Year-end report Net Insight January – December 2015

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

netinsight

Statement from our CEO Fredrik Tumegård:

”To keep generating growth, we need to invest in a broader product portfolio and larger customer base. In the forth quarter it affected the earnings negatively.”

Q4 SIGNIFICANT EVENTS

- Net Insight announces its entry to the OTT market with a unique solution for true Live OTT.
- Net Insight signs a framework agreement with Tata Communications for Net Insight´s Live OTT solution.
- DMC selects Net Insight for a new primary IP distribution network.
- Net Insight completes the acquisition of US software company ScheduALL.
- Net Insight nominated for the Swedish Telecom Award in the prestigious “Company of the Year” category.

FOURTH QUARTER 2015*

- Net sales amounted to SEK 110.6 (91.8) million, up 20.4 per cent year on year. The increase is 14.7 per cent in comparable currencies. Adjusted net sales were SEK 114.1 (91.8) million.
- Operating earnings amounted to SEK -1.4 (5.6) million, correspon-ding to an operating margin of -1.3 (6.1) per cent. Adjusted operating earnings were SEK 5.0 (5.6) million.
- Net financial items have been charged with SEK 12.0 million following revaluation of a synthetic option program.*
- The earning before tax was SEK -12.7 (5.9) million. Adjusted earnings before tax were SEK 5.8 (5.9) million.
- Total cash flow was SEK -105.0 (21.1) million. Adjusted for the acquisition of ScheduALL, total cash flow was SEK -6.8 (21.1) million.

JANUARY - DECEMBER 2015*

- Net sales amounted to SEK 375.8 (379.1) million, a decrease of -0.9 per cent year on year. In comparable currencies, this corresponds to a decrease of -9.7 per cent. Adjusted net sales were SEK 379.4 (379.1) million.
- Operating earnings amounted to SEK 19.2 (53.6) million, equating to an operating margin of 5.1 (14.1) per cent. Adjusted operating earnings were SEK 28.4 (53.6) million.
- Net financial items have been charged with SEK 11.8 million following revaluation of a synthetic option program.*
- Earnings before tax were SEK 6.7 (55.1) million. Adjusted earnings before tax were SEK 27.6 (55.1) million.
- Total cash flow was SEK -101.1 (90.4) million. Adjusted for the acquisition of ScheduALL, total cash flow was SEK -2.9 (90.4) million.

SEK millions	Oct-Dec 2015	Oct-Dec 2014	Change	Jan-Dec 2015	Jan-Dec 2014	Change
Net sales by region						
EMEA	67,7	54,4	25%	222,0	185,2	20%
Americas	27,6	31,5	-13%	115,1	168,4	-32%
APAC	15,3	5,9	159%	38,7	25,5	52%
Total net sales	**110,6**	**91,8**	**20%**	**375,8**	**379,1**	**-1%**
Operating earnings/loss	-1,4	5,6	-125%	19,2	53,6	-64%
Operating Margin	*-1,3%*	*6,1%*	-	*5,1%*	*14,1%*	-
Net Income	-12,2	4,7	-360%	1,9	41,5	-95%
EBITDA	-2,9	8,0	-136%	23,3	67,1	-65%
EBITDA margin	*-2,6%*	*8,7%*	-	*6,2%*	*17,7%*	-
Diluted and Basic EPS (SEK)	-0,03	0,01	-362%	0,00	0,11	-95%
Total Cash Flow	-105,0	21,1	-598%	-101,1	90,4	-212%
Adjusted*						
Net Sales	114,1	91,8	24%	379,4	379,1	0%
Operating earnings/loss	5,0	5,6	-10%	28,4	53,6	-47%
Operating Margin	*4,4%*	*6,1%*	-	*7,5%*	*14,1%*	-

** For information on adjusted items, see page 8.*

CEO statement

We are continuing to deliver on our growth strategy, by protecting our core business, investing in new products and making acquisitions. Simultaneously, the acquisition of US software company ScheduALL, our investment in Live OTT and the revaluation of share-based incentive programs, means that earnings were negatively impacted in the quarter and full year. While in the short term this does mean lower earnings, in the long term, these investments should generate growth and profitability.

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In the year, we launched our new vision, whose central message is that we represent the next generation of TV and video, and we are a driving force in global development.

Sales in the fourth quarter were SEK 111 million, up 20 per cent on the corresponding period of 2014. Primarily, this increase is an effect of the strategic acquisition of US software company ScheduALL. Our operating loss for the fourth quarter was SEK -1 million, compared to an operating earning of SEK 6 million in the corresponding period of the previous year. Adjusted for acquisition-related expenses, operating earnings were SEK 5 million, which also includes the investment in Live OTT.

Sales in our Nimbra-based network business were SEK 94 million in the fourth quarter, and its operating margin was 11 per cent adjusted for acquisition-related expenses and revaluation of a share-based incentive program. This means that the profitability of the underlying network business improved in the quarter. ScheduALL's sales were SEK 18 million in the quarter, adjusted for accounting effects related to the acquisition, and this generates operating earnings of SEK 1 million. ScheduALL's sales were affected by the acquisition process, but our view is that this acquisition will create good potential in the long term for future growth.

Sales for the full year 2015 were SEK 376 million, down SEK 3 million year on year. Operating earnings were SEK 19 million for the full year, which was down on the previous year due to lower sales volumes in our network business and the aforementioned investments and expenses. Sales have become established at a new level due to more orders and a larger customer base. Adjusted operating earnings were SEK 28 million, equating to an operating margin of 7 per cent.

The Net Insight share's strong performance in the fourth quarter meant that net financial items was charged with a SEK 12 million revaluation of the synthetic option program, but this program is fully hedged via repurchases of treasury shares, and accordingly, the value changes do not have any cash flow effect. Net Insight's cash position remains a strong SEK 194 million, which gives us great freedom to act.

In the longer term, our investment in product development and upscaled marketing are expected to generate increased sales, growth and profitability. The acquisition of ScheduALL also brings more potential for cross sales, and a far stronger position as a complete provider on the global market.

In the final quarter, Net Insight took a step into a new market, OTT (over-the-top), delivering true Live OTT. The TV sector is evolving rapidly, driven by new, superior technology and altered customer behavior. True Live OTT enables viewers to watch content on the Internet on several displays simultaneously without any delay. This opens the door to greater interactivity, and thus an enhanced user experience, and for new business models, like advertising. We expect Live OTT to continue advancing, because the market in general OTT services will be in high growth through the coming years. Sports and other live content will be important in OTT due to TV companies and service providers investing huge amounts in sports rights. Accordingly, it's important to deliver enhanced TV services to charge the end-consumer at the best price possible. We will continue to invest in more product development and marketing

to keep strengthening our offering. One challenge lies in the fact that revenues are subject to delay, because new business models need to be evaluated, concepts marketed and revenues do not arrive until the customer has integrated its systems.

One of the world's largest telcos, Tata Communications of India, was the first customer to announce that it would be integrating Net Insight's new solution into all its media and entertainment customers in its global networks.

Our core business, with our network offering, has established a new sales level, especially in EMEA. In the last quarter, we reached a significant agreement with DMC of the Netherlands. Sales also increased in APAC, by 150 per cent, albeit from a modest level. Sales in the Americas decreased in 2015, which should be viewed in the context of 2014 being significantly affected by major orders from The Switch and Zayo. A declining Latin American economy also had a negative impact on sales. Digital Terrestrial TV remains an important part of this business.

The outcome of this year's customer satisfaction survey indicated our customers are very satisfied with how we manage our business. 75 per cent of customers would be pleased to recommend us to others, which suggests we enjoy high customer loyalty. One of our future challenges is to raise awareness of Net Insight still further in the global arena, to expand our customer base. In the year, we launched our new vision, whose central message is that we represent the next generation of TV and video, and we are a driving force in global development. The company's communication was updated in the year, and one advance was Net Insight's nomination for the Swedish Telecom Award in the prestigious "Company of the Year" category.

We're looking forward to 2016, when we'll be continuing to integrate ScheduALL into the Net Insight brand. This acquisition also ensures our Customer Provisioned Networks offering. Meanwhile, we're witnessing greater interest in our services offering, helping us advance our positioning as a complete provider. Overall, we can conclude that 2015 was an exciting year, with three new strategic initiatives, and it is now time to continue our development to generate higher growth and profitability.

Stockholm, February 2016

Fredrik Tumegård, CEO

REVENUES

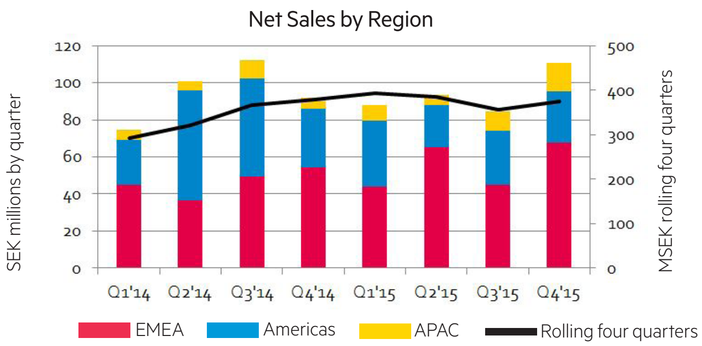
Fourth quarter

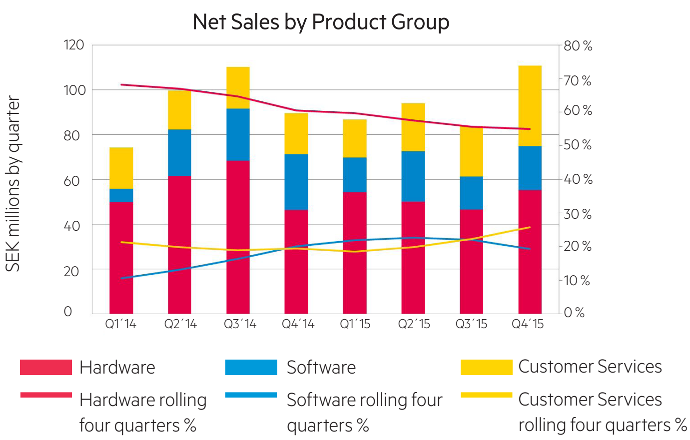
Net sales for the fourth quarter were SEK 110.6 (91.8) million, up by 20.4 per cent year on year. In comparable currencies, the increase was 14.7 per cent. Revenues of SEK 3.6 million that ScheduALL had recognized as an independent company in the fourth quarter, was not possible to recognize due to IFRS accounting rules. Adjusted for this, as indicated in the table on page 8, net sales were SEK 114.1 (91.8) million. Sales excluding ScheduALL were SEK 96.0 (91.8) million, equating to organic growth of 4.6 per cent and quarterly sales were Net Insight's third strongest ever.

Net sales in the EMEA region increased by 24.5 per cent to SEK 67.7 (54.4) million. The majority of the increase related to the consolidation of ScheduALL, although the Middle East and southern Africa also achieved organic growth, with sales to new business and current customers. In western Europe, the UK and German-speaking markets continue to report stable revenues, including roll-outs of part of the DTT order secured from Swisscom Broadcast in the third quarter. In the year, we expanded our presence in Western Europe, which was further intensified through the acquisition of ScheduALL.

A generally poor South American economy meant that the North and South America region reported a downturn of -12.5 per cent to SEK 27.6 (31.5) million. However, North America did achieve organic growth of 29.8 per cent excluding ScheduALL, albeit from a fairly poor fourth quarter 2014. Growth is primarily being sourced from current customers.

The APAC region finished the year strongly, with net sales of SEK 15.3 (5.9) million. Growth is being driven by deliveries to several customers in China. The first deal was also secured in the quarter with Net Insight's products being sold under a local brand.



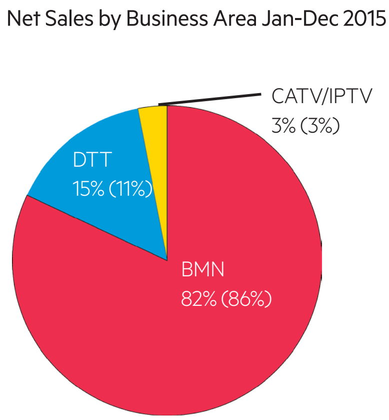


Net sales in the Broadcast & Media Networks (BMN) business area were 87 (79) per cent, in Digital Terrestrial TV (DTT) 9 (19) per cent and in CATV/IPTV 4 (2) per cent of total sales.

Net sales from hardware were SEK 55.3 (46.3) million. The year-on-year increase should be viewed as a normal fluctuation between quarters. Net sales from software licenses were SEK 19.5 (24.9) million, and support and service sales were SEK 35.9 (18.3) million. The acquisition of ScheduALL will increase the absolute value of services, since this business model largely builds on support and upgrade agreements. The above numbers exclude other operating income of SEK -0.1 (2.3) million, which consists of the translation differences on accounts receivable in foreign currencies.

Twelve months

Net sales in 2015 were SEK 375.8 (379.1) million, which is a decrease of -0.9 per cent. In comparable currencies, the decrease was -9.7 per cent, and relates to the North and South America region. Revenues of SEK 3.6 million that ScheduALL had recognized as an independent company in the fourth quarter, was not possible to recognize due to IFRS accounting rules. Adjusted for this, as indicated in the table on page 8, net sales were SEK 379.4 (379.1) million. Sales excluding ScheduALL were SEK 361.2 (379.1) million, a decrease of -4.7 per cent on 2014.



Key Ratios	Oct -Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales, SEK millions	110,6	91,8	375,8	379,1
Gross margin	59,1%	58,0%	60,2%	61,2%
Operating margin	-1,3%	6,1%	5,1%	14,1%
Opex/Net sales	60,4%	51,8%	55,0%	47,1%
EBITDA margin	-2,6%	8,7%	6,2%	17,7%
Adjusted*				
Net Sales	114,1	91,8	379,4	379,1
Operating Margin	4,4%	6,1%	7,5%	14,1%

* See table page 8.

In 2015, the EMEA region reported net sales of SEK 222.0 (185.2) million. This increase of 19.9 per cent is mainly driven by Western Europe, although southern Africa and the Middle East also performed strongly in the period, and where Net Insight has now secured a strong customer base.

Net sales in the North and South America region were SEK 115.1 (168.4) million, a -31.7 per cent decrease despite the USD appreciating against the SEK. Both North and South America reported decreases, but for different reasons. The main reason in North America was the major deal secured from Zayo in 2014, which was not repeated in 2015. However, other sales are stable, and the company has a good customer base to grow with. With the acquisition of ScheduALL, and according to the strategy previously adopted, Net Insight will be focusing on North America, which is the largest media market in the world. Macroeconomic conditions in South America did affect demand, but also meant that local currencies depreciated against the USD, making imports expensive. In turn, this causes deferred or delayed orders.

Net sales in the APAC region increased by 51.8 per cent to SEK 38.7 (25.5) million. The increase is primarily a result of higher sales in China where Net Insight's brand recognition is increasing, and where its solution has been approved by the largest Broadcaster on the market.

Net sales in the Broadcast & Media Networks (BMN) business area were 82 (86) per cent, in DTT 15 (11) per cent and in CATV/IPTV 3 (3) per cent of total sales.

Net sales from hardware were SEK 206.0 (225.9) million. Net sales from software licenses were SEK 72.5 (74.9) million, and support and service sales were SEK 96.6 (72.7) million. The shift towards service revenues in the year is partly linked to fewer large new roll-outs, a larger customer base, and thus greater support revenues, and the acquisition of ScheduALL, which has a business model with a high share of support and upgrade agreements. The above numbers exclude other operating income of SEK 0.8 (5.6) million, which consist of the translation differences on accounts receivable in foreign currency.

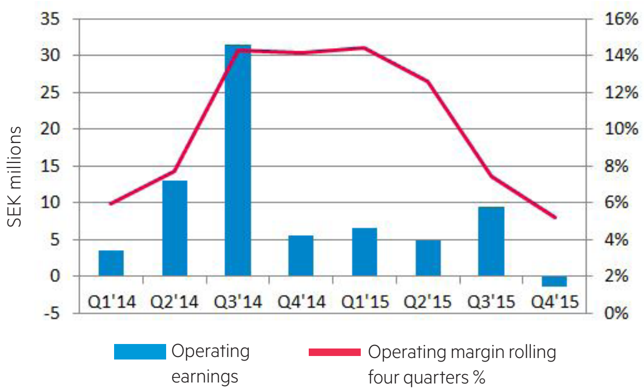
EARNINGS

Fourth quarter

The acquisition of ScheduALL and its first-time consolidation into Net Insight's earnings was in the fourth quarter. This generated some acquisition-related items, which combined with a substantial revaluation of a synthetic option program due to sharp share price gains in the fourth quarter, did affect earnings. For an overview of these effects, see the table on page 8.

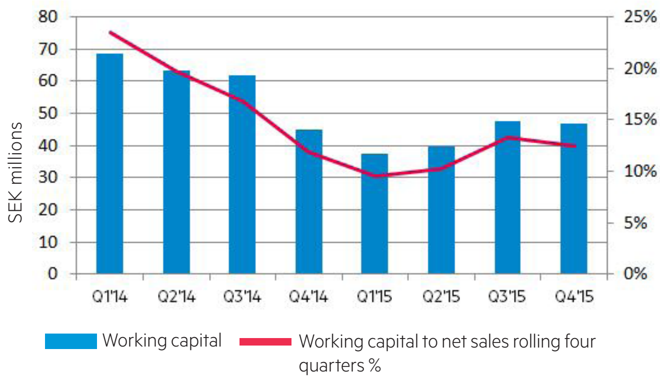
Gross earnings were SEK 65.4 (53.2) million, with the increase primarily sourced from ScheduALL, although organic growth was also a contributor. The gross margin for the quarter was 59.1 (58.0) per cent, a minor improvement year on year.

Earnings trend



Operating expenses for the fourth quarter were SEK 66.8 (47.6) million. The increase mainly relates to the addition of ScheduALL's organization. Operating expenses were also affected to a lesser extent by amortization of acquired trademarks, and customer relationships. These will continue to be charged to sales and marketing expenses. Acquisition-related expences of SEK 1.4 million in the form of consulting services were also charged to administration expenses in the quarter. Administration expenses were also affected by a SEK 3.2 million increase from a share-related incentive program, linked to the company's share price. This item, like the synthetic option program reviewed under net financial items below, had a very substantial impact on net earnings for the period due to Net Insight's share price performance in the fourth quarter. Development expenses increased by SEK 4.7 million to SEK 16.2 (11.4) million. The increase is mainly sourced from the consolidation of ScheduALL. Total R&D expenditure was SEK 33.1 (22.8) million, the increase being a combination of the consolidation of ScheduALL, and the Live OTT initiative.

Working capital trend



Net Insight reported an operating loss of SEK -1.4 (5.6) million, equating an operating margin of -1.3 per cent, against 6.1 per cent in the comparative period of 2014. Adjusted operating earnings, see table on page 8, were SEK 5.0 (5.6) million, corresponded to an adjusted operating margin of 4.4 (6.1) per cent. Increased sales did not fully offset the higher operating overheads, which are mainly sourced from the consolidation of ScheduALL.

Financial expences in the fourth quarter was charged with SEK 12.0 million of value changes on the synthetic option program introduced in the second quarter 2014, and accordingly, net financial items was SEK -11.3 (0.2) million. The synthetic options are remeasured on a current basis using the Black & Scholes model, and given wide share price fluctuations, do exert a substantial impact on net financial items. The synthetic option program is fully hedged through repurchases of treasury shares, and accordingly, the value fluctuations do not have any cash flow effect.

The loss before tax was SEK -12.7 (5.9) million. Adjusted earnings before tax were SEK 5.8 (5.9) million, see table on page 8.

The net loss was SEK -12.2 (4.7) million, corresponding to a negative net margin of -11.0 (5.1) percent.

Twelve months

Gross earnings for the full year 2015 were SEK 226.1 (232.0) million, equating to a gross margin of 60.2 (61.2) percent. The lower gross margin is the result of a combination of increased amortization of intangible assets and customer/product mix. This was partly offset by a depreciated SEK, primarily against the USD, but also the EUR.

Operating overheads increased by SEK 28.4 million to SEK 206.8 (178.4) million. The increased operating overheads are sourced from acquisition-related expenses and accounting effects of SEK 4.8 million, the consolidation of ScheduALL's organization and investments in Live OTT. Development expenses charged to earnings were SEK 44.0 (41.0) million, and total R&D expenditure for the full year was SEK 96.6 (81.9) million. The increase relates to ScheduALL and the Live OTT initiative.

Operating earnings were SEK 19.2 (53.6) million, corresponding to an operating margin of 5.1 (14.1) per cent. Acquisition-related expenses and accounting effects, see table on page 8, had a SEK -9.1 million negative impact on operating earnings. Adjusted operating earnings were SEK 28.4 (53.6) million, equating to an operating margin of 7.5 (14.1) percent. The increase over and above adjusted operating earnings is due to somewhat lower sales volumes in the network business, where the acquisition of ScheduALL did not fully compensate for the decrease on the North American market, as well as investments in sales and marketing initiatives, and Live OTT.

Net financial items was a negative SEK -12.6 (1.5) million, due to negative value changes of SEK -11.8 million on a synthetic option program. This synthetic option program is fully hedged through repurchases of treasury shares, and accordingly, these value changes do not have any future cash flow effect.

Earnings before tax were SEK 6.7 (55.1) million. Adjusted earnings before tax were SEK 27.6 (55.1) million, see table on page 8.

Net income was SEK 1.9 (41.5) million, equivalent to a net margin of 0.5 (10.9) percent.

CASH FLOW AND FINANCIAL POSITION

Cash flow for the fourth quarter was SEK -105.0 (21.1) million. Adjusted for the payment for the acquisition of ScheduALL of SEK -98.2 million, cash flow was SEK -6.8 (21.1) million. The negative cash flow was mainly caused by payments for the accumulation of component inventory, reported in the third quarter, and increased investments in sales and marketing resources, as well as R&D. Increased deposits from customers partly offset the above.

Cash flow for the full year was SEK -101.1 (90.4) million. Adjusted for the payment for the acquisition of ScheduALL of SEK -98.2 million, payments for consulting services related to the acquisition totaling SEK -4.1 million, and repurchases of shares of SEK -7.7 million, cash flow was SEK 8.9 (90.4) million. The cash flow decrease on the previous year is primarily due to an increase of investments in sales and marketing resources, as well as R&D, and to some extent accumulating inventory.

Cash and cash equivalents at the end of the quarter were SEK 193.6 (294.3) million.

Remaining tax loss carry-forwards for group companies were SEK 91.8 (118.3) million at the end of the period.

Equity was SEK 531.6 (536.9) million, with an equity/assets ratio of 79.3 (86.1) per cent. Equity reduced by SEK -7.7 million in the year, which relates to the value of repurchased treasury shares.

INVESTMENTS

Investments in the fourth quarter were SEK 19.2 (11.9) million, of which SEK 17.0 (11.3) million related to capitalization of expenditure for development. Depreciation and amortization in the period was SEK 15.4 (13.7) million, of which SEK 14.2 (13.1) million related to amortization of capitalized expenditure for development.

Investments in the full year were SEK 57.3 (42.1) million, of which SEK 52.7 (40.9) million related to capitalization of expenditure for development. Depreciation and amortization in the full year was SEK 56.8 (54.4) million, of which SEK 54.0 (51.9) million was amortization of capitalized expenditure for development.

At the end of the period, the net value of capitalized expenditure for development was SEK 208.8 (173.0) million. Capitalized expenditure for development of SEK 37.1 million was received coincident with the acquisition of ScheduALL.

The total consideration for the acquisition of ScheduALL was SEK 111.8 million. Adjusted for cash and cash equivalents received of SEK 13.6 million, the effect on the group's cash and cash equivalents was SEK -98.2 million. For total assets and receivables relating to the acquisition of ScheduALL, see the table on page 12.

EMPLOYEES

At year-end, Net Insight had 210 (134) employees, of which 126 (120) were employed by the parent company, Net Insight AB (publ). The increase for the group primarily relates to the acquisition of ScheduALL.

PARENT COMPANY

Parent company net sales in the fourth quarter were SEK 122.6 (115.3) million and the net loss for the period was SEK -5.5 (-113.5) million. The loss in the corresponding period of the previous year is due fully to the impairment of shares in a wholly owned subsidiary, and had no effect on consolidated earnings.

Parent company net sales in 2015 were SEK 452.9 (463.3) million for the full year and net income was SEK 18.5 (-76.6) million.

The total consideration for the acquisition of ScheduALL was SEK -111.8 million. With acquisition-related expenses of SEK 4.1 million, the parent company's investments in group companies was SEK 115.9 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 2015.

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 22 per cent, in the second quarter 26 per cent, in the third quarter 25 per cent, and in the fourth quarter 27 per cent of yearly sales.

FINANCIAL INFORMATION

SEK millions (if not defined differently)	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales by region							
EMEA	44,0	65,2	45,0	67,7	54,4	222,0	185,2
Americas	35,7	22,6	29,2	27,6	31,5	115,1	168,4
APAC	8,1	5,4	10,0	15,3	5,9	38,7	25,5
Net sales	**87,7**	**93,2**	**84,3**	**110,6**	**91,8**	**375,8**	**379,1**
Net sales YoY, change in %	*17,9%*	*-7,4%*	*-24,9%*	*20,4%*	*16,5%*	*-0,9%*	*35,0%*
Income statement							
Gross earnings	52,7	56,5	51,5	65,4	53,2	226,1	232,0
Gross margin	*60,1%*	*60,6%*	*61,1%*	*59,1%*	*58,0%*	*60,2%*	*61,2%*
Operating expenses	46,6	51,5	42,0	66,8	47,6	206,8	178,4
Opex/Net sales	*53,1%*	*55,3%*	*49,8%*	*60,4%*	*51,9%*	*55,0%*	*47,1%*
Operating earnings/loss	6,2	4,9	9,5	-1,4	5,6	19,2	53,6
Operating margin	*7,0%*	*5,3%*	*11,3%*	*-1,3%*	*6,1%*	*5,1%*	*14,1%*
Profit/loss after financial items	5,6	4,7	9,0	-12,7	5,9	6,7	55,1
Net Income	4,0	3,6	6,5	-12,2	4,7	1,9	41,5
Net margin	*4,6%*	*3,9%*	*7,7%*	*-11,0%*	*5,1%*	*0,5%*	*10,9%*
EBITDA							
Operating earnings/loss	6,2	4,9	9,5	-1,4	5,6	19,2	53,6
Amortization of capitalized R&D expenditure	13,1	13,0	13,7	14,2	13,1	54,0	51,9
Other depreciation & amortization	0,6	0,5	0,5	1,3	0,6	2,8	2,4
Capitalization of R&D expenditure	-12,1	-11,3	-12,3	-16,9	-11,3	-52,7	-40,9
EBITDA	**7,7**	**7,1**	**11,4**	**-2,9**	**8,0**	**23,3**	**67,1**
EBITDA margin	*8,8%*	*7,6%*	*13,5%*	*-2,6%*	*8,7%*	*6,2%*	*17,7%*
Balance sheet							
Working capital	37,4	39,6	47,5	46,9	45,1	41,9	59,5
Working capital/Net sales	*42,6%*	*42,5%*	*56,3%*	*42,4%*	*49,1%*	*11,2%*	*15,7%*
Return on capital employed	*1,0%*	*0,9%*	*1,8%*	*1,8%*	*1,1%*	*5,5%*	*10,7%*
Equity/asset ratio	*87,5%*	*86,4%*	*84,9%*	*79,3%*	*86,1%*	*79,3%*	*86,1%*
Return on equity	*0,7%*	*0,7%*	*1,2%*	*-2,3%*	*0,9%*	*0,4%*	*8,1%*
Cash and cash equivalents	304,9	307,1	298,6	193,6	294,3	193,6	294,3
Total cash flow	10,2	2,2	-8,5	-105,0	21,1	-101,1	90,4
The share							
Dividend per share, SEK	-	-	-	-	-	-	-
Earnings per share diluted and basic, SEK	0,01	0,01	0,02	-0,03	0,01	0,00	0,11
Cash flow per share, SEK	0,03	0,01	-0,02	-0,27	0,05	-0,26	0,23
Equity per share basic and diluted, SEK	1,39	1,40	1,40	1,37	1,38	1,37	1,38
Average number of shares at the end of the period, in thousands	389 933	389 933	389 484	387 200	389 933	389 138	389 933
Employees							
No. of employees at the end of the period	138	138	138	210	134	210	134

For definitions, see page 16.

CONSOLIDATED INCOME STATEMENT, ADJUSTED

SEK millions	Oct-Dec 2015 IFRS	Oct-Dec 2015 Adjustment*	Oct-Dec 2015 Non-IFRS**	Jan-Dec 2015 IFRS	Jan-Dec 2015 Adjustment*	Jan-Dec 2015 Non-IFRS**
Sales	110,7	3,6	114,3	375,0	3,6	378,6
Cost of sales	-45,2	0,7	-44,5	-149,7	0,7	-149,0
Gross earnings	**65,4**	**4,3**	**69,7**	**226,1**	**4,3**	**230,3**
Gross margin	*59,1%*		*61,0%*	*60,2%*		*60,7%*
Sales and marketing expenses	-34,3	0,7	-33,6	-122,4	0,7	-121,7
Administration expenses	-16,3	1,4	-14,9	-40,5	4,1	-36,4
Development expenses	-16,2		-16,2	-44,0		-44,0
Operating earnings/loss	**-1,4**	**6,4**	**5,0**	**19,2**	**9,1**	**28,4**
Operating margin	*-1,3%*		*4,4%*	*5,1%*		*7,5%*
Net financial items	-11,3	12,0	0,8	-12,6	11,8	-0,8
Profit/loss before tax	**-12,7**	**18,5**	**5,8**	**6,7**	**20,9**	**27,6**

***Adjustments non-IFRS**	Oct-Dec 2015	Jan-Dec 2015
Deferred revenue	3,6	3,6
Amortization capitalized expenditures for development	0,7	0,7
Amortization trade marks	0,1	0,1
Amortization customer relationships	0,6	0,6
Acquistion costs ScheduALL	1,4	4,1
Synthetic opitons, change in value	12,0	11,8

****Explanations of Non-IFRS financial information**

We believe that the disclosed supplemental historical 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 our performance in the fourth quarter and for the full year 2015.

Revenue

The adjustments in the revenue is for 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 a revenue under IFRS as a result of business combination accounting rules. The effects of these business combination rules will gradually decrease, and has most effect on the income during the first six months after the acquisition.

Cost of sales and operating expenses

Cost of sales and operating expenses have been adjusted (non-IFRS) by excluding the following expenses:

- Amortization related to the intangible assets that Net Insight recognized under IFRS as a result of business combination rules, but that ScheduALL would not have recogzied if they had remained a stand-alone entity. These amortizations will continue to effect the income over time.

- Acquisition related third-party advisory expenses. These costs are one-time expenses.

Net financial items

The synthetic option program is fully hedged via repurchase of own shares, hence the changes in value will have no future effect on cash flow. Maximum payout per option under the programme cannot exceed three times the share price at the time of the start of the programme, which was 3.80 SEK.

The synthetic options are remeasured on a current basis to fair value by applying an options valuation model. The changes in value during the term of the options are recognized as a financial item.

The repurchase of own shares is deducted from equity; retained earnings, and are not remeasured to fair value on a current basis.

CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK thousands	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Sales	110 552	91 817	375 773	379 110
Cost of sales	-45 187	-38 584	-149 719	-147 155
Gross Earnings	**65 365**	**53 233**	**226 054**	**231 955**
Sales and marketing expenses	-34 292	-29 778	-122 379	-107 869
Administration expenses	-16 307	-6 401	-40 498	-29 518
Development expenses	-16 157	-11 426	-43 957	-40 992
Operating earnings/loss	**-1 391**	**5 628**	**19 220**	**53 576**
Net financial items	-11 282	245	-12 563	1 474
Profit/loss before tax	**-12 673**	**5 873**	**6 657**	**55 050**
Tax	492	-1 195	-4 733	-13 576
Net income	**-12 181**	**4 678**	**1 924**	**41 474**
Net income for the period attributable to the shareholders of the parent company	**-12 181**	**4 678**	**1 924**	**41 474**

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	-0,03	0,01	0,00	0,11
Earnings per share, diluted	-0,03	0,01	0,00	0,11
Average number of shares in thousands, basic	387 200	389 933	389 138	389 933
Average number of shares in thousands, diluted	387 200	389 933	389 138	389 933

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands				
Net Income	**-12 181**	**4 678**	**1 924**	**41 474**
Other comprehensive income				
Items that may be reclassified subsequently to the income statement				
Translation differences	-306	567	466	1 261
Total other comprehensive income, after tax	**-306**	**567**	**466**	**1 261**
Total other comprehensive income for the period	-12 487	5 245	2 390	42 735
Total comprehensive income for the period attributable to the shareholders of the parent company	**-12 487**	**5 245**	**2 390**	**42 735**

CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	Dec-31 2015	Dec-31 2014
ASSETS		
Intangible assets		
Capitalized expenditure for development	208 792	173 016
Goodwill	59 242	4 354
Other intangible assets	25 590	1 151
Tangible assets		
Equipment	3 743	3 358
Financial fixed assets		
Deferred tax asset	23 322	23 544
Deposits	379	378
Totalt non-current assets	**321 068**	**205 801**
Current assets		
Inventories	56 037	44 207
Accounts receivable	84 620	66 169
Other receivables	15 051	13 025
Cash and cash equivalents	193 616	294 318
Total current assets	**349 324**	**417 719**
TOTAL ASSETS	**670 392**	**623 520**
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	-227	-693
Accumulated deficit	-676 547	-670 745
Total shareholders'equity	**531 550**	**536 886**
Non-current liabilities		
Other liabilities	23 198	3 166
Total non-current liabilties	**23 198**	**3 166**
Current liabilites		
Accounts payable	21 410	14 550
Other liabilities	94 234	68 918
Total current liabilities	**115 644**	**83 468**
TOTAL EQUITY AND LIABILITIES	**670 392**	**623 520**

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 shareholders' equity"
2014-01-01	15 597	1 192 727	-1 954	-712 218	494 152
Total comprehensive income	-	-	1 261	41 474	42 735
2014-12-31	**15 597**	**1 192 727**	**-693**	**-670 745**	**536 886**
2015-01-01	15 597	1 192 727	-693	-670 745	536 886
Repurchase of own shares	-	-	-	-7 726	-7 726
Total comprehensive income	-	-	466	1 924	2 390
2015-12-31	**15 597**	**1 192 727**	**-227**	**-676 547**	**531 550**

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousands	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Ongoing activities				
Profit/loss before tax	-12 673	5 873	6 657	55 050
Income tax paid	0	-	-79	-
Depreciation and amortization	15 447	13 728	56 774	54 350
Other items not affecting liquidity	5 434	3	6 013	1 140
Cash flow from operating activities before changes in working capital	**8 208**	**19 604**	**69 365**	**110 540**
Changes in working capital				
Increase-/decrease+ in inventories	-2 909	-561	-11 830	-1 594
Increase-/decrease+ in receivables	11 075	14 294	-2 014	1 974
Increase+/decrease- in liabilities	-3 725	-283	5 715	21 738
Total changes in working capital	4 441	13 450	-8 129	22 118
Cash flow from operating activities	**12 649**	**33 054**	**61 236**	**132 658**
Investment activities				
Investment in intangible assets, net	-18 913	-11 325	-55 478	-41 012
Investment in tangible assets, net	-331	-537	-1 872	-1 107
Acquisition or group companies, net effect on cash	-98 217	-	-98 217	-
Investment in financial assets, net	8	-101	49	-115
Cash flow from investment activities	**-117 453**	**-11 963**	**-155 518**	**-42 234**
Financing activities				
Option premium	-	-	860	-
Repurchase of own shares	-233	-	-7 726	-
Cash flow from financing activities	**-233**	**0**	**-6 866**	**0**
Net change in cash and cash equivalents	-105 037	21 091	-101 148	90 424
Exchange differences in cash and cash equivalents	68	97	446	163
Cash and cash equivalents at the beginning of the period	298 585	273 130	294 318	203 731
Cash and cash equivalents at the end of the period	**193 616**	**294 318**	**193 616**	**294 318**

BUSINESS COMBINATIONS

Acquisition 2015

On October 1, 2015, Net Insight acquired 100 per cent of the shares in the privately held US software company VizuAll Inc, trading under the name of ScheduALL. The acquisition price of USD 14 million (approximately SEK 117 million) on a cash and debt free basis was paid in cash. The final purchase consideration, based on actual level of debt, working capital and cash, was transferred in December 2015. The payment was funded by using available cash. The acquisition will strengthen Net Insight's market position in media service and workflow orchestration.

ScheduALL, founded in 1989, is a provider of ERM (Enterprise Resources Management) software for media, broadcast and transmission businesses with head office in Hollywood, Florida, US.

Net Insight and ScheduALL have had a strategic partnership for several years. Together they have implemented an SDN (Software Defined Networking) solution for service providers allowing them to offer their customers a unique, fully automated service provisioning over global wide area networks. By this solution service providers reduce operating cost and media companies gain from more flexible and efficient workflows. Net Insight can now broaden the solution with new services and applications.

The total consideration transferred for the acquisition amounted to SEK 111.8 million. In the purchase price allocation goodwill amounted to SEK 55.1 million. The goodwill recognized for the acquisition mainly reflects the increase in sales going forward. The goodwill will be deductible for tax purposes. Acquisition related costs amounted to SEK 4.1 million. These costs are recognized as other expenses in administration expenses in the consolidated statement of comprehensive income, of which SEK 2.7 million in the consolidated earnings of the third quarter and SEK 1.4 million in the consolidated earnings of the fourth quarter.

ScheduALL contributed revenues of SEK 14.5 million and loss before tax of SEK -4.5 million to the group for the period October 1 to December 31, 2015. Revenues of SEK 3.6 million that ScheduALL would have recognized if they had remained a stand-alone entity was not recognized by Net Insight as revenue in the fourth quarter under IFRS , as a result of business combination accounting rules. Business combination related amortization for technology, trade mark and customer relations amounted to SEK 1.4 million. Adjusted for these business combination effects, ScheduALL would have contributed revenues of SEK 18.1 million and profit before tax of SEK 0.5 million to the group for the period October 1 to December 31, 2015.

If the acquisition had occurred on January 1, 2015, management estimates that ScheduALL would have contributed revenues of SEK 67.6 million and loss before tax of SEK -6.9 million for the year ended December 31, 2015. Adjusted for the business combination effects stated above, ScheduALL would have contributed revenues of SEK 77.4 million and profit before tax of SEK 15.0 million for the year ended December 31, 2015, if the acquisition had occurred on January 1, 2015.

ASSETS AND LIABILITIES RECOGNIZED AS A RESULT OF THE ACQUISITION:

SEK thousands	
Intangible assets	59 890
Tangible assets	193
Financial fixe assets	50
Deferred tax assets	4 415
Current assets	18 463
Cash and cash equivalents	13 558
Non-current liabilities	-6 540
Current liabilities	-33 352
Net identifiable assets acquired	**56 677**
Goodwill	55 098
Consideration transferred*	**111 775**

*Cash.

SEGMENT REPORT

SEK millions	Oct-Dec 2015 EMEA	AM	APAC	Total	Oct-Dec 2014 EMEA	AM	APAC	Total	Jan-Dec 2015 EMEA	AM	APAC	Total	Jan-Dec 2014 EMEA	AM	APAC	Total
Net sales	68	28	15	**111**	54	32	6	**92**	222	115	39	**376**	185	168	26	**379**
Regional contribution	20	8	3	**31**	13	10	1	**23**	67	30	6	**104**	64	58	3	**125**
Regional contribution margin	*29%*	*29%*	*21%*	**28%**	*24%*	*32%*	*10%*	**26%**	*30%*	*27%*	*16%*	**28%**	*34%*	*34%*	*13%*	**33%**
Adjustment for R&D amortization	9	3	2	**14**	8	5	1	**13**	32	17	6	**54**	26	23	4	**52**
Adjusted regional contribution	29	11	5	**45**	21	15	1	**37**	98	47	12	**157**	89	81	7	**178**
Adjusted regional contribution margin	*43%*	*40%*	*35%*	**41%**	*38%*	*47%*	*25%*	**40%**	*44%*	*41%*	*31%*	**42%**	*48%*	*48%*	*27%*	**47%**

Regional Contribution is defined as Gross earnings less Sales and marketing expenses.
The CEO reviews 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	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	122 646	115 274	452 948	463 318
Cost of sales	-50 114	-48 784	-181 011	-192 909
Gross earnings	**72 532**	**66 490**	**271 937**	**270 409**
Sales and marketing expenses	-27 347	-27 834	-109 651	-103 063
Administration expenses	-10 216	-6 395	-31 705	-29 505
Development expenses	-26 079	-22 752	-89 612	-81 856
Operating earnings	**8 890**	**9 509**	**40 969**	**55 985**
Net financial items	-11 421	-120 924	-12 733	-119 982
Earnings/loss before tax	**-2 531**	**-111 415**	**28 236**	**-63 997**
Tax	-2 517	-2 084	-9 691	-12 589
Net income	**-5 048**	**-113 499**	**18 545**	**-76 586**

PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	31 Dec 2015	31 Dec 2014
ASSETS		
Intangible assets		
Other intangible assets	3 493	1 151
Tangible fixed assets		
Equipment	3 494	3 358
Financial assets		
Participations in group companies	233 243	117 427
Deferred tax asset	154	6 545
Deposits	205	289
Total non-current assets	**240 589**	**128 770**
Current assets		
Inventories	56 037	44 207
Accounts receivable	77 983	66 169
Receivables from group companies	162 926	190 771
Other receivables	12 913	11 635
Cash and cash equivalents	164 955	267 111
Total current assets	**474 814**	**579 893**
Total assets	**715 403**	**708 663**
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	15 597	15 597
Statutory reserve	112 822	112 822
Non-restricted equity		
Share premium reserve	51 296	51 296
Retained earnings	411 516	507 528
Net Income	18 545	-76 586
Total equity	**609 776**	**610 657**
Non-current liabilities		
Other liabilities	21 032	3 166
Total non-current liabilities	**21 032**	**3 166**
Current liabilities		
Accounts payable	20 288	14 327
Liabilitis to group companies	-	15 278
Other liabilities	64 307	65 235
Total current liabilities	**84 595**	**94 840**
Total equity and liabilities	**715 403**	**708 663**

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.

During the year, the parent company introduced a synthetic option program and in connection with this started to repurchase own shares, hence the principle below has been added to the accounting policies for the group and the parent company in 2015.

Synthetic option with market premiums are reported and measured in accordance with IAS 39. Premiums received are recognized as financial liability. This did not initially imply any cost for the company since measurement of the options at fair value using an option valuation model corresponds to the premium received by the company. The liability is remeasured on a current basis to fair value by applying an options valuation model taking current terms into account. The changes in value during the term of the options are recognized as a financial item. If a synthetic option is utilized by the holder the financial liability, which was previously remeasured at fair value, is settled. Any realized profit or loss is recognized in profit and loss as a financial item. If the synthetic options expire and are worthless, the recognized liability is taken up as income.

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

Intangible assets acquired via this year's business combinations - technology, trademarks and customer relationships – are amortized over their expected useful life, which is 7-15 years. The expected useful life for other intangible assets is 3-5 years.

Except for the new principle 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.

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 EQUTIY

During November 2-5, the parent company acquired 83 231 of its own class B shares through purchases on the NASDAQ OMX. The total amount paid to acquire the shares, net of income tax, was SEK 0.2 million.

During the year, the parent company acquired a total of 2 775 000 of its own class B shares through purchases on the NASDAQ OMX. The total amount paid to acquire the shares, net of income tax, was SEK 7.7 million.

At the end of the reporting period, the parent company had a total of 2 775 000 of its own class B shares, at an average cost of SEK 2.78 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 386 158 009 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.

NOMINATION COMMITTEE AND ANNUAL GENERAL MEETING

Since the publication of Net Insight's Nomination Committee for the Annual General Meeting 2016 on 13 October 2015, a change to its composition has occurred. Net Insight's Nomination Committee for the 2016 AGM consists of Jan Barchan (Briban Invest), Lars Bergkvist (Lannebo Fonder), Ramsay Brufer (Alecta), Christian Brunlid (Handelsbanken fonder), and Lars Berg (Chairman of the Net Insight Board). The Nomination Committee appointed Lars Bergkvist (Lannebo Fonder) to serve as Chairman of the Committee.

Shareholders wishing to make proposals to the Nomination Committee can do so by e-mail, by 15 March 2016, to the Chairman of the Nomination Committee Lars Bergkvist, lars.bergkvist@lannebofonder.se.

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

Shareholders who wish to submit a proposal to the Board of Directors to have a matter considered at the Annual General Meeting should send their proposals in writing to the chairman of the Board no later than 22 March 2016 by email: agm@netinsight.net or by post:

Net Insight AB (publ)
Box 42093
126 14 Stockholm

Mark the envelope or email subject line with "Proposals to AGM 2016".

DIVIDEND

The Board of Directors is proposing that the AGM pays no dividend for the financial year 2015.

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 starts from the TV cameras to the TV studios, 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.

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.

REPORTING DATES

Interim report January - March 2016	April 27	2016
Annual General Meeting 2016	May 10	2016
Interim report January - June 2016	July 22	2016
Interim report January - September 2016	October 28	2016

Stockholm February 17, 2015

Fredrik Tumegård,
CEO

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