, resulting in a net margin of 10.7 (12.8) percent.

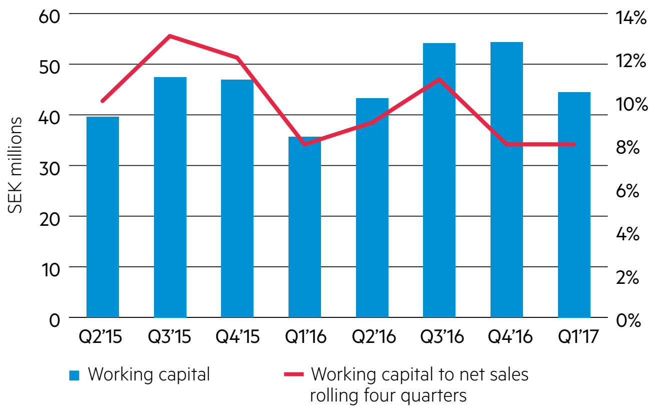
CASH FLOW AND FINANCIAL POSITION

Cash flow for the first quarter was SEK 15.3 (11.8) million. The positive cash flow is primarily due to lower working capital, attributable to customer payments received. Cash and cash equivalents at the end of the quarter were SEK 230.1 (204.9) million.

Remaining tax loss carry-forwards for Group companies were SEK 45.2 (86.7) million at the end of the period.

Equity was SEK 575.8 (543.6) million, with an equity/assets ratio of 78.2 (77.8) percent.

Working capital trend



INVESTMENTS

First quarter investments were SEK 28.3 (22.4) million, of which SEK 27.1 (20.0) million related to capitalization of development expenditure. Depreciation and amortization in the period was SEK 15.5 (15.2) million, of which SEK 14.1 (14.0) million related to amortization of capitalized expenditure for development.

The net value of capitalized expenditure for development at the end of the period was SEK 241.9 (214.9) million.

EMPLOYEES

At the end of the period, Net Insight had 211 (204) employees, of which 157 (124) were employed by parent company Net Insight AB (publ).

PARENT COMPANY

The parent company's net sales in the quarter were SEK 124.6 (121.7) million, and net earnings were SEK 18.2 (19.3) million.

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, those 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 2016, arose in 2017.

For a complete review of the company's risk and sensitivity analysis, and its risk management process, see pages 30-31 of the Annual Report for 2016.

SEASONALITY

In the past three calendar years, average seasonality has been fairly modest. Of annual net sales, the first quarter represented 22 percent, and the second, third and fourth quarters represented 26 percent each.

FINANCIAL INFORMATION

SEK millions (if not defined differently)	Jan–Mar 2017	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	Apr 2016–Mar 2017	Jan–Dec 2016
Net sales by region							
Western Europe	48.0	47.8	60.5	62.9	60.1	231.6	231.4
Americas	33.8	35.2	38.7	40.6	48.7	161.8	163.2
Rest of World	28.6	26.9	33.2	24.7	24.2	110.6	108.9
Net sales	**110.4**	**110.0**	**132.3**	**128.2**	**133.0**	**504.0**	**503.5**
Net sales YoY, change in %	*0.4%*	*25.3%*	*42.0%*	*52.1%*	*20.3%*	*26.6%*	*34.0%*
Income statement							
Gross earnings	65.9	67.8	83.1	81.0	83.7	313.7	315.7
Gross margin	*59.7%*	*61.7%*	*62.8%*	*63.2%*	*62.9%*	*62.2%*	*62.7%*
Operating expenses	58.4	60.0	71.1	62.1	70.0	261.7	263.3
Opex/Net sales	*52.9%*	*54.6%*	*53.8%*	*48.5%*	*52.6%*	*51.9%*	*52.3%*
Operating earnings	7.5	7.8	12.0	18.9	13.7	52.0	52.4
Operating margin	*6.8%*	*7.1%*	*9.0%*	*14.8%*	*10.3%*	*10.3%*	*10.4%*
Operating earnings, adjusted	8.9	11.2	14.4	20.9	15.3	59.4	61.7
Operating margin, adjusted	*8.0%*	*9.9%*	*10.8%*	*16.1%*	*11.4%*	*11.7%*	*12.1%*
Profit after financial items	13.0	16.3	8.5	15.3	6.8	43.6	46.9
Net Income	11.9	14.0	5.7	11.5	6.3	35.3	37.4
Net margin	*10.7%*	*12.8%*	*4.3%*	*9.0%*	*4.7%*	*7.0%*	*7.4%*
EBITDA							
Operating earnings	7.5	7.8	12.0	18.9	13.7	52.0	52.4
Amortization of capitalized development expenditure	14.1	14.0	14.1	14.4	14.6	57.2	57.1
Other depreciation and amortization	1.5	1.3	1.3	1.4	2.3	6.5	6.3
Capitalization of development expenditure	-27.1	-20.0	-18.5	-16.6	-22.0	-84.2	-77.2
EBITDA	**-4.1**	**3.0**	**8.9**	**18.2**	**8.5**	**31.5**	**38.6**
EBITDA margin	*-3.7%*	*2.7%*	*6.7%*	*14.2%*	*6.4%*	*6.3%*	*7.7%*
Total development expenditure							
Development expenses	12.4	17.5	19.9	16.3	18.2	66.9	72.0
Capitalization of development expenditure	27.1	20.0	18.5	16.6	22.0	84.2	77.2
Total development expenditure	**39.5**	**37.5**	**38.4**	**32.9**	**40.3**	**151.1**	**149.1**
Total development expenditure/Net sales	*35.8%*	*34.1%*	*29.0%*	*25.7%*	*30.3%*	*30.0%*	*29.6%*
Balance sheet							
Working capital	44.5	35.7	43.3	54.2	54.3	45.7	47.1
Working capital/Net sales	*40.3%*	*32.4%*	*32.7%*	*42.2%*	*40.8%*	*9.1%*	*9.3%*
Return on capital employed	*9.3%*	*3.9%*	*5.2%*	*6.9%*	*9.6%*	*9.3%*	*9.6%*
Equity/asset ratio	*78.2%*	*77.8%*	*77.3%*	*77.9%*	*77.4%*	*78.2%*	*77.4%*
Return on equity	*6.3%*	*2.2%*	*2.6%*	*3.5%*	*6.8%*	*6.3%*	*6.8%*
Cash and cash equivalents	230.1	204.9	195.0	207.3	214.9	230.1	214.9
Total cash flow	15.3	11.8	-10.5	12.3	7.3	24.4	20.9
The share							
Dividend per share, SEK	–	–	–	–	–	–	–
Earnings per share diluted and basic, SEK	0.03	0.04	0.01	0.03	0.02	0.09	0.10
Cash flow per share, SEK	0.04	0.03	-0.03	0.03	0.02	0.06	0.05
Equity per share basic and diluted, SEK	1.49	1.40	1.43	1.44	1.47	1.49	1.47
Average number of oustanding shares in thousands, basic and diluted	385,658	387,158	387,158	386,356	386,658	386,207	386,582
Share price at end of period, SEK	7.20	4.74	6.00	7.05	8.90	7.20	8.90
Employees							
No. of employees at the end of the period	211	204	202	207	215	211	215

For definitions, see page 12.

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:

SEK millions	Note	Jan–Mar 2017	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	Apr 2016–Mar 2017	Jan–Dec 2016
Accounting effects due to the acquisition of ScheduALL in October 2015								
Deferred revenue	(a)	-0.7	-2.6	-1.8	-1.2	-0.9	-4.6	-6.5
Amortization on intangible assets	(b)	-0.7	-0.7	-0.7	-0.7	-0.7	-2.9	-2.8
		-1.4	**-3.3**	**-2.5**	**-1.9**	**-1.6**	**-7.5**	**-9.4**
Effects of the Net Insight share price development during the period								
Share-based benefits	(c)	1.2	2.0	-0.9	-0.8	-1.4	-1.7	-1.0
Synthetic opitons, change in value	(d)	6.0	9.0	-2.7	-3.2	-6.3	-6.1	-3.2
		7.3	**11.0**	**-3.6**	**-3.9**	**-7.6**	**-7.8**	**-4.1**
Other								
Restructuring	(e)	–	-3,4	–	–	–	–	-3.4
		0.0	**-3.4**	**0.0**	**0.0**	**0.0**	**0.0**	**-3.4**

(a) Support revenues that ScheduALL would have recognized if they had remained a stand-alone entity, but that Net Insight is not permitted to recognize as revenue under IFRS as a result of business combination accounting rules. The effects of these business combination rules will gradually decrease.

(b) Amortizations related to the intangible assets – trademark and customer relations – that Net Insight recognized under IFRS as a result of business combination accounting rules, but that ScheduALL would not have recognized if they had remained a stand-alone entity. These amortizations will continue to affect the income over time.

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

(d) During the second quarter of 2015 and 2016, after decision at the AGM, Net Insight introduced 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.

e) Development expenses in the first quarter of 2016 was charged with an expense of SEK 3.4 million as a result of a minor reorganization of the R&D operations aimed at rationalizing the development process.

CONSOLIDATED INCOME STATEMENT, ADJUSTED

We believe that the disclosed supplemental non-IFRS financial information provides useful information to investors because management uses this information, in addition to financial data prepared in accordance with IFRS, to attain a more transparent understanding of Net Insight's performance during the first quarter of 2017. The adjustments below refers to some of the items listed in the section Material profit and loss items above and the notes refers to this section. Corresponding adjustments have been made for the comparative periods.

SEK millions (if not defined differently)	Note	Jan–Mar 2017	Jan–Mar 2016	Apr–Jun 2016	Jul–Sep 2016	Oct–Dec 2016	Apr 2016–Mar 2017	Jan–Dec 2016
Net sales		110.4	110.0	132.3	128.2	133.0	504.0	503.5
Deferred revenue	(a)	0.7	2.6	1.8	1.2	0.9	4.6	6.5
Net sales, adjusted		**111.1**	**112.6**	**134.1**	**129,5**	**133.9**	**508.6**	**510.1**
Net sales adjusted YoY, change in %		*-1.3%*	*28.3%*	*43.9%*	*21.0%*	*58.9%*	*29.8%*	*34.5%*
Cost of sales		-44.5	-42.1	-49.2	-47.2	-49.3	-190.3	-187.9
Gross earnings, adjusted		**66.6**	**70.5**	**84.9**	**82.3**	**84.6**	**318.3**	**322.2**
Gross margin, adjusted		*59.9%*	*62.6%*	*63.3%*	*63.6%*	*63.2%*	*62.6%*	*63.2%*
Operating expenses		-58.4	-60.0	-71.1	-62.1	-70.0	-261.7	-263.3
Amortization intangible assets, business combinations	(b)	0.7	0.7	0.7	0.7	0.7	2.9	2.8
Operating earnings, adjusted		**8.9**	**11.2**	**14.4**	**20.9**	**15.3**	**59.4**	**61.7**
Operating margin, adjusted		*8.0%*	*9.9%*	*10.8%*	*16.1%*	*11.4%*	*11.7%*	*12.1%*
Net financial items		5.5	8.5	-3.4	-3.7	-6.8	-8.4	-5.4
Synthetic options, change in value	(d)	-6.0	-9.0	2.7	3.2	6.3	6.1	3.2
Profit/loss before tax, adjusted		**8.4**	**10.7**	**13.7**	**20.3**	**14.7**	**57.1**	**59.5**

CONSOLIDATED INCOME STATEMENT

SEK thousands	Jan–Mar 2017	Jan–Mar 2016	Apr 2016–Mar 2017	Jan–Dec 2016
Net sales	110,410	109,955	503,977	503,522
Cost of sales	-44,517	-42,131	-190,258	-187,872
Gross earnings	**65,893**	**67,824**	**313,719**	**315,650**
Sales and marketing expenses	-34,342	-31,186	-140,250	-137,094
Administration expenses	-11,690	-11,323	-54,616	-54,249
Development expenses	-12,408	-17,498	-66,863	-71,953
Operating earnings	**7,453**	**7,817**	**51,990**	**52,354**
Net financial items	5,530	8,494	-8,393	-5,429
Profit before tax	**12,983**	**16,311**	**43,597**	**46,925**
Tax	-1,131	-2,283	-8,331	-9,483
Net income	**11,852**	**14,028**	**35,266**	**37,442**
Net income for the period attributable to the shareholders of the parent company	**11,852**	**14,028**	**35,266**	**37,442**

Earnings/loss per share, based on net profit attributable to the parent company's shareholders during the period				
Earnings per share, basic (SEK)	0.03	0.04	0.09	0.10
Earnings per share, diluted (SEK)	0.03	0.04	0.09	0.10
Average number of oustanding shares in thousands, basic	385,658	387,158	386,207	386,582
Average number of oustanding shares in thousands, diluted	385,658	387,158	386,207	386,582

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands	Jan–Mar 2017	Jan–Mar 2016	Apr 2016–Mar 2017	Jan–Dec 2016
Net Income	**11,852**	**14,028**	**35,266**	**37,442**
Other comprehensive income				
Items that may be reclassified subsequently to the income statement				
Translation differences	-1,394	-1,993	7,218	6,619
Total other comprehensive income, after tax	**-1,394**	**-1,993**	**7,218**	**6,619**
Total other comprehensive income for the period	10,458	12,035	42,484	44,061
Total comprehensive income for the period attributable to the shareholders of the parent company	**10,458**	**12,035**	**42,484**	**44,061**

CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	Mar 31, 2017	Dec 31, 2016
ASSETS		
Intangible assets		
Capitalized expenditure for development	241,894	228,867
Goodwill	63,060	64,136
Other intangible assets	25,503	26,037
Tangible assets		
Equipment	3,109	3,123
Financial fixed assets		
Deferred tax asset	14,290	15,520
Deposits	310	309
Totalt non-current assets	**348,166**	**337,992**
Current assets		
Inventories	48,344	47,065
Accounts receivable	95,085	111,121
Other receivables	14,871	19,198
Cash and cash equivalents	230,146	214,943
Total current assets	**388,446**	**392,327**
TOTAL ASSETS	**736,612**	**730,319**
EQUITY AND LIABILITIES		
Equity attributable to parent company's shareholders		
Share capital	15,597	15,597
Other paid-in capital	1,192,727	1,192,727
Translation difference	4,498	6,392
Accumulated deficit	-637,060	-649,412
Total shareholders' equity	**575,762**	**565,304**
Non-current liabilities		
Other liabilities	35,950	43,222
Total non-current liabilities	**35,950**	**43,222**
Current liabilities		
Accounts payable	11,791	14,996
Other liabilities	113,109	106 ,797
Total current liabilities	**124,900**	**121,793**
TOTAL EQUITY AND LIABILITIES	**736,612**	**730,319**

CHANGES IN CONSOLIDATED EQUITY, IN SUMMARY

	Attributable to parent company's shareholders				
SEK thousands	Share capital	Other paid-in capital	Translation differences	Accumulated deficit	Total share-holders' equity
January 1, 2016	**15,597**	**1,192,727**	**-227**	**-676,547**	**531,550**
Repurchase of own shares	–	–	–	–	0
Total comprehensive income	–	–	-1,993	14,028	12,035
March 31, 2016	**15,597**	**1,192,727**	**-2,220**	**-662,519**	**543,585**
April 1, 2016	**15,597**	**1,192,727**	**-2,220**	**-662,519**	**543,585**
Repurchase of own shares	–	–	–	-10,307	-10,307
Total comprehensive income	–	–	8,612	23,414	32,026
December 31, 2016	**15,597**	**1,192,727**	**6,392**	**-649,412**	**565,304**
January 1, 2017	**15,597**	**1,192,727**	**6,392**	**-649,412**	**565,304**
Repurchase of own shares	–	–	–	–	0
Total comprehensive income	–	–	-1,394	11,852	10,458
March 31, 2017	**15,597**	**1,192,727**	**4,998**	**-637,560**	**575,762**

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousands	Jan–Mar 2017	Jan–Mar 2016	Apr 2016–Mar 2017	Jan–Dec 2016
Ongoing activities				
Profit before tax	12,983	16,311	43,597	46,925
Income tax paid	0	0	-701	-701
Depreciation and amortization	15,520	15,232	63,756	63,468
Other items not affecting liquidity	-5,980	-9,737	21,616	17,859
Cash flow from operating activities before changes in working capital	**22,523**	**21,806**	**128,268**	**127,551**
Changes in working capital				
Increase-/decrease+ in inventories	-1,430	941	48	2,419
Increase-/decrease+ in receivables	20,362	-15,238	3,764	-31,836
Increase+/decrease- in liabilities	2,072	26,722	-10,678	13,972
Cash flow from operating activities	**43,527**	**34,231**	**121,402**	**112,106**
Investment activities				
Investment in intangible assets, net	-27,920	-21,538	-86,154	-79,772
Investment in tangible assets, net	-354	-853	-1,704	-2,203
Investment in financial assets, net	-1	-44	113	70
Cash flow from investment activities	**-28,275**	**-22,435**	**-87,745**	**-81,905**
Financing activities				
Option premium	–	–	1,001	1,001
Repurchase of own shares	–	–	-10,307	-10,307
Cash flow from financing activities	**0**	**0**	**-9,306**	**-9,306**
Net change in cash and cash equivalents	**15,252**	**11,796**	**24,351**	**20,895**
Exchange differences in cash and cash equivalents	-49	-562	945	432
Cash and cash equivalents at the beginning of the period	214,943	193,616	204,850	193,616
Cash and cash equivalents at the end of the period	**230,146**	**204,850**	**230,146**	**214,943**

SEGMENT REPORT

	Jan–Mar 2017				Jan–Mar 2016			
SEK millions	WE	AM	RoW	Total	WE	AM	RoW	Total
Net sales	48	34	29	**110**	48	35	27	**110**
Regional contribution	17	9	6	**32**	18	13	5	**37**
Regional contribution margin	*35%*	*26%*	*21%*	***29%***	*38%*	*38%*	*19%*	***33%***
Administration expenses				**-12**				**-11**
Development expenses				**-12**				**-17**
Net financial items				**6**				**8**
Profit before tax				**13**				**16**

Regional Contribution is defined as Gross earnings less Sales and marketing expenses. The CEO reviews the business from Western Europe (WE), Americas (North and South America, AM) and Rest of World (RoW) geographic perspectives.

FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category	Mar 31, 2017			Dec 31, 2016		
SEK thousands	Value tier	Loan receivables and accounts receivables	Assets measured at fair value through profit or loss	Value tier	Loan receivables and accounts receivables	Assets measured at fair value through profit or loss
Assets in Balance Sheet						
Derivative instruments	2	–	0	2	–	975
Accounts receivable and other receivables, excluding interim receivables		99,724	–		121,056	–
Cash and cash equivalents		230,146	–		214,943	–
Total		**329,870**	**0**		**335,999**	**975**

Group's financial instruments by category	Mar 31, 2017			Dec 31, 2016		
SEK thousands	Value tier	Other financial liabilities	Liabilities measured at fair value through profit or loss	Value tier	Other financial liabilities	Liabilities measured at fair value through profit or loss
Liabilities in Balance Sheet						
Synthetic options	2	–	10,757	2	–	16,782
Derivative instruments	2	–	118	2	–	–
Accounts payable and other liabilities, excluding non-financial liabilities		15,782	–		18,856	–
Total		**15,782**	**10,875**		**18,856**	**16,782**

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	Jan–Mar 2017	Jan–Mar 2016	Apr 2016–Mar 2017	Jan–Dec 2016
Net sales	124,598	121,694	570,855	567,951
Cost of sales	-42,971	-46,016	-238,395	-241,440
Gross earnings	**81,627**	**75,678**	**332,460**	**326,511**
Sales and marketing expenses	-24,128	-23,994	-113,495	-113,361
Administration expenses	-9,704	-7,475	-46,636	-44,407
Development expenses	-31,415	-30,253	-119,045	-117,883
Operating earnings	**16,380**	**13,956**	**53,284**	**50,860**
Net financial items	5,357	8,335	-6,683	-3,704
Profit before tax	**21,737**	**22,291**	**46,601**	**47,156**
Tax	-3,546	-2,992	-1,115	-561
Net income	**18,191**	**19,299**	**45,486**	**46,595**

PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	Mar 31, 2017	Mar 31, 2016
ASSETS		
Intangible assets		
Other intangible assets	6,015	5,477
Tangible fixed assets		
Equipment	2,919	2,918
Financial assets		
Participations in group companies	295,102	299,243
Deferred tax asset	–	185
Deposits	163	161
Total non-current assets	**304,199**	**307,984**
Current assets		
Inventories	48,344	47,065
Accounts receivable	83,343	100,883
Receivables from group companies	133,899	111,348
Other receivables	9,674	21,405
Cash and cash equivalents	213,528	194,423
Total current assets	**488,788**	**475,124**
Total assets	**792,987**	**783,108**
EQUITY AND LIABILITIES		
Equity		
Restricted equity	128,419	128,419
Non-restricted equity	546,695	532,645
Total equity	**675,114**	**661,064**
Non-current liabilities		
Deferred tax liabilities	3,362	–
Other liabilities	25,301	34,483
Total non-current liabilities	**28,663**	**34,483**
Current liabilities		
Accounts payable	10,432	13,269
Other liabilities	78,778	74,292
Total current liabilities	**89,210**	**87,561**
Total equity and liabilities	**792,987**	**783,108**

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 34.16A are presented in the interim financial statements and the associated notes as well as elsewhere in the interim financial report.

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 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.

Figures in brackets in this report refer to comparison with the corresponding period or date in the previous year. Divergences due to rounding may occur in this report.

CONTRIBUTED EQUITY

At the end of the reporting period, the parent company had a total of 4,275,000 of its own class B shares, at an average cost of SEK 4.22 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.

Total amount of class B shares in Net Insight are 388,933,009. At the end of the reporting period, there were 1,000,000 class A shares and 384,658,009 class B shares outstanding. All shares issued by the parent company were fully paid.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

AUDITORS' REVIEW

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

ALTERNATIVE PERFORMANCE MEASURES AND OTHER DEFINITIONS

Västeuropa (WE) Western Europe.
Americas (AM) North and South America.
Rest of World (RoW) Countries outside of Western Europe and Americas.
Alternative performance measures (APM) Non-IFRS financial measures are presented to enhance an investor's 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.
Change in Net sales in comparable currencies The relation between the Net sales for the period, excluding Other revenues, recalculated using the foreign currency rates from the comparative period and the corresponding sales for the comparative period. Other revenue is in all material respect related to translation differences on unhedged accounts receivable in foreign currencies. Only sales from business combinations that's been part of the Group for the whole comparative period are recalculated.
Organic growth Net sales for the period in relation to Net sales for the comparative period, excluding Net sales from business combinations that not been part of the Group for the whole comparative period. Reconciliations, see table Five-year summary on previous page.
Gross margin Gross earnings as a percentage of net sales.
Operating margin Operating earnings as a percentage of net sales.
Net margin Net Income as a percentage of net sales.
EBITDA Operating earnings before depreciation and amortization and capitalization of development expenditure.
Reconciliations, see table Financial information on page 5.
EBITDA margin EBITDA as a percentage of net sales.
Adjusted financial items See table Consolidated Income Statement, Adjusted on page 6.
Operating expenses Sales and marketing expenses, Administration expenses and Development expenses.
Total development (R&D) expenditure Development expenses and capitalized expenditures for development.
Reconciliations, see table Financial information on page 5.
Investments Investments in intangible and tangible assets.
Total cash flow Change in cash and cash equivalents during the period, excluding exchange differences in cash and cash equivalents.
Working capital Current assets less cash and cash equivalents, accounts payable and other interest-free current liabilities. The Company has no interest-bearing liabilities. Changes in working capital in the cash flow statement also includes adjustments for items not affecting liquidity and changes in non-current operating assets and liabilities.
Equity/asset ratio Shareholders' equity divided by the balance sheet total.
Return on capital employed Operating earnings plus interest income in relation to average capital employed, rolling four quarters. Capital employed is total assets less non-interest bearing liabilities, including deferred tax liabilities. The Company has no interest-bearing liabilities. Slightly updated definition from previous reports, comparable periods has also been updated.
Return on equity Net income as a percentage of average shareholders' equity, rolling four quarters. Slightly updated definition from previous reports, comparable periods has also been updated.
Earnings per share (EPS) diluted and basic Net income divided by the average number of outstanding shares during the period.
Cash flow per share Total cash flow, excluding acquisition of group companies, divided by average number of outstanding shares during the period.
Equity per share diluted and basic Shareholders' equity divided by number of outstanding shares at the end of the period.
Number of outstanding shares Total number of shares in the Parent company, less the number of group companies' holdings of shares in the Parent company (own/treasury shares).

Industry terms See Glossary on page 86 in the 2016 Annual Report.

ANNUAL GENERAL MEETING

The Annual Shareholders' Meeting of Net Insight AB (publ) will be held on Tuesday May 9, 2017, at 10 am by the company's offices, Västberga Allé 9, Hägersten, Stockholm.

Notification

Shareholders who wish to participate in the annual general meeting must be included in the shareholders' register maintained by Euroclear Sweden AB as of Wednesday, May 3, 2017. And notify the company of their participation in the annual general meeting no later than 4.00 p.m. on Wednesday, May 3, 2017.

The notification shall be in writing to

Net Insight AB (publ),
Attn: Susanne Jonasson,
Box 42093, SE-126 14 Stockholm,
via telephone: +46 8-685 04 00,
via fax: +46 8-685 04 20
via e-mail: agm@netinsight.net

The notification must state

Name,
Personal/corporate identity number, address,
Telephone number
Shareholding

When applicable, should state information about representatives, counsels and assistants. When applicable, complete authorization documents, such as registration certificates and powers of attorney for representatives and counsels, shall be appended the notification.

Read more at:
https://investors.netinsight.net/corporate-governance/

Stockholm May 2, 2017

Fredrik Tumegård,
CEO

THIS IS NET INSIGHT

Business concept and model

Net Insight delivers products, software and services for effective, high-quality media transport, coupled with the effective management of resources, all, which creates an enhanced TV experience. Net Insight's offerings stretch from the TV camera lens to the studio, right through to the TV viewer. Net Insight's solutions offer network operators, TV and production companies the benefit of lower total cost of ownership and the potential for effective new media service launches.

Revenues are generated through direct and indirect sales of hardware, software and services. Revenues are primarily sourced from hardware sales, although revenues from software and services have increased in recent years.

Strategy

Our ambition is to be a growth company, and our target is to create profitable growth. On a market in fundamental transformation, we create growth and profitability through close and strategic partnerships with customers. We create innovative solutions together that make our customers successful and generate business benefit. To grow for the long term, we need to transform Net Insight into a customer and market-oriented company.

Value creators

Value drivers affect Net Insight's progress and can be divided into three groups: market transformation, innovative technology and global reach. Net Insight benefits from the general increase in video traffic, live streaming and file transfers, the adoption of remote production and workflows, more widespread TV broadcasting over the internet and wider coverage of live events.

REPORTING DATES

Annual General Meeting	May 9, 2017
Interim report January – June	July 21, 2017
Interim report January – September	October 27, 2017

For more information, please contact:

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