

Interim report Net Insight January – June 2016



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

Quote from CEO Fredrik Tumegård:

"Net sales increased by 42 percent with an operating margin of 9 percent, at the same time as we continued to invest in Live OTT and conducted a commercial launch of Sye."

SECOND QUARTER 2016

- Net sales amounted to SEK 132.3 (93.2) million, up by 42.0 percent year on year. The increase was 39.7 percent in comparable currencies. Organic growth was 21.3 percent.
- Operating earnings amounted to SEK 12.0 (4.9) million, corresponding to an operating margin of 9.0 (5.3) percent.
- Total cash flow was SEK -10.5 (2.2) million.

JANUARY - JUNE 2016

- Net sales were SEK 242.3 (180.9) million, up 33.9 percent. In comparable currencies, the increase was 33.0 percent. Organic growth was 12.7 percent.
- Operating earnings were SEK 19.8 (11.1) million, corresponding to an operating margin of 8.2 (6.1) percent.
- Total cash flow was SEK 1.3 (12.4) million.



SIGNIFICANT EVENTS

- Commercial launch of Sye solution for true live OTT at the beginning of April.
- Launch of Nimbra Gateway, a new media transport solution that supports migration to IP.
- Net Insight's product management and services operations were coordinated into cohesive global functions in the quarter. This means that the organizational integration of ScheduALL has now been completed.
- Net Insight's Board resolved to repurchase own shares.

SEK millions	Apr-Jun 2016	Apr-Jun 2015	Change	Jan-Jun 2016	Jan-Jun 2015	Change	Jul 2015- Jun 2016	Jan-Dec 2015	Change
Net sales by region									
Western Europe	60.5	58.1	4.2%	108.4	95.9	13.0%	205.5	193.1	6.4%
Americas	38.7	22.6	71.1%	73.9	58.3	26.8%	130.7	115.1	13.6%
Rest of World	33.2	12.5	165.5%	60.1	26.8	124.3%	100.9	67.6	49.2%
Total net sales	132.3	93.2	42.0%	242.3	180.9	33.9%	437.1	375.8	16.3%
Operating earnings	12.0	4.9	141.5%	19.8	11.1	78.1%	27.9	19.2	45.1%
Operating Margin	9.0%	5.3%		8.2%	6.1%		6.4%	5.1%	
Net Income	5.7	3.6	55.8%	19.7	7.6	157.9%	14.0	1.9	626.5%
EBITDA	8.9	7.1	24.8%	11.9	14.8	-19.8%	20.4	23.3	-12.6%
EBITDA margin	6.7%	7.6%		4.9%	8.2%		4.7%	6.2%	
Diluted and Basic EPS (SEK)	0.01	0.01	56.9%	0.05	0.02	159.8%	0.04	0.00	628.3%
Total Cash Flow	-10.5	2.2	-573.5%	1.3	12.4	-89.5%	-112.3	-101.1	11.0%
Adjusted*									
Net Sales	134.1	93.2	43.9%	246.7	180.9	36.4%	445.1	379.4	17.3%
Operating earnings	14.4	4.9	191.8%	25.6	11.1	130.6%	42.1	27.6	52.4%
Operating Margin	10.8%	5.3%		10.4%	6.1%		9.5%	7.3%	

*) See table page 7.

CEO's statement

As we now close the books for the second quarter 2016, it's clear that Net Insight has delivered its strongest quarter ever. Sales were SEK 132 million, up 42 percent year over year. The quarter also delivered a record organic growth of 21 percent, when adjusted for the acquisition of ScheduALL.

It's obviously satisfying to deliver strong sales growth, but as CEO it's even more important to report that Net Insight has a strong core business, and that our growth is firmly secured in the various geographical regions and customer segments. Region Rest of World showed the strongest sales growth (166 percent), followed by North and South Americas (71 percent), and Western Europe (4 percent). We experienced an increased interest in Africa and Saudi Arabia in the period, which resulted in a couple of major contracts.

Operating earnings for the second quarter was SEK 12 million, compared to SEK 5 million last year. Profitability also gathered strength in the quarter, despite continued investments in the development of Live OTT and the launch of Sye.

The commercial tests currently underway in Live OTT are proceeding according to plan, as we've previously communicated, although it will be some time before revenues hit the bottom line. This is due to a naturally long sales cycle in combination with a renewed business model, where the revenue is first made visible when the viewers are using the new services. It's important to point out that our technology is innovative and that it always takes time for new technology to gain foothold on the market. Therefore it is important to continue our marketing initiatives unabated, especially since the customers' offerings need to develop as well. We launched Sye on a commercial scale in the second quarter and we'll continue to invest in the development of Live OTT in accordance with our strategic plan, and we're very confident about our offering.

Sye was awarded TV Technology's "Best of Show" at the prestigious NAB Show in Las Vegas. We also announced a number of new partnerships regarding Sye, with Accedo, a global supplier of TV applications, and with Verimatrix, a software provider for managing digital rights (DRM). There are multiple aims for these partnerships, but the key purpose is to facilitate for customers to choose their future solutions for Live OTT.

In the quarter, Net Insight also launched its new media transport solution, Nimbra Gateway, which can be connected with various competitors' transport solutions. This means that we're able to strengthen our position further and approach new customer segments, which generates new business.

The acquisition of ScheduALL at the end of 2015 extended our product portfolio. We also expanded our joint



customer base to 500 customers around the world. We now have a unique market breadth, which provides us with a stable foundation to continue to build on. The integration of ScheduALL continued according to plan, and product management and services were coordinated in the quarter, and we've now integrated these global functions.

One of our joint competitive offerings is Customer Provisioned Networks, where broadcasters are able to easily order and use network capacity for real-time, high-quality video transmissions. More customers also decided to implement this solution in the quarter. These deals are the result of successful cross-sales between Nimbra and ScheduALL.

2016 is a really exciting year for all sports lovers, with the Euro 2016 Football Championship in France and the Olympics in Brazil. These sporting events made a positive contribution to business in the period, and I look forward to watching exciting games and impressive sporting achievements. I also look forward to continue to drive progress in the future of television, and to creating new business opportunities for ourselves and our customers.

New ways of delivering content for live sporting events will be a key driver for the continued progress of Live OTT. Our broad-based offering, which currently includes a number of different product lines, has strengthened our market position, which means that we're now more relevant to our customers than ever. Our ambition is to identify and develop new income models for our customers and their customers, but our main goal is to create an entirely new interactive experience for TV viewers around the world. And that's amazing.

Stockholm, July 2016

Fredrik Tumegård, CEO

”
Sye
awarded
"Best
of Show"
in Las
Vegas

REVENUES

Second quarter

Net sales were SEK 132.3 (93.2) million, up 42.0 percent year on year, of which organic growth was 21.3 percent. In comparable currencies, the increase was 39.7 percent. Revenues of SEK 1.8 million, that ScheduALL had recognized as an independent company, could not be included in the second quarter under IFRS. Adjusted for this (see table on page 7), net sales were SEK 134.1 (93.2) million.

Compared to the corresponding period in the previous year, the increase in net sales was driven by the acquisition of ScheduALL, corresponding to SEK 19.3 (0) million, and growth in Rest of World and North and South Americas. Generally, the quarter was positively affected by deliveries relating to the Euro 2016 Football Championship and the Olympics. Disregarding additional sales from the acquisition of ScheduALL in 2015, the quarter is Net Insight's strongest ever.

In Western Europe, net sales were SEK 60.5 (58.1) million. This corresponds to an increase of 4.2 percent, which is attributable to sales of ScheduALL products. Even adjusted for revenue from these products, second quarter sales remain strong historically, albeit slightly below the second quarter last year. Deliveries mainly took place to existing customers in the quarter, while some orders were driven by the Euro 2016 Football Championships in France and preparations ahead of the Olympics in Brazil.

Net sales in North and South Americas amounted to SEK 38.7 (22.6) million, corresponding to an increase of 71.1 percent. Growth in the quarter is partly driven by the acquisition of ScheduALL, but also deliveries mainly to South America, relating to the Olympics and additional purchases in North America, mainly from existing customers.

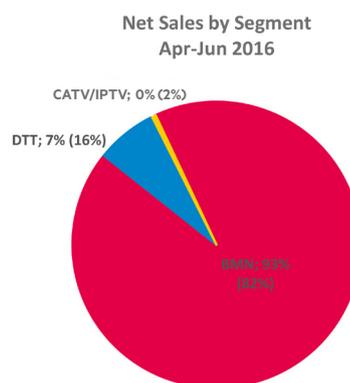
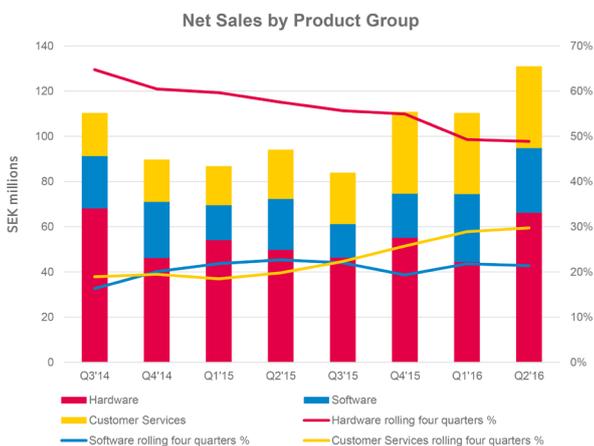
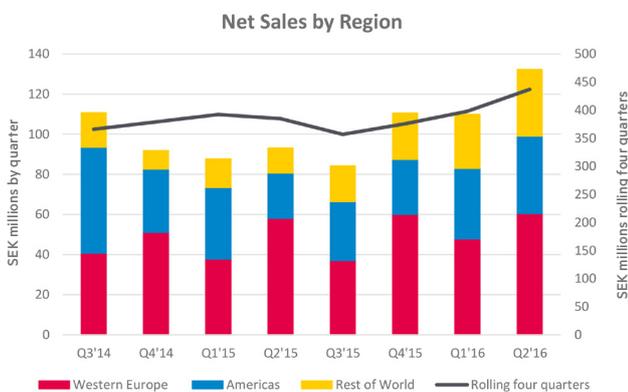
Rest of World experienced a strong quarter from several perspectives. Net sales were SEK 33.2 (12.5) million, corresponding to an increase of 165.5 percent. Sales mainly in the Middle East and southern Africa drove growth in the quarter. In the Middle East, Net Insight concluded important deals with new and existing customers for Nimbra networks and ScheduALL solutions, as well as an existing customer who ordered a combined Nimbra and ScheduALL solution to facilitate ordering and using network capacity in a Customer Provisioned Network.

Net sales in the Broadcast & Media (BMN) business area were 93 (82) percent, in Digital Terrestrial TV (DTT) 7 percent (16) and in CATV/IPTV 0 percent (2) of total sales.

Net sales from hardware were SEK 66.3 (49.9) million. The increase was mainly driven by some major deliveries to customers in Western Europe and Rest of World for expansion orders, and lies within the framework for normal quarterly variations. Net sales from software licenses increased by SEK 6.2 million to SEK 28.7 (22.6) million, where the increase is related to sales of ScheduALL. Support and service amounted to SEK 35.7 (21.4) million, with ScheduALL contributing the majority of the increase, but a greater installed base also increase service revenues. The above figures exclude other operating income of SEK 1.5 (-0.7) million, consisting of translation differences on accounts receivable in foreign currencies.

Six months

Net sales in the first six months of the year amounted to SEK 242.3 (180.9) million, corresponding to an increase of 33.9 percent. In comparable currencies, the increase was 33.0 percent. Organic growth totalled 12.7 percent, and is mainly driven by transactions in Rest of World. Revenue of SEK 4.4 million which ScheduALL had recognized as an independent company could not be included in the six-month period under IFRS. Adjusted for this, see table on page 7, net sales were SEK 246.7 (180.9) million.



Key Ratios	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015
Net sales, SEK millions	132.3	93.2	242.3	180.9
Gross margin	62.8%	60.6%	62.3%	60.4%
Operating margin	9.0%	5.3%	8.2%	6.1%
Opex/Net sales	53.8%	55.3%	54.1%	54.2%
EBITDA margin	6.7%	7.6%	4.9%	8.2%
Adjusted*				
Net Sales	134.1	93.2	246.7	180.9
Operating Margin	10.8%	5.3%	10.4%	6.1%

*) See table page 7.

Net sales in Western Europe were SEK 108.4 (95.9) million, corresponding to an increase of 13.0 percent. The increase is mainly driven by the acquisition of ScheduALL, although the region also returned modest growth adjusted for the acquisition.

Net sales were SEK 73.9 (58.3) million in North and South Americas, up 26.8 percent. The increase is driven by the acquisition of ScheduALL following a weaker first quarter in North America compared to the first quarter 2015.

Net sales in Rest of World were SEK 60.1 (26.8) million in the first half of 2016, up 124.3 percent. The increase is attributable to both organic and acquired growth, with the Middle East and southern Africa showing strong increases and new customer growth.

Net sales in the Broadcast & Media (BMN) business area were 87 (84) percent, in Digital Terrestrial TV (DTT) 12 (14) percent and in CATV/IPTV 1 (2) percent.

Net sales from hardware were SEK 111.0 (104.1) million. Net sales from software licenses increased by SEK 20.6 million to SEK 58.7 (38.1) million, and support and service totalled SEK 71.3 (38.3) million. The increase in revenue from software, and support and service, is mainly driven by the acquisition of ScheduALL, but even adjusted for the acquisition the proportion of software sales, and support and service, was up. The above figures exclude other operating income of SEK 1.3 (0.4) million, consisting of translation differences on accounts receivable in foreign currencies.

EARNINGS

Second quarter

The second quarter was less affected by acquisition-related expenses and revaluation of synthetic option and share programs compared to the two preceding quarters. See the table on page 7 for an overview.

Gross profit was SEK 83.1 (56.5) million, with the increase driven by higher sales volumes. Gross margin was 62.8 (60.6) percent. This improvement was also due to increased sales volumes.

Sales and marketing expenses increased by SEK 3.8 million to SEK 36.4 (32.6) million in the quarter. The increase is mainly associated with the introduction of Sye (Live OTT). Administrative expenses increased to SEK 14.9 (7.9) million. The increase is attributable to the consolidation of ScheduALL, revaluation of share-based programs, which had a modest effect on profit as a result of the strong share price in the second quarter, and an increased number of improvement projects. Development expenses were SEK 19.9 (11.0) million in the quarter. The increase is mainly driven by the acquisition of ScheduALL. Total development expenditures were SEK 38.4 (22.3) million, with the increase mainly driven by Sye and the acquisition of ScheduALL.

Operating earnings were SEK 12.0 (4.9) million, where the increase was due to increased sales volumes that were partly offset by an increased cost mass. Operating margin was 9.0 (5.3) percent, and EBITDA was 6.7 (7.6) percent. The reduction in EBITDA was mainly due to increased development expenditures, largely as a result of the focus on Sye and the acquisition of ScheduALL.

Net financial items were negative at SEK -3.4 (-0.3) million. In the quarter, Net Insight's share price increased, eliciting that the revaluation of the synthetic options programs, that some staff participate

in, affected income by SEK -2.7 (0.3) million. Translation differences on intra-group balances in foreign currencies also contributed to the negative net financial items.

Net income for the period were SEK 5.7 (3.6) million, corresponding to a net margin of 4.3 (3.9) percent.

Six months

In the first half of 2016 gross earnings were SEK 150.9 (109.2) million, resulting from the increase in net sales described above in section Revenues. Gross margin increased by two percentage points, amounting to 62.3 (60.4) percent, as a result of increased net sales.

Operating expenses increased to SEK 131.2 (98.1) million, mainly as a result of the acquisition of ScheduALL, the initiatives aimed at Sye and to some extent non-recurring expenses in the first quarter of SEK 3.4 million resulting from a minor reorganization. Operating expenses decreased by SEK 1.1 (0.4) million as a result of the revaluation of a share-based incentive program, see page 7. Total development expenditures increased by SEK 31.5 million, amounting to SEK 76.0 (44.5) million. The increase is attributable to the development of Sye, the acquisition of ScheduALL and the aforementioned non-recurring expenses relating to a reorganization or the Research and Development.

Operating earnings were SEK 19.8 (11.1) million, corresponding to an operating margin of 8.2 (6.1) percent. The increase in operating profit is mainly due to increased sales volumes, which were partly offset by increased operating expenses. EBITDA was 4.9 (8.2) percent. The reduction is attributable to increased development expenditures.

Net financial items were SEK 5.1 (-0.8) million. The improvement is caused by a revaluation of synthetic options programs of SEK 6.3 (0.3) million as a result of a lower share price as at 30 June 2016 compared to 31 December 2015, and from translation differences on intra-group and bank balances in foreign currencies.

Net income for the period were SEK 19.7 (7.6) million, corresponding to a net margin of 8.1 (4.2) percent



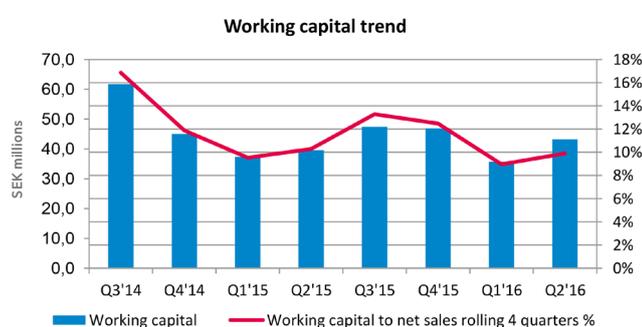
CASH FLOW AND FINANCIAL POSITION

Cash flow for the second quarter was SEK -10.5 (2.2) million. The negative cash flow is caused by a build-up of accounts receivable resulting from increased sales. Cash flow for the six-month period was SEK 1.3 (12.4) million.

Cash and cash equivalents at the end of the quarter were SEK 195.0 (307.1) million. The year on year decrease was largely due to the purchase price for ScheduALL.

Remaining tax loss carry-forwards for group companies were SEK 78.0 (100.1) million at the end of the period.

Equity was SEK 552.6 (545.0) million, with an equity/assets ratio of 77.3 (86.4) percent. The change in the equity/assets ratio is primarily due to the acquisition of ScheduALL and a business model where support charges are invoiced in advance. This means that a liability accumulates which reduces the equity/assets ratio.



INVESTMENTS

Investments in the second quarter were SEK 19.4 (12.7) million, of which SEK 18.5 (11.3) million related to capitalization of expenditure for development. Depreciation and amortization in the period was SEK 15.4 (13.5) million, of which SEK 14.1 (13.0) million related to amortization of capitalized expenditure for development.

Investments in the first half-year were SEK 41.8 (25.3) million, of which SEK 38.6 (23.4) million related to capitalization of expenditure for development. Depreciation and amortization in the period were SEK 30.7 (27.2) million, of which SEK 28.0 (26.1) million related to amortization of capitalized expenditure for development.

At the end of the period, the net value of capitalized expenditure for development was SEK 219.6 (170.4) million. Capitalized expenditure for development of SEK 37.1 million was received coincident with the acquisition of ScheduALL in the fourth quarter 2015.

EMPLOYEES

At the end of the quarter, Net Insight had 202 (138) employees, of which 121 (123) were employed by the parent company Net Insight AB (publ).

PARENT COMPANY

Parent company net sales in the second quarter were SEK 146.8 (116.0) million and net earnings for the period were SEK 11.2 (6.2) million.

For the six-month period, net sales were SEK 268.5 (226.5) million, and net income for the period were SEK 30.5 (12.5) 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 2015, arose in 2016.

For a complete review of the company's risk and sensitivity analysis, and its risk management process, see page 32 of the Annual Report for 2015.

SEASONALITY

In the past three calendar years, average seasonality has been fairly modest. In the first quarter, net sales were 22 percent, in the second quarter 26 percent, in the third quarter 25 percent, and in the fourth quarter 27 percent of yearly sales.

FINANCIAL INFORMATION

SEK millions (if not defined differently)	Jan-Mar 2016	Apr-Jun 2016	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	Jan-Jun 2016	Jan-Jun 2015	Jul 2015- Jun 2016	Jan-Dec 2015
Net sales by region									
Western Europe	47.8	60.5	58.1	37.1	60.0	108.4	95.9	205.5	193.1
Americas	35.2	38.7	22.6	29.2	27.6	73.9	58.3	130.7	115.1
Rest of World	26.9	33.2	12.5	17.9	23.0	60.1	26.8	100.9	67.6
Net sales	110.0	132.3	93.2	84.3	110.6	242.3	180.9	437.1	375.8
<i>Net sales YoY, change in %</i>	25.3%	42.0%	-7.4%	-24.9%	20.4%	33.9%	3.3%	13.6%	-0.9%
Income statement									
Gross earnings	67.8	83.1	56.5	51.5	65.4	150.9	109.2	267.8	226.1
<i>Gross margin</i>	61.7%	62.8%	60.6%	61.1%	59.1%	62.3%	60.4%	61.3%	60.2%
Operating expenses	60.0	71.1	51.5	42.0	66.8	131.2	98.1	239.9	206.8
<i>Opex/Net sales</i>	54.6%	53.8%	55.3%	49.8%	60.4%	54.1%	54.2%	54.9%	55.0%
Operating earnings	7.8	12.0	4.9	9.5	-1.4	19.8	11.1	27.9	19.2
<i>Operating margin</i>	7.1%	9.0%	5.3%	11.3%	-1.3%	8.2%	6.1%	6.4%	5.1%
Operating earnings, adjusted	11.2	14.4	4.9	12.2	4.3	25.6	11.1	42.1	27.6
<i>Operating margin, adjusted</i>	9.9%	10.8%	5.3%	14.5%	3.8%	10.4%	6.1%	9.5%	7.3%
Profit/loss after financial items	16.3	8.5	4.7	9.0	-12.7	24.8	10.3	21.2	6.7
Net Income	14.0	5.7	3.6	6.5	-12.2	19.7	7.6	14.0	1.9
<i>Net margin</i>	12.8%	4.3%	3.9%	7.7%	-11.0%	8.1%	4.2%	3.2%	0.5%
EBITDA									
Operating earnings	7.8	12.0	4.9	9.5	-1.4	19.8	11.1	27.9	19.2
Amortization of capitalized R&D expenditure	14.0	14.1	13.0	13.7	14.2	28.0	26.1	55.9	54.0
Other depreciation & amortization	1.3	1.4	0.5	0.5	1.3	2.6	1.1	4.3	2.8
Capitalization of R&D expenditure	-20.0	-18.5	-11.3	-12.3	-16.9	-38.6	-23.4	-67.8	-52.7
EBITDA	3.0	8.9	7.1	11.4	-2.9	11.9	14.8	20.4	23.3
<i>EBITDA margin</i>	2.7%	6.7%	7.6%	13.5%	-2.6%	4.9%	8.2%	4.7%	6.2%
Balance sheet									
Working capital	35.7	43.3	39.6	47.5	46.9	42.2	38.6	44.3	41.9
<i>Working capital/Net sales</i>	32.4%	32.7%	42.5%	56.3%	42.4%	17.4%	21.4%	10.1%	11.2%
<i>Return on capital employed</i>	1.4%	2.1%	0.9%	1.8%	-0.2%	3.4%	1.9%	5.0%	3.5%
<i>Equity/asset ratio</i>	77.8%	77.3%	86.4%	84.9%	79.3%	77.3%	86.4%	77.3%	79.3%
<i>Return on equity</i>	2.6%	1.0%	0.7%	1.2%	-2.3%	3.6%	1.4%	2.6%	0.4%
Cash and cash equivalents	204.9	195.0	307.1	298.6	193.6	195.0	307.1	195.0	193.6
Total cash flow	11.8	-10.5	2.2	-8.5	-105.0	1.3	12.4	-112.3	-101.1
The share									
Dividend per share, SEK	-	-	-	-	-	-	-	-	-
Earnings per share diluted and basic, SEK	0.04	0.01	0.01	0.02	-0.03	0.05	0.02	0.04	0.00
Cash flow per share, SEK	0.03	-0.03	0.01	-0.02	-0.27	0.00	0.03	-0.04	-0.26
Equity per share basic and diluted, SEK	1.40	1.43	1.40	1.41	1.37	1.43	1.40	1.43	1.37
Average number of outstanding shares in thousands, basic and diluted	387,158	387,158	389,933	389,484	387,200	387,158	389,933	387,750	389,138
Share price at end of period, SEK	4.74	6.00	2.64	2.68	8.30	6.00	2.64	6.00	8.30
Employees									
No. of employees at the end of the period	204	202	138	138	205	202	138	202	205

For definitions, see page 13.

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 2016	Apr-Jun 2016	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	Jan-Jun 2016	Jan-Jun 2015	Jul 2015- Jun 2016	Jan-Dec 2015
Accounting effects due to the acquisition of ScheduALL in October 2015										
Deferred revenue	(a)	-2.6	-1.8	-	-	-3.6	-4.4	-	-8.0	-3.6
Amortization on intangible assets	(b)	-0.7	-0.7	-	-	-0.7	-1.4	-	-2.1	-0.7
Acquisition related costs	(c)	-	-	-	-2.7	-1.4	-	-	-4.1	-4.1
		-3.3	-2.5	0.0	-2.7	-5.7	-5.8	0.0	-14.3	-8.4
Effects of the Net Insight share price development during the period										
Share-based benefits	(d)	2.0	-0.9	0.4	-	-3.2	1.1	0.4	-2.1	-2.8
Synthetic options, change in value	(e)	9.0	-2.7	0.3	-	-12.0	6.3	0.3	-5.7	-11.8
		11.0	-3.6	0.6	0.0	-15.2	7.4	0.6	-7.8	-14.6
Other										
Restructuring	(f)	-3.4	-	-	-	-	-3.4	-	-3.4	-
		-3.4	0.0	0.0	0.0	0.0	-3.4	0.0	-3.4	0.0

(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, and has most effect on the income during the first six months after the acquisition.

(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 effect the income over time.

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

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

(e) During the second quarter 2015, after decision at the AGM, the group and parent company introduced a synthetic option program and in connection with this started to repurchase own shares.

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 synthetic option program is fully hedged via repurchase of own shares, hence the changes in value will have no future effect on cash flow. The repurchased of own shares is deducted from equity; retained earnings, and are not remeasured to fair value on a current basis.

(f) Development expenses in the first quarter of 2016 were charged with a non-recurring 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 in the first six months of 2016. 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	Apr-Jun 2016 IFRS	Apr-Jun 2016 Adjustment	Apr-Jun 2016 Non-IFRS	Jan-Jun 2016 IFRS	Jan-Jun 2016 Adjustment	Jan-Jun 2016 Non-IFRS	Note
Net sales	132.3	1.8	134.1	242.3	4.4	246.7	
Cost of sales	-49.2		-49.2	-91.4		-91.4	
Gross earnings	83.1	1.8	84.9	150.9	4.4	155.4	
<i>Gross margin</i>	62.8%		63.3%	62.3%		63.0%	
Sales and marketing expenses	-36.4	0.7	-35.7	-67.6	1.4	-66.2	(b)
Administration expenses	-14.9		-14.9	-26.2		-26.2	(c)
Development expenses	-19.9		-19.9	-37.4		-37.4	
Operating earnings	12.0	2.5	14.4	19.8	5.8	25.6	
<i>Operating margin</i>	9.0%		10.8%	8.2%		10.4%	
Net financial items	-3.4	2.7	-0.7	5.1	-6.3	-1.2	(e)
Profit before tax	8.5	5.2	13.7	24.8	-0.4	24.4	

CONSOLIDATED INCOME STATEMENT IN SUMMARY

SEK thousands	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jul 2015- Jun 2016	Jan-Dec 2015
Net sales	132,331	93,198	242,286	180,937	437,122	375,773
Cost of sales	-49,233	-36,719	-91,364	-71,730	-169,353	-149,719
Gross earnings	83,098	56,479	150,922	109,207	267,769	226,054
Sales and marketing expenses	-36,388	-32,631	-67,574	-61,935	-128,018	-122,379
Administration expenses	-14,852	-7,861	-26,175	-15,138	-51,535	-40,498
Development expenses	-19,904	-11,038	-37,402	-21,030	-60,329	-43,957
Operating earnings	11,954	4,949	19,771	11,104	27,887	19,220
Net financial items	-3,425	-263	5,069	-777	-6,717	-12,563
Profit before tax	8,529	4,686	24,840	10,327	21,170	6,657
Tax	-2,870	-1,054	-5,153	-2,694	-7,192	-4,733
Net income	5,659	3,632	19,687	7,633	13,978	1,924
Net income for the period attributable to the shareholders of the parent company	5,659	3,632	19,687	7,633	13,978	1,924
Earnings/loss per share, based on net profit attributable to the parent company's shareholders during the period						
Earnings per share, basic (SEK)	0.01	0.01	0.05	0.02	0.04	0.00
Earnings per share, diluted (SEK)	0.01	0.01	0.05	0.02	0.04	0.00
Average number of outstanding shares in thousands, basic	387,158	389,933	387,158	389,933	387,750	389,138
Average number of outstanding shares in thousands, diluted	387,158	389,933	387,158	389,933	387,750	389,138

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands						
Net Income	5,659	3,632	19,687	7,633	13,978	1,924
Other comprehensive income						
<i>Items that may be reclassified subsequently to the income statement</i>						
Translation differences	3,314	-367	1,321	524	1,263	466
Total other comprehensive income, after tax	3,314	-367	1,321	524	1,263	466
Total other comprehensive income for the period	8,973	3,265	21,008	8,157	15,241	2,390
Total comprehensive income for the period attributable to the shareholders of the parent company	8,973	3,265	21,008	8,157	15,241	2,390

CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	Jun 30 2016	Jun 30 2015	Dec 31 2015
ASSETS			
Intangible assets			
Capitalized expenditure for development	219,576	170,387	208,792
Goodwill	60,089	4,354	59,242
Other intangible assets	26,169	1,214	25,590
Tangible assets			
Equipment	3,835	4,084	3,743
Financial fixed assets			
Deferred tax asset	18,868	20,912	23,322
Deposits	437	327	379
Total non-current assets	328,974	201,278	321,068
Current assets			
Inventories	47,259	39,647	56,037
Accounts receivable	124,450	70,386	84,620
Other receivables	18,959	12,242	15,051
Cash and cash equivalents	195,044	307,081	193,616
Total current assets	385,712	429,356	349,324
TOTAL ASSETS	714,686	630,634	670,392
EQUITY AND LIABILITIES			
Equity attributable to parent company's shareholders			
Share capital	15,597	15,597	15,597
Other paid-in capital	1,192,727	1,192,727	1,192,727
Translation difference	1,094	-169	-227
Accumulated deficit	-656,860	-663,112	-676,547
Total shareholders' equity	552,558	545,043	531,550
Non-current liabilities			
Other liabilities	26,708	4,499	23,198
Total non-current liabilities	26,708	4,499	23,198
Current liabilities			
Accounts payable	22,136	21,915	21,410
Other liabilities	113,284	59,177	94,234
Total current liabilities	135,420	81,092	115,644
TOTAL EQUITY AND LIABILITIES	714,686	630,634	670,392

CHANGES IN CONSOLIDATED EQUITY, IN SUMMARY

SEK thousands	Attributable to parent company's shareholders				
	Share capital	Other paid-in capital	Translation differences	Accumulated deficit	Total shareholders' equity
1/1/2015	15,597	1,192,727	-693	-670,745	536,886
Repurchase of own shares	-	-	-	0	0
Total comprehensive income	-	-	524	7,633	8,157
6/30/2015	15,597	1,192,727	-169	-663,112	545,043
7/1/2015	15,597	1,192,727	-169	-663,112	545,043
Repurchase of own shares	-	-	-	-7,726	-7,726
Total comprehensive income	-	-	-58	-5,709	-5,767
12/31/2015	15,597	1,192,727	-227	-676,547	531,550
1/1/2016	15,597	1,192,727	-227	-676,547	531,550
Repurchase of own shares	-	-	-	-	0
Total comprehensive income	-	-	1,321	19,687	21,008
6/30/2016	15,597	1,192,727	1,094	-656,860	552,558

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousands	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jul 2015- Jun 2016	Jan-Dec 2015
Ongoing activities						
Profit/loss before tax	8,529	4,686	24,840	10,327	21,170	6,657
Income tax paid	-600	-16	-600	-79	-600	-79
Depreciation and amortization	15,449	13,493	30,681	27,165	60,290	56,774
Other items not affecting liquidity	8,528	251	-1,209	1,499	3,305	6,013
Cash flow from operating activities before changes in working capital	31,906	18,414	53,712	38,912	84,165	69,365
Changes in working capital						
Increase-/decrease+ in inventories	7,837	739	8,778	4,560	-7,612	-11,830
Increase-/decrease+ in receivables	-28,500	-11,801	-43,738	-3,434	-42,318	-2,014
Increase+/decrease- in liabilities	-3,447	7,638	23,275	-2,359	31,349	5,715
Cash flow from operating activities	7,796	14,990	42,027	37,679	65,584	61,236
Investment activities						
Investment in intangible assets, net	-19,066	-11,769	-40,604	-23,886	-72,196	-55,478
Investment in tangible assets, net	-363	-973	-1,216	-1,439	-1,649	-1,872
Acquisition or group companies, net effect on cash	-	-	-	-	-98,217	-98,217
Investment in financial assets, net	-14	-31	-58	51	-60	49
Cash flow from investment activities	-19,443	-12,773	-41,878	-25,274	-172,122	-155,518
Financing activities						
Option premium	1,150	-	1,150	-	2,010	860
Repurchase of own shares	-	-	-	-	-7,726	-7,726
Cash flow from financing activities	1,150	0	1,150	0	-5,716	-6,866
Net change in cash and cash equivalents	-10,497	2,217	1,299	12,405	-112,254	-101,148
Exchange differences in cash and cash equivalents	691	-13	129	358	217	446
Cash and cash equivalents at the beginning of the period	204,850	304,877	193,616	294,318	307,081	294,318
Cash and cash equivalents at the end of the period	195,044	307,081	195,044	307,081	195,044	193,616

SEGMENT REPORT

SEK millions	Apr-Jun 2016				Apr-Jun 2015				Jan-Jun 2016				Jan-Jun 2015			
	WE	AM	RoW	Total												
Net sales	61	39	33	132	58	23	12	93	108	74	60	242	96	58	27	181
Regional contribution	24	14	9	47	19	5	0	24	43	27	14	84	32	14	1	47
<i>Regional contribution margin</i>	40%	36%	26%	35%	32%	23%	-1%	26%	39%	37%	23%	35%	34%	25%	2%	26%
Adjustment for R&D amortization	7	4	3	14	8	3	2	13	13	8	7	28	14	8	4	26
Adjusted regional contribution	31	18	12	61	27	8	2	37	56	35	20	112	46	23	4	73
<i>Adjusted regional contribution margin</i>	51%	46%	36%	46%	46%	37%	13%	40%	52%	48%	34%	46%	48%	39%	17%	41%

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

The CEO reviews the business from Western Europe (WE), North and South America (Americas, AM) and Rest of World (RoW) geographic perspectives. The segments are new from January 1st, 2016, due to a new global sales organization. Comparable periods have been converted to reflect the new segments.

FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category	Jun 30, 2016			Dec 31, 2015		
	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
SEK thousands						
Assets in Balance Sheet						
Derivative instruments	2	-	-	2	-	543
Accounts receivable and other receivables, excluding interim receivables		136,464	-		91,175	-
Cash and cash equivalents		195,044	-		193,616	-
Total		331,508	0		284,791	543

Group's financial instruments by category	Jun 30, 2016			31 Dec, 2015		
	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
SEK thousands						
Liabilities in Balance Sheet						
Synthetic options	2	-	7,356	2	-	12,626
Derivative instruments	2	-	743	2	-	-
Accounts payable and other liabilities, excluding non-financial liabilities		30,191	-		27,519	-
Total		30,191	8,099		27,519	12,626

Financial instruments in tier 2

The fair value of derivative instruments is measured using exchange rates of currency forwards on the reporting date where the resulting value is discounted to present value.

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	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jul 2015- Jun 2016	Jan-Dec 2015
Net sales	146,810	116,025	268,504	226,516	494,936	452,948
Cost of sales	-58,839	-47,073	-104,855	-91,565	-194,301	-181,011
Gross earnings	87,971	68,952	163,649	134,951	300,635	271,937
Sales and marketing expenses	-26,598	-30,483	-50,592	-57,946	-102,297	-109,651
Administration expenses	-11,694	-7,855	-19,169	-15,125	-35,749	-31,705
Development expenses	-30,933	-22,347	-61,186	-44,456	-106,342	-89,612
Operating earnings	18,746	8,267	32,702	17,424	56,247	40,969
Net financial items	-2,852	-270	5,483	-807	-6,443	-12,733
Earnings before tax	15,894	7,997	38,185	16,617	49,804	28,236
Tax	-4,674	-1,796	-7,666	-4,091	-9,966	-6,391
Net income	11,220	6,201	30,519	12,526	39,838	21,845

PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	Jun 30 2016	Jun 30 2015	Dec 31 2015
ASSETS			
Intangible assets			
Other intangible assets	5,159	1,214	3,493
Tangible fixed assets			
Equipment	3,636	4,084	3,494
Financial assets			
Participations in group companies	248,243	117,427	248,243
Deferred tax asset	-	2,454	154
Deposits	256	197	205
Total non-current assets	257,294	125,376	255,589
Current assets			
Inventories	47,259	39,647	56,037
Accounts receivable	114,239	70,386	77,983
Receivables from group companies	188,968	190,748	162,926
Other receivables	15,096	12,496	12,913
Cash and cash equivalents	164,787	281,912	164,955
Total current assets	530,349	595,189	474,814
Total assets	787,643	720,565	730,403
EQUITY AND LIABILITIES			
Equity			
Restricted equity	128,419	128,419	128,419
Non-restricted equity	526,876	494,764	496,357
Total equity	655,295	623,183	624,776
Non-current liabilities			
Deferred tax liabilities	6,921	-	-
Other liabilities	16,184	4,499	21,032
Total non-current liabilities	23,105	4,499	21,032
Current liabilities			
Accounts payable	19,457	21,656	20,288
Liabilities to group companies	14,182	15,278	0
Other liabilities	75,604	55,949	64,307
Total current liabilities	109,243	92,883	84,595
Total equity and liabilities	787,643	720,565	730,403

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 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.

Net Insight introduced a new global sales organization from January 1, 2016, which divides the CEO review of the business into new geographical regions. Hence, the segment reporting has changed to Western Europe (WE), North and South America (Americas, AM) and Rest of World (RoW). Comparable periods have been converted to reflect the new segments.

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 EQUITY

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. No own shares have been acquired during 2016.

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

A press release on 1 July announced that the company had won a large order from a major leading network operator for a European sporting league. The new contribution network will be able to connect 20 arenas via optical fibre and enable 4K and HD broadcasting to TV viewers and corporate customers. Delivery of the new network will take place in the third quarter, and the network will be implemented in September. The value of the initial phase is estimated to exceed EUR 1 million.

AUDITORS' REVIEW

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

ALTERNATIVE PERFORMANCE MEASURES AND OTHER DEFINITIONS

Western Europe (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.

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 are 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.

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 6.

EBITDA margin EBITDA as a percentage of net sales.

Adjusted financial items See table Consolidated Income Statement, Adjusted on page 7.

Operating expenses Sales and marketing expenses, Administration expenses and Development expenses.

Total development (R&D) expenditure Development expenses and capitalized expenditures for development.

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.

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

Return on capital employed Profit/Loss before tax, excluding interest 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 (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 29 in the 2015 Annual Report.

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.

REPORTING DATES

Interim report January-September 2016	28 October	2016
Year-end report 2016	16 February	2017

CERTIFICATION BY THE BOARD OF DIRECTORS AND CEO

The Board of Directors and the CEO certify that the Interim report for the period January - June 2015 gives a true and fair overview of the Parent Company Net Insight AB and the Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, July 22, 2016

Lars Berg
Chairman

Jan Barchan
Board member

Cecilia Beck-Friis
Board member

Crister Fritzon
Board member

Gunilla Fransson
Board member

Anders Harrysson
Board member

Charlotta Falvin
Board member

Fredrik Tumegård
CEO

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This information is information that Net Insight AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 8.45 am CET on July 22, 2016.

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