

# Interim report Net Insight January – March 2015

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



Statement from our CEO Fredrik Tumegård:

”Sales were up by 18 per cent year-on-year. Gross margin was 60 per cent and operating margin 7 per cent. Although a positive currency effect represents the total growth, this remains our strongest first quarter on record and I expect our growth to continue over time, albeit not always at a smooth pace. Cash flow remains positive and we have the liquidity required to act should we spot an acquisition target that fits our strategy.”

## THE FIRST QUARTER 2015

- Net sales were SEK 87.7 (74.4) million, an increase of 17.9 per cent in comparison with the same period previous year. In comparable currencies, the increase is 0.3 per cent.
- Operating earnings were SEK 6.2 (3.5) million, corresponding to an operating margin of 7.0 per cent (4.7).
- Total cash flow was SEK 10.6 (8.4) million.

## Q1 SIGNIFICANT EVENTS

- South Africa's Sentech has selected Net Insight's transport solution for Digital Terrestrial TV Network.
- China Unicom has selected Net Insight's solution for video transport.
- We won a prestigious order with the purpose of supporting the TV company Al Jazeera in the growing region of the Middle East.

SEK millions	Jan-Mar 2015	Jan-Mar 2014	Change	Apr 2014- Mar 2015	Jan-Dec 2014	Change
Net sales by region per region						
EMEA	44,0	45,0	-2,2%	184,2	185,2	-0,5%
Americas	35,7	24,4	46,1%	179,7	168,4	6,7%
APAC	8,1	5,0	61,9%	28,6	25,5	12,1%
<b>Total net sales</b>	<b>87,7</b>	<b>74,4</b>	<b>17,9%</b>	<b>392,4</b>	<b>379,1</b>	<b>3,5%</b>
Operating earnings	6,2	3,5	76,2%	56,2	53,6	5,0%
Operating Margin	7,0%	4,7%	-	14,3%	14,1%	-
Net Income	4,0	2,2	82,4%	43,3	41,5	4,4%
EBITDA	7,7	3,2	139,2%	71,5	67,1	6,7%
EBITDA Margin	8,8%	4,3%	-	18,2%	17,7%	-
Diluted and Basic EPS (SEK)	0,01	0,01	82,4%	0,11	0,11	4,4%
Total Cash Flow	10,6	8,4	25,7%	92,7	90,6	2,4%

# CEO statement

The year came off to a very good start with net sales of SEK 88 million, an increase on the corresponding period last year and our strongest first quarter on record. We're very pleased with the result. Following the solid growth in 2014, I anticipated a recoil at the beginning of the year, but this hasn't materialized yet. We're a growth company, and growth doesn't always follow a smooth trajectory.

Sales were up by 18 per cent year-on-year. Gross margin was 60 (58) per cent and operating margin 7 (5) per cent. Although a positive currency effect represents the total growth, this remains our strongest first quarter on record and I expect the growth to continue over time, albeit not always at a smooth pace. Cash flow remains positive and we have the liquidity required to act should we spot an acquisition target that fits our strategy.

We're now focusing on increased investments in marketing and getting closer to our customers. This means a slight build-up in our cost base and I consider these cost increases to be both manageable and justified, as investment is needed in order to grow.

A good proof point to us having long-term relations with our key customers is that we received a number of follow-up orders in the quarter from US company The Switch, the European Broadcasting Union, TATA Communications of India and Swedish company Teracom. As I indicated in the previous interim report, The Switch offers a service that enables media companies to order precisely the transmission capacity they need. This kind of customized online service—Customer Provisioned Networks—is a very promising solution that I'm convinced is set to grow, as there's substantial demand for services where ordering is made simple and with easy access to network capacity for moving images with high-quality content in real time. We also won a prestigious order from TV company Al Jazeera, which I believe could improve our prospects in the growing Gulf region.

Our products are our strength, and this means that we're working to strengthen our position in other areas, not least in developing our service offering. I would like to see every major product order being followed up with a number of smaller service deals, and that we're able to continue to deliver services throughout the product life-cycle. We need to have longer and closer customer relationships, with partnerships as our long-term goal. This would make us less sensitive to the exact timing of major transactions.



In January, we held our annual sales conference focusing on how we better can meet the need of the customer, which concluded with a kick-off event where the renewal of our vision and brand took center stage. The branding process continues, and the results will start to be presented during the year. If we're to become a world-class company—and we are—our brand must be recognizable but also associated with the values and characteristics that we represent and that we think the market needs.

I'm not making any forecasts, but we're working hard to ensure long-term growth, even if individual quarters will vary. I believe we have a strong product offering that's needed by a growing and increasingly demanding moving image market. Our challenge is gaining more recognition and to understand the need of the customer in a better way. Sales isn't just about waiting to receive orders, but also about actively seeking out new markets and customers, continue to tailoring our products and service offering, gaining customer confidence and delivering our offering at the high standard our customers are entitled to and expect from us.

Stockholm, April 2015

Fredrik Tumegård, CEO



**We won a prestigious order with the purpose of supporting the TV company Al Jazeera, which I believe could improve our prospects in the growing Gulf region.**

## REVENUES

### Three months

Net sales for the first quarter were SEK 87.7 (74.4) million, a 17.9 per cent increase year-on-year. In comparable currencies, the increase was 0.3 per cent. The positive exchange rate effect is primarily due to a weaker SEK against the USD and increased sales volumes denominated in USD.

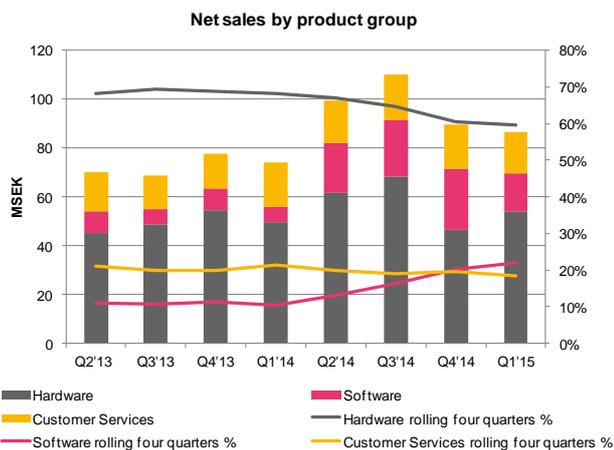
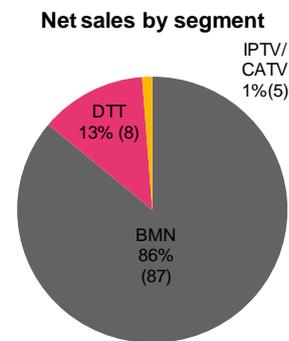
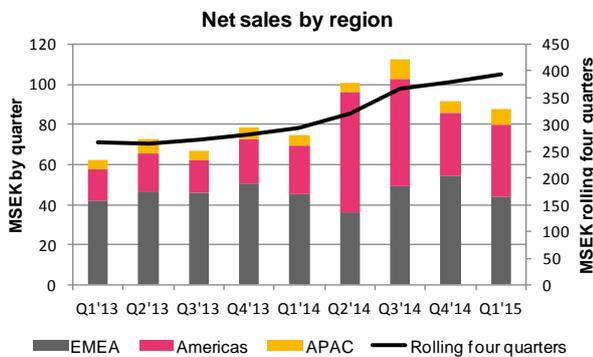
The increase in net sales is primarily derived from the North and South America region with continued good delivery volumes mainly to existing customers and a stronger USD. Net sales were SEK 35.7 (24.4) million, an increase of 46.1 per cent and 18.8 per cent in comparable currencies.

Net sales in the APAC region were SEK 8.1 (5.0) million, corresponding to an increase of 61.9 per cent. The increase is mainly driven by increased sales to Chinese customers and a stronger USD. In the quarter, a smaller order won in the fourth quarter 2014 was also delivered to China Unicom, China's biggest telecom operator for transporting media content from live sports games in their network. In comparable currencies, net sales increased by 26.4 per cent.

Net sales in the EMEA region totaled SEK 44.0 (45.0) million, corresponding to a downturn of -2.2 per cent and -9.2 per cent in comparable currencies. Purchasing volumes from Net Insight's major existing customer vary between quarters and the reduction can't be linked to a specific event. In the quarter deliveries regarding a terrestrial digital network in South Africa were completed. Deliveries to Al Jazeera's new global backbone network were also completed through TATA, which is a high-profile deal for Net Insight in the Middle East.

Net sales in the Broadcast & Media (BMN) business area were 86 (87) per cent, 13 (8) per cent in DTT and 1 (5) per cent in IPTV/CATV .

Net sales from hardware were SEK 54.2 (49.8) million. Net sales from software licenses increased by SEK 9.4 million to SEK 15.5 (6.1) million and support and service totaled SEK 16.9 (18.3) million. The above figures exclude other operating earnings of SEK 1.1 (0.2) million, which consists of exchange rate differences on accounts receivable in foreign currencies.



Key Ratios	Jan-Mar 2015	Jan-Mar 2014
Net sales, SEK millions	87,7	74,4
Gross margin	60,1%	58,2%
Operating margin	7,0%	4,7%
Opex/Net sales	53,1%	53,5%
EBITDA margin	8,8%	4,3%

## EARNINGS

### Three months

Gross margin improved as a result of positive exchange rate effects, amounting to 60.1 (58.2) per cent.

Operating expenses increased by SEK 6.8 million to SEK 46.6 (39.8) million, corresponding to 53.1 (53.5) per cent of sales. The increase is mainly due to the market communication initiatives plus sales and support functions introduced last year. Costs for partnership commission also increased in the quarter, while the results of a weaker SEK also started feeding through.

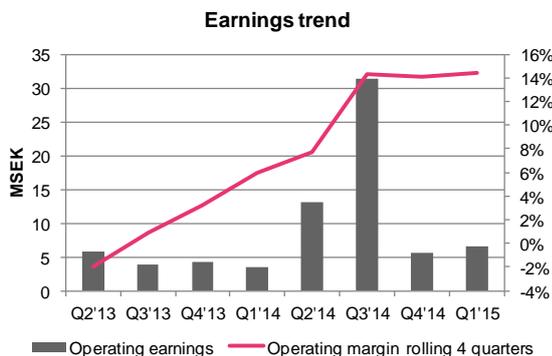
Operating profit was SEK 6.2 (3.5) million, corresponding to an operating margin of 7.0 (4.7) per cent. The improved operating profit is due to increased net sales.

EBITDA was SEK 7.7 (3.2) million, as shown in Financial Information on page 6, corresponding to an EBITDA margin of 8.8 (4.3) per cent.

Net financial income/expense was negative at SEK -0.5 (0.2) million, due to exchange rate differences from revaluation of intra-group receivables and liabilities in foreign currencies.

Net income was SEK 4.0 (2.2) million, resulting in a net margin of 4.6 (2.9) per cent.

Remaining tax losses carry-forward for group companies were SEK 106.5 million.

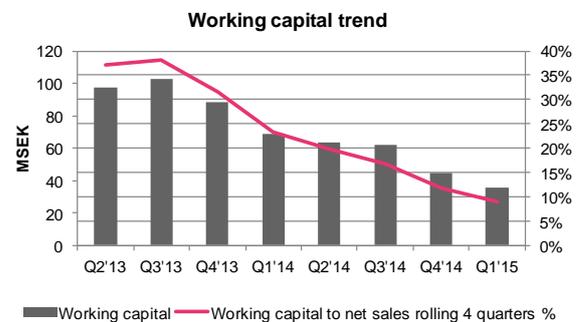


## CASH FLOW AND FINANCIAL POSITION

Cash flow for the first quarter was SEK 10.6 (8.4) million. The cash flow is a result of operating profit for the period and a minor reduction in working capital.

Cash and cash equivalents were SEK 304.9 (212.1) million at the end of the quarter.

Equity was SEK 541.8 (496.4) million with an equity/assets ratio of 87.5 (87.6) per cent.



## INVESTMENTS

First-quarter investments were SEK 12.6 (13.3) million, of which SEK 12.1 (13.0) million related to capitalization of R&D expenditure. Depreciation and amortization in the period was SEK 13.7 (12.7) million, of which SEK 13.1 (12.1) million related to amortization of capitalized R&D expenditure.

At the end of the period, the net value of capitalized R&D expenditure was SEK 172.1 MSEK (185.0).



## EMPLOYEES

At the end of the quarter, Net Insight had 138 (140) employees, of which 123 (127) were employed by the parent company, Net Insight AB (publ).

## PARENT COMPANY

Parent company net sales in the first quarter were SEK 110.5 (96.7) million and net income for the period was SEK 6.3 (4.9) 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 2014 arose in the first quarter.

For a complete review of the company's risk and sensitivity analysis, and its risk management process, see page 21 of the Annual Report for 2014.

## SEASONALITY

In the past three calendar years, average seasonality has been fairly modest. In the first quarter, net sales were 23 per cent, in the second quarter 26 per cent, in the third quarter 25 per cent, and in the fourth quarter 26 per cent of yearly sales.

## FINANCIAL INFORMATION

SEK millions (if not defined differently)	Jan-Mar 2015	Jan-Mar 2014	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014	Apr 2014- Mar 2015	Jan-Dec 2014
<b>Net sales by region</b>							
EMEA	44,0	45,0	36,4	49,4	54,4	184,2	185,2
Americas	35,7	24,4	59,6	52,9	31,5	179,7	168,4
APAC	8,1	5,0	4,7	9,9	5,9	28,6	25,5
<b>Net sales</b>	<b>87,7</b>	<b>74,4</b>	<b>100,7</b>	<b>112,2</b>	<b>91,8</b>	<b>392,4</b>	<b>379,1</b>
<i>Net sales YoY, change in %</i>	17,9%	19,2%	38,5%	67,7%	16,5%	34,0%	35,0%
<b>Income statement</b>							
Gross earnings	52,7	43,3	60,1	75,4	53,2	241,4	232,0
<i>Gross margin</i>	60,1%	58,2%	59,6%	67,2%	58,0%	61,5%	61,2%
Operating expenses	46,6	39,8	47,0	43,9	47,6	185,1	178,4
<i>Opex/Net sales</i>	53,1%	53,5%	46,7%	39,1%	51,9%	47,2%	47,1%
Operating earnings	6,2	3,5	13,0	31,4	5,6	56,2	53,6
<i>Operating margin</i>	7,0%	4,7%	12,9%	28,0%	6,1%	14,3%	14,1%
Profit/loss after financial items	5,6	3,7	13,4	32,0	5,9	57,0	55,1
Net income	4,0	2,2	9,9	24,7	4,7	43,3	41,5
<i>Net margin</i>	4,6%	2,9%	9,8%	22,1%	5,1%	11,0%	10,9%
<b>EBITDA</b>							
Operating earnings	6,2	3,5	13,0	31,4	5,6	56,2	53,6
Amortization of capitalized R&D expenditure	13,1	12,1	13,3	13,4	13,1	52,9	51,9
Other depreciation & amortization	0,6	0,6	0,6	0,6	0,6	2,4	2,4
Capitalization of R&D expenditure	-12,1	-13,0	-8,3	-8,2	-11,3	-40,0	-40,9
<b>EBITDA</b>	<b>7,7</b>	<b>3,2</b>	<b>18,6</b>	<b>37,2</b>	<b>8,0</b>	<b>71,5</b>	<b>67,1</b>
<i>EBITDA margin</i>	8,8%	4,3%	18,5%	33,1%	8,7%	18,2%	17,7%
<b>Balance sheet</b>							
Working capital	35,5	68,7	63,4	61,7	45,1	50,3	59,5
<i>Working capital/Net sales</i>	40,5%	92,3%	63,0%	55,0%	49,1%	12,8%	15,7%
<i>Return on capital employed</i>	1,1%	0,8%	2,7%	6,2%	1,1%	11,1%	10,7%
<i>Equity/asset ratio</i>	87,5%	87,6%	84,4%	85,9%	86,1%	86,3%	86,0%
<i>Return on equity</i>	0,8%	0,4%	2,0%	4,8%	0,9%	8,5%	8,0%
Cash and cash equivalents	304,9	212,1	217,6	273,1	294,3	304,9	294,3
Total cash flow	10,6	8,4	5,4	55,6	21,2	92,7	90,6
<b>The share</b>							
Dividend per share, SEK	-	-	-	-	-	-	-
Earnings per share diluted and basic, SEK	0,01	0,01	0,03	0,06	0,01	0,11	0,11
Cash flow per share, SEK	0,03	0,02	0,01	0,14	0,05	0,24	0,23
Equity per share diluted and basic, SEK	1,39	1,27	1,30	1,36	1,38	5,43	1,38
Average number of shares at the end of the period, in thousands	389 933	389 933	389 933	389 933	389 933	389 933	389 933
<b>Employees</b>							
No. of employees at the end of the period	138	140	136	137	134	138	134

### Definitions

**EMEA** Europe, Middle-East and Africa

**Americas** North and South America

**APAC** Asia-Pacific region

**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 amortization of R&D expenditure, depreciation, and capitalization of development expenditure.

**EBITDA margin** EBITDA as a percentage of net sales

**Working capital** Current assets less cash and cash equivalents, accounts payable and other interest-free current liabilities.

**Total cash flow** Change in cash and cash equivalents during the period.

**Equity/asset ratio** Shareholders' equity divided by the balance sheet total.

**Return on capital employed** Operating earnings after financial items plus financial expenses in relation to average capital employed. Capital employed is total assets less non-interest bearing liabilities including deferred tax liabilities.

**Return on equity** Net income as a percentage of average shareholders' equity.

**Earnings per share diluted and basic** Net income divided by the average number of shares issued during the period.

**Cash flow per share** Total cash flow divided by average number of shares issued

**Equity per share diluted and basic** Shareholders' equity plus undisclosed reserves in assets with an objective market value less deferred tax divided by number of shares during the period.

## CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK thousands	Jan-Mar 2015	Jan-Mar 2014	Apr 2014- Mar 2015	Jan-Dec 2014
Net sales	87 739	74 428	392 421	379 110
Cost of sales	-35 011	-31 117	-151 049	-147 155
<b>Gross earnings</b>	<b>52 728</b>	<b>43 311</b>	<b>241 372</b>	<b>231 955</b>
Sales and marketing expenses	-29 304	-23 877	-113 296	-107 869
Administration expenses	-7 277	-7 164	-29 631	-29 518
Development expenses	-9 992	-8 776	-42 207	-40 992
<b>Operating earnings</b>	<b>6 155</b>	<b>3 494</b>	<b>56 238</b>	<b>53 576</b>
Net financial items	-514	205	755	1 474
<b>Profit/loss before tax</b>	<b>5 641</b>	<b>3 699</b>	<b>56 993</b>	<b>55 050</b>
Tax	-1 640	-1 505	-13 711	-13 576
<b>Net income</b>	<b>4 001</b>	<b>2 194</b>	<b>43 282</b>	<b>41 474</b>
<b>Net income for the period attributable to the shareholders of the parent company</b>	<b>4 001</b>	<b>2 194</b>	<b>43 282</b>	<b>41 474</b>

Earnings/loss per share, based on net profit attributable to the parent company's shareholders during the period (in SEK per share)

Earnings per share, basic	0,01	0,01	0,11	0,11
Earnings per share, diluted	0,01	0,01	0,11	0,11
Average number of shares in thousands, basic	389 933	389 933	389 933	389 933
Average number of shares in thousands, diluted	389 933	389 933	389 933	389 933

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands				
<b>Net Income</b>	<b>4 001</b>	<b>2 194</b>	<b>43 282</b>	<b>41 474</b>
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to the income statement				
Translation differences	<b>891</b>	<b>34</b>	<b>2 118</b>	1 261
<b>Total other comprehensive income, after tax</b>	<b>891</b>	<b>34</b>	<b>2 118</b>	<b>1 261</b>
Total other comprehensive income for the period	4 892	2 228	45 400	42 735
<b>Total comprehensive income for the period attributable to the shareholders of the parent company</b>	<b>4 892</b>	<b>2 228</b>	<b>45 400</b>	<b>42 735</b>

## CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	Mar-31 2015	Mar-31 2014	Dec-31 2014
<b>ASSETS</b>			
<b>Intangible assets</b>			
Capitalized expenditure for development	172 053	184 961	173 016
Goodwill	4 354	4 354	4 354
Other intangible assets	910	1 100	1 151
<b>Tangible assets</b>			
Equipment	3 472	4 285	3 358
<b>Financial fixed assets</b>			
Deferred tax asset	21 967	35 598	23 544
Deposits	296	262	378
<b>Total non-current assets</b>	<b>203 052</b>	<b>230 560</b>	<b>205 801</b>
<b>Current assets</b>			
Inventories	40 386	40 612	44 207
Accounts receivable	60 152	72 252	66 169
Other receivables	10 675	11 398	13 025
Cash and cash equivalents	304 877	212 128	294 318
<b>Total current assets</b>	<b>416 090</b>	<b>336 390</b>	<b>417 719</b>
<b>TOTAL ASSETS</b>	<b>619 142</b>	<b>566 950</b>	<b>623 520</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to parent company's shareholders</b>			
Share capital	15 597	15 597	15 597
Other paid-in capital	1 192 727	1 192 727	1 192 727
Translation difference	198	-1 920	-693
Accumulated deficit	-666 744	-710 024	-670 745
<b>Total shareholders' equity</b>	<b>541 778</b>	<b>496 380</b>	<b>536 886</b>
<b>Non-current liabilities</b>			
Other provisions	3 894	3 124	3 166
<b>Total non-current liabilities</b>	<b>3 894</b>	<b>3 124</b>	<b>3 166</b>
<b>Current liabilities</b>			
Accounts payable	11 948	12 440	14 550
Other liabilities	61 522	55 006	68 918
<b>Total current liabilities</b>	<b>73 470</b>	<b>67 446</b>	<b>83 468</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>619 142</b>	<b>566 950</b>	<b>623 520</b>

## CHANGES IN CONSOLIDATED EQUITY, IN SUMMARY

SEK thousands	Attributable to parent company's shareholders				Total shareholders' equity
	Share capital	Other paid-in capital	Translation differences	Accumulated deficit	
<b>2014-01-01</b>	15 597	1 192 727	-1 954	-712 218	494 152
Total comprehensive income	-	-	34	2 194	2 228
<b>2014-03-31</b>	<b>15 597</b>	<b>1 192 727</b>	<b>-1 920</b>	<b>-710 024</b>	<b>496 380</b>
<b>2014-04-01</b>	15 597	1 192 727	-1 920	-710 024	496 380
Total comprehensive income	-	-	1 227	39 280	40 507
<b>2014-12-31</b>	<b>15 597</b>	<b>1 192 727</b>	<b>-693</b>	<b>-670 745</b>	<b>536 887</b>
<b>2015-01-01</b>	15 597	1 192 727	-693	-670 745	536 887
Total comprehensive income	-	-	891	4 001	4 892
<b>2015-03-31</b>	<b>15 597</b>	<b>1 192 727</b>	<b>198</b>	<b>-666 744</b>	<b>541 778</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousands	Jan-Mar 2015	Jan-Mar 2014	Apr 2014-Mar 2015	Jan-Dec 2014
<b>Ongoing activities</b>				
Profit/loss before tax	5 641	3 699	56 993	55 050
Income tax paid	-63	-	-63	-
Depreciation and amortization	13 672	12 739	55 283	54 350
Other items not affecting liquidity	1 619	32	3 145	1 303
<b>Cash flow from operating activities before changes in working capital</b>	<b>20 869</b>	<b>16 470</b>	<b>115 358</b>	<b>110 703</b>
<b>Changes in working capital</b>				
Increase-/decrease+ in inventories	3 821	1 992	235	-1 594
Increase-/decrease+ in receivables	8 367	-2 482	12 824	1 974
Increase+/decrease- in current liabilities	-9 997	5 734	6 005	21 738
<b>Cash flow from operating activities</b>	<b>23 060</b>	<b>21 714</b>	<b>134 422</b>	<b>132 821</b>
<b>Investment activities</b>				
Investment in intangible assets, net	-12 117	-13 010	-40 119	-41 012
Investment in tangible assets, net	-466	-308	-1 265	-1 107
Investment in financial assets, net	82	1	-289	-115
<b>Cash flow from investment activities</b>	<b>-12 501</b>	<b>-13 317</b>	<b>-41 673</b>	<b>-42 234</b>
Net change in cash and cash equivalents	10 559	8 397	92 749	90 587
Cash and cash equivalents at the beginning of the period	294 318	203 731	212 128	203 731
<b>Cash and cash equivalents at the end of the period</b>	<b>304 877</b>	<b>212 128</b>	<b>304 877</b>	<b>294 318</b>

## SEGMENT REPORT

SEK millions	Jan-Mar 2015				Jan-Mar 2014			
	EMEA	AM	APAC	Total	EMEA	AM	APAC	Total
Net sales	44	36	8	<b>88</b>	45	24	5	<b>74</b>
Regional contribution	14	9	1	<b>23</b>	14	6	0	<b>19</b>
Regional contribution margin	31%	26%	7%	<b>27%</b>	31%	24%	-7%	<b>26%</b>
Adjustment for R&D amortization	7	5	1	<b>13</b>	7	4	1	<b>12</b>
Adjusted regional contribution	20	15	2	<b>36</b>	21	10	0	<b>32</b>
Adjusted regional contribution margin	46%	41%	22%	<b>42%</b>	47%	40%	9%	<b>42%</b>

Regional Contribution is defined as Gross earnings less Sales and marketing expenses.

The CEO review s the business from Europe, Middle East and Africa (EMEA),

North and South America (Americas, AM), and Asia-Pacific (APAC) geographic perspectives.

## PARENT COMPANY INCOME STATEMENT, IN SUMMARY

SEK thousands	Jan-Mar	Jan-Mar	Apr 2014-	Jan-Dec
	2015	2014	Mar 2015	2014
Net sales	110 491	96 740	477 069	463 318
Cost of sales	-44 492	-35 690	-201 711	-192 909
<b>Gross earnings</b>	<b>65 999</b>	<b>61 050</b>	<b>275 358</b>	<b>270 409</b>
Sales and marketing expenses	-27 463	-24 370	-106 156	-103 063
Administration expenses	-7 270	-10 020	-26 755	-29 505
Development expenses	-22 109	-20 241	-83 723	-81 856
<b>Operating earnings</b>	<b>9 157</b>	<b>6 419</b>	<b>58 724</b>	<b>55 985</b>
Net financial items	-537	93	-120 612	-119 982
<b>Earnings before tax</b>	<b>8 620</b>	<b>6 512</b>	<b>-61 888</b>	<b>-63 997</b>
Tax	-2 295	-1 578	-13 306	-12 589
<b>Net income</b>	<b>6 325</b>	<b>4 934</b>	<b>-75 194</b>	<b>-76 586</b>

By adjusting assessments, the parent company has reclassified certain intercompany expenses from Administration expenses to Sales and marketing expenses. The re-classification has also been made for the comparative periods.

The re-classification has no impact on the Consolidated Income Statement.

The table below show s the effect of the re-classification by post in the income statement, compared w ith if the expenses had been recognized according to the previous classification.

Sales and marketing expenses	-6 287	-4 440	-25 086	-23 239
Administration expenses	6 287	4 440	25 086	23 239

## PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	Mar 31 2015	Mar 31 2014	Dec 31 2014
<b>ASSETS</b>			
<b>Intangible assets</b>			
Other intangible assets	910	1 100	1 151
<b>Tangible fixed assets</b>			
Equipment	3 472	4 285	3 358
<b>Financial assets</b>			
Participations in group companies	117 427	117 427	117 427
Deferred tax asset	4 250	17 556	6 545
Deposits	201	262	289
<b>Total non-current assets</b>	<b>126 260</b>	<b>140 630</b>	<b>128 770</b>
<b>Current assets</b>			
Inventories	40 386	40 612	44 207
Accounts receivable	60 166	72 252	66 169
Receivables from group companies	189 785	334 979	190 771
Other receivables	10 284	11 293	11 635
Cash and cash equivalents	279 067	176 009	267 111
<b>Total current assets</b>	<b>579 688</b>	<b>635 145</b>	<b>579 893</b>
<b>Total assets</b>	<b>705 948</b>	<b>775 775</b>	<b>708 663</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	15 597	15 597	15 597
Statutory reserve	112 822	112 822	112 822
<b>Non-restricted equity</b>			
Share premium reserve	51 296	51 296	51 296
Retained earnings	430 942	507 528	507 528
Net Income	6 325	4 934	-76 586
<b>Total equity</b>	<b>616 982</b>	<b>692 177</b>	<b>610 657</b>
<b>Non-current liabilities</b>			
Other provisions	3 894	3 124	3 166
<b>Total non-current liabilities</b>	<b>3 894</b>	<b>3 124</b>	<b>3 166</b>
<b>Current liabilities</b>			
Accounts payable	11 777	12 218	14 327
Liabilities to group companies	15 278	15 278	15 278
Other liabilities	58 017	52 978	65 235
<b>Total current liabilities</b>	<b>85 072</b>	<b>80 474</b>	<b>94 840</b>
<b>Total equity and liabilities</b>	<b>705 948</b>	<b>775 775</b>	<b>708 663</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:e of the Swedish Annual Accounts Act, Interim Financial Reporting, and RFR 2 Accounting for Legal Entities.

The preparation of the Interim Report requires management to make judgments, estimates and assumptions that affect the company's earnings and position and information presented generally. Estimates and judgments 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.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

There were no significant events after the end of the period.

### REVIEW

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

## THIS IS NET INSIGHT

### Business concept and model

Net Insight delivers network products and services for effective, high-quality media transport for broadcasters and service providers. Net Insight's solutions offer customers the benefit of lower cost and the potential for effective new media service launches.

Revenues are generated through direct and indirect sales of products and licenses, support and maintenance, professional services and training. 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 benefits. To grow for the long term, we need to transform Net Insight into a customer and market-oriented company.

### Value Drivers

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 such as higher consumption of mobile and broadband TV, e.g. OTT, adoption of remote workflows and production as well as a wider coverage of live events. An important driver is also the conversion to new TV formats in the broadcast and media industry.



## REPORTING DATES

Annual General Meeting	7 May	2015
Interim report January – June 2015	22 July	2015
Interim report January – September 2015	28 October	2015

Stockholm April 29, 2015

Fredrik Tumegård  
CEO

For more information, please contact:

Fredrik Tumegård, CEO Net Insight AB (publ)  
Phone: +46 (0)8-685 04 00  
Email: [fredrik.tumegard@netinsight.net](mailto:fredrik.tumegard@netinsight.net)

Thomas Bergström, CFO, Net Insight AB (publ)  
Phone: +46 (0)8-685 06 05  
Email: [thomas.bergstrom@netinsight.net](mailto:thomas.bergstrom@netinsight.net)

Net Insight AB (publ), org nr 556533-4397  
Box 42093  
SE 126 14 Stockholm  
Phone. +46 (0)8 – 685 04 00  
[www.netinsight.net](http://www.netinsight.net)

