

# Interim report Net Insight January – September 2016



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

## Quote from CEO Fredrik Tumegård:

"Continued strong growth confirms that the business strategy remains a positive driver for Net Insight."

## THIRD QUARTER 2016

- Net sales were SEK 128.2 (84.3) million, up 52.1 percent year on year. The increase was 50.8 percent in comparable currencies. Organic growth was 34.2 percent.
- Operating earnings were SEK 18.9 (9.5) million, corresponding to an operating margin of 14.8 (11.3) percent.
- Total cash flow was SEK 12.3 (-8.5) million.

## JANUARY - SEPTEMBER 2016

- Net sales were SEK 370.5 (265.2) million, up by 39.7 percent year on year. The increase was 38.6 percent in comparable currencies. Organic growth was 19.5 percent.
- Operating earnings were SEK 38.7 (20.6) million, corresponding to an operating margin of 10.4 (7.8) percent.
- Total cash flow was SEK 13.6 (3.9) million.

## Q3 SIGNIFICANT EVENTS

➤ SIS orders Syc to deliver video cost efficiently over the internet.

➤ Net Insight won a significant order from a leading service provider for a European sporting league. The new arena contribution network will connect 20 stadiums over optical fiber to enable 4K and HD video broadcasts to TV consumers and business customers.

➤ ScheduALL was fully incorporated into Net Insight's umbrella brand. The ScheduALL brand will continue as the name of the resource scheduling product line.

➤ Net Insight repurchased 1.5 million shares with a total value of SEK 10.3 million, in accordance with a resolution by the AGM.

SEK millions	Jul-Sep 2016	Jul-Sep 2015	Change	Jan-Sep 2016	Jan-Sep 2015	Change	Oct 2015- Sep 2016	Jan-Dec 2015	Change
<b>Net sales by region</b>									
Western Europe	62,9	37,1	69,3%	171,2	133,1	28,7%	231,3	193,1	19,8%
Americas	40,6	29,2	38,9%	114,5	87,5	30,9%	142,1	115,1	23,5%
Rest of World	24,7	17,9	38,1%	84,8	44,7	89,8%	107,7	67,6	59,3%
<b>Total net sales</b>	<b>128,2</b>	<b>84,3</b>	<b>52,1%</b>	<b>370,5</b>	<b>265,2</b>	<b>39,7%</b>	<b>481,1</b>	<b>375,8</b>	<b>28,0%</b>
Operating Earnings	18,9	9,5	99,0%	38,7	20,6	87,7%	37,3	19,2	94,1%
Operating Margin	14,8%	11,3%		10,4%	7,8%		7,8%	5,1%	
Net Income	11,5	6,5	77,8%	31,2	14,1	121,1%	19,0	1,9	888,0%
EBITDA	18,2	11,4	60,4%	30,1	26,2	14,9%	27,2	23,3	16,7%
EBITDA Margin	14,2%	13,5%		8,1%	9,9%		5,7%	6,2%	
Diluted and Basic EPS (SEK)	0,03	0,02	79,8%	0,08	0,04	123,0%	0,05	0,00	896,2%
Total Cash Flow	12,3	-8,5		13,6	3,9	249,9%	-91,4	-101,1	
<b>Adjusted*</b>									
Net Sales	129,5	84,3	53,6%	376,2	265,2	41,8%	490,3	379,4	29,2%
Operating Earnings	20,9	12,2	70,9%	46,5	23,3	99,3%	50,8	27,6	83,8%
Operating Margin	16,1%	14,5%		12,4%	8,8%		10,4%	7,3%	

\*) See table page 7.

# CEO's statement

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SIS selects  
Sye to  
deliver  
content  
over the  
internet  
to global  
betting  
shops

The third quarter 2016 showed continued strength. Sales were SEK 128 (84) million, implying growth of 52 percent year on year. Adjusted for acquisitions, growth was 34 percent. Operating margin was 15 percent in the quarter, also a demonstration of strength. Seasonal cost variations made, to a certain extent, positive contribution to the operation margin. Cash flow was also in the black in the quarter, despite repurchases of shares and continued investments in product development.

The strong growth confirms that we have a stable platform to build on, and that the implementation of our business strategy is driving the company in the right direction. Our network-based Nimbra solution continues to attract new and existing customers, generating organic growth of 34 percent. The acquisition of ScheduALL, which extended our product portfolio and customer base, contributed to Nimbra's positive sales progress.

As a distinct product line, ScheduALL's sales contracted slightly to SEK 15 million compared to the previous quarter, which clearly implies scope for improvement as we move ahead. ScheduALL was fully incorporated into the Net Insight brand in the quarter, and overall the acquisition provides a strategic cornerstone in the company's progress. We're convinced that a shared umbrella brand that incorporates streamlined processes and a uniform corporate culture, are pre-requisites for continued success in the global media and TV market of the future.

Western Europe continued to drive sales growth. In the quarter we won an important order from a European service provider that delivers premium HD and 4K services for a European sporting league. In the previous quarter, the sales increase was derived from factors such as the Olympics in Brazil in the summer, when many customers took the opportunity to upgrade their systems. Our offering in delivery and monitoring of broadcast services meant that we had staff on location in Rio to assure the quality and continuity of provision to TV audiences around the world.

We're also seeing that many media companies around the world are starting to invest in concept development for the TV formats of the future, which will require more advanced technology. We're continuing to invest in true Live OTT, and in the rest of our offering, at an unabated pace. At the same time, we're intensively seeking to strengthen our position globally and to become more customer-focused. During the quarter, we also participated in the highly regarded IBC media trade fair in Amsterdam, which attracted 55,000 visitors over five days to share experiences, network and do business. Sye, our true Live OTT solution, garnered the most interest in our stand. We're currently the only company in the world to offer a synchronized solution that enables simultaneous multiple screen delivery over the internet, without latency. The development and establishment of Sye on the market continues according to plan and a number of parallel road tests are currently underway. Our updated offering from ScheduALL also attracted considerable interest at IBC, which now supports mobile workflows and cloud scheduling.

I feel confident about our firmly established strategy and take a positive view of the future. It's not unusual for it to



take time for new technology to gain a foothold on the market, particularly when it requires solid training initiatives of several key target groups. This means that the sales cycle is currently longer for Live OTT compared to other traditional technology on the market.

In the third quarter, SIS, a leading provider of products and services to the online and betting market, selected Sye as its preferred solution for delivery of content over the internet to betting shops worldwide. The order represents further confirmation that the market values our new technology for distribution over the internet. The new collaboration provides us with a unique opportunity to continue to develop Live OTT alongside an established partner, at the same time as we're able to create more joint business opportunities.

The main evidence that the market values what we do comes from increased sales, growing numbers of stakeholders and a consistently high customer satisfaction index. It's also pleasing to be recognized in different contexts, and Net Insight was nominated for the following awards in the quarter:

- TVB Awards 2016 – Finalist in the Live Production category for supporting SVT in delivering extensive live broadcasts in Europe.
- European Readers' choice awards 2016 – Sye was named finalist in the multiscreen category.

After almost exactly three years as CEO of Net Insight, I feel that we're well positioned on the market. Our end-to-end services, from TV camera to TV studio and beyond right the way to the viewer, has allowed us to remain a world-leader on this highly competitive market.

I would like to take the opportunity to thank all our shareholders for their support and commitment, not only to me but to all of us at Net Insight.

Stockholm, October 2016

Fredrik Tumegård, CEO

## REVENUES

### Third quarter

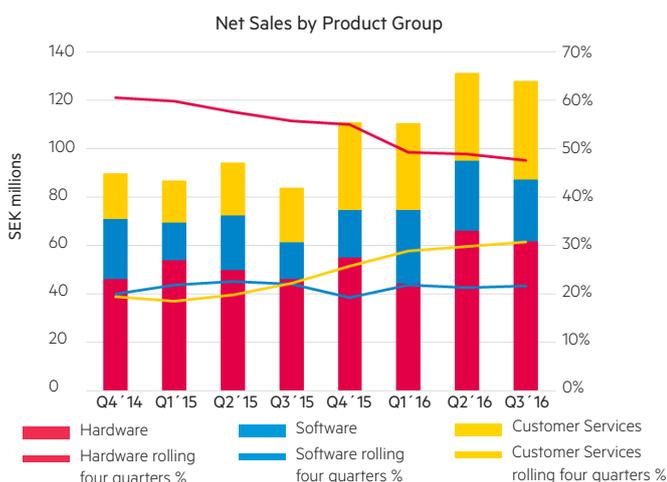
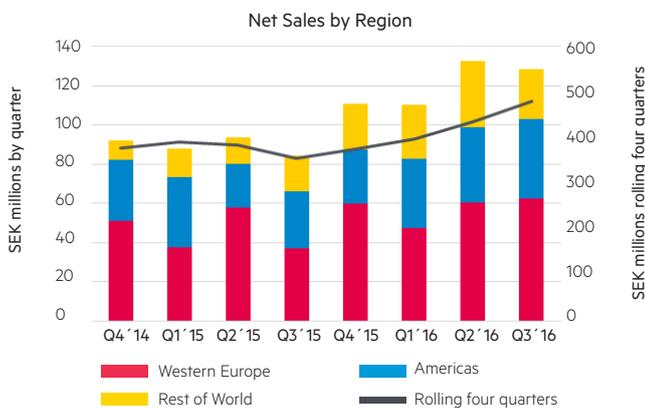
Net sales were SEK 128.2 (84.3) million in the third quarter, up 52.1 percent year on year. In comparable currencies, the increase was 50.8 percent. Organic growth was 34.2 percent.

The strong increase is attributable to all regions, but mainly Western Europe. Like for previous quarters in 2016, the increase represents a combination of a growing installed base, which increases service revenues, new customers, extended orders from existing customers and acquired revenues from ScheduALL. However, third quarter sales growth only benefitted marginally from the Olympics in Brazil. ScheduALL contributed net sales of SEK 15.2 (0) million, compared to SEK 19.3 million in the second quarter 2016.

In Western Europe, net sales were SEK 62.9 (37.1) million, corresponding to an increase of 69.3 percent and organic growth of 59.1 percent. The increase is driven by deliveries to new and existing customers, including a major delivery for a contribution network that will connect 20 stadiums over optical fiber to enable 4K and HD video broadcasts to TV consumers and business customers. The order value was in excess of EUR 1 million, and the customer is a significant operator and a new customer for Net Insight. SIS placed an initial smaller order worth less than SEK 1 million for Sye, Net Insight's solution for live OTT. Deliveries are scheduled to start in the fourth quarter 2016.

Net sales in Americas amounted to SEK 40.6 (29.2) million, corresponding to an increase of 38.9 percent. The increase is mainly due to the acquisition of ScheduALL and a combination of sales to new and existing customers. During the quarter, Net Insight had staff on location in Brazil and the US to support our customers' delivery and monitoring of broadcast services during the Olympics.

Sales in Rest of World amounted to SEK 24.7 (17.9) million, returning strong and mainly organic growth of 38.1 percent.



Sales in the quarter were mainly to existing customers, with the emphasis on markets such as China and India.

Net sales in the Broadcast & Media (BMN) business area were 93 (76) percent, in Digital Terrestrial TV (DTT) 7 (23) percent and in CATV/IPTV 0 (1) percent of total sales. Sales in DTT are mainly project-oriented, implying larger fluctuations between quarters. Business driven by the digitalization of terrestrial TV networks is declining, as most markets have already made this transition. However, business opportunities remain in the form of upgrades of new hardware and software, driven by factors such as new TV formats and services.

Net sales from hardware were SEK 61.8 (46.5) million, and net sales from software licenses were SEK 25.5 (14.8) million. The increase in net sales of hard and software shadows the general increase in net sales. Net sales relating to support and service were SEK 40.2 (22.4) million, with the increase mainly driven by the acquisition of ScheduALL. The above figures exclude other operating earnings of SEK 0.7 (0.5) million, consisting of translation differences on accounts receivable in foreign currencies.

### Nine months

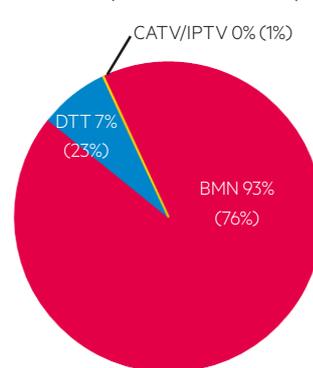
Net sales in the first nine months of the year were SEK 370.5 (265.2) million, up 39.7 percent or 38.6 percent in comparable currencies. Organic growth was 19.5 percent.

Generally, the increase in the nine-month period was positively affected by the extended product offering, including additions such as ScheduALL and the fact that 2016 is a year with major sporting events. The launches of Sye, Nimbra Media Gateway and the new brand in 2015 contributed to increase the attractiveness of Net Insight during the year which also made a positive contribution to net sales.

For the nine-month period, net sales in Western Europe were SEK 171.2 (133.1) million, corresponding to an increase of 28.7 percent. Organic growth was 19.7 percent, mainly driven by the general factors outlined above.

Net sales in North and South America were SEK 114.5 (87.5) million, corresponding to an increase of 30.9 percent. The increase is attributable to the acquisition of ScheduALL.

Net Sales by Business Area Jul-Sep 2016



Key Ratios	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015
Net sales, SEK millions	128,2	84,3	370,5	265,2
Gross margin	63,2%	61,1%	62,6%	60,6%
Operating margin	14,8%	11,3%	10,4%	7,8%
Opex/Net sales	48,5%	49,8%	52,2%	52,8%
EBITDA margin	14,2%	13,5%	8,1%	9,9%
<b>Adjusted*</b>				
Net Sales	129,5	84,3	376,2	265,2
Operating Margin	16,1%	14,5%	12,4%	8,8%

\* See table page 7.

Net sales in Rest of World increased by 89.8 percent to SEK 84.8 (44.7) million. Organic growth was 55.6 percent, mainly derived from the Middle East and southern Africa.

Net sales in the Broadcast & Media (BMN) business area were 89 (81) percent, in DTT 10 (17) percent and in CATV/IPTV 1 (2) percent of total sales.

Net sales from hardware were SEK 172.8 (150.7) million. Net sales from software licenses were SEK 84.2 (52.9) million, and support and service totaled SEK 111.5 (60.6) million. The above figures exclude other operating income of SEK 2.0 (0.9) million, consisting of translation differences on accounts receivable in foreign currencies.

## EARNINGS

### Third quarter

Gross margin in the quarter was 63.2 (61.1) percent. The improved margin is mainly driven by the increase in net sales.

Operating expenses for the third quarter were SEK 62.1 (42.0) million. The increase is related to the acquisition of ScheduALL, and to some extent the investment in Live OTT. As previous years, the third quarter was positively affected by seasonal cost variations. Total development expenditure was SEK 32.9 (19.1) million, with the increase attributable to the acquisition of ScheduALL and the investment in Live OTT.

Operating earnings increased to SEK 18.9 (9.5) million as a result of increased sales volumes which were partly offset by higher operating expenses. The operating margin was 14.8 (11.3) percent and EBITDA margin was 14.2 (13.5) percent.

Net financial items were a negative SEK -3.7 (-0.5) million, mainly caused by an increase in the valuation of synthetic options as a result of a stronger share price in the third quarter. See also the table Material profit and loss items on page 7.

Net income for the period was SEK 11.5 (6.5) million, resulting in a net margin of 9.0 (7.7) percent.



### Nine months

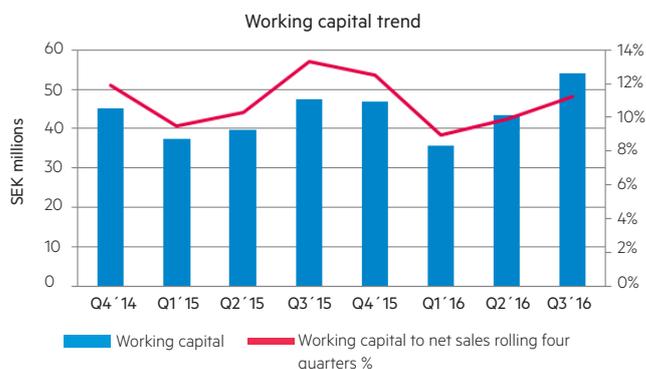
Gross margin for the period January to September was 62.6% (60.6). The increase is mainly driven by higher net sales.

Operating expenses increased by SEK 53.2 million to SEK 193.3 (140.1) million mainly as a result of personnel expenses associated with ScheduALL, and to a lesser extent due to the focus on Live OTT. Total development expenditure increased to SEK 108.8 (63.5) million, also driven by the acquisition of ScheduALL and investments in Live OTT.

Operating earnings were SEK 38.7 (20.6) million, corresponding to an operating margin of 10.4 (7.8) percent. The increase in operating earnings is due to higher sales volumes, which were partly offset by increased operating expenses.

Net financial items were SEK 1.4 (-1.3) million, mainly caused by a revaluation of synthetic options which have decreased in value since the beginning of the year as a result of a lower share price. See also the table Material profit and loss items on page 7.

Net income for the period was SEK 31.2 (14.1) million, corresponding to a net margin of 8.4 (5.3) percent.



## CASH FLOW AND FINANCIAL POSITION

Cash flow for the third quarter was SEK 12.3 (-8.5) million. The positive cash flow is due to operating activities, less investments in intangible fixed assets, mainly capitalized development expenditure, and less repurchases of own shares totaling SEK 10.3 million.

Cash flow for the nine-month period was SEK 13.6 (3.9) million. The positive cash flow was attributable to operating activities, although this was negatively affected by a build-up of accounts receivable resulting from increased sales volumes. Investments in intangible assets, mainly in the form of capitalized development expenditure, and repurchases of own shares, totaling SEK 10.3 million, also had a negative impact on cash flow.

Cash and cash equivalents were SEK 207.3 (298.6) million at the end of the quarter. The year on year reduction is due to the purchase price for ScheduALL, which had a net cash flow effect of SEK 98.2 million.

Remaining tax loss carry-forwards for group companies were SEK 61.4 (88.6) million at the end of the period.

Equity was SEK 555.1 (544.3) million, with an equity/assets ratio of 77.9 (84.9) percent. The equity/assets ratio decreased by SEK -10.3 million in the period as a result of repurchased own shares.

## INVESTMENTS

Third-quarter investments were SEK 16.7 (12.8) million, of which SEK 16.6 (12.3) million related to capitalization of development expenditure. Depreciation and amortization in the period was SEK 15.9 (14.2) million, of which SEK 14.4 (13.7) million related to amortization of capitalized development expenditure.

Investments in the nine-month period were SEK 58.5 (38.1) million, of which SEK 55.1 (35.7) million related to capitalization of development expenditure. Depreciation and amortization in the nine-month period was SEK 46.5 (41.3) million, of which SEK 42.5 (39.8) million related to amortization of capitalized development expenditure.

At the end of the period, the net value of capitalized development expenditure was SEK 221.5 MSEK (169.0). Capitalized development expenditure 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 207 (138) employees, the increase is attributable to the acquisition of ScheduALL.

At the end of the quarter, the parent company, Net Insight AB (publ), had 129 (123) employees.

## PARENT COMPANY

Parent company net sales were SEK 139.0 (103.8) million in the third quarter, and net earnings for the period were SEK 15.1 (11.1) million.

For the nine-month period, net sales were SEK 407.5 (330.3) million, and net income for the period was SEK 45.6 (23.6) 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	Jul-Sep 2016	Jul-Sep 2015	Oct-Dec 2015	Jan-Sep 2016	Jan-Sep 2015	Oct 2015- Sep 2016	Jan-Dec 2015
<b>Net sales by region</b>									
Western Europe	47,8	60,5	62,9	37,1	60,0	171,2	133,1	231,3	193,1
Americas	35,2	38,7	40,6	29,2	27,6	114,5	87,5	142,1	115,1
Rest of World	26,9	33,2	24,7	17,9	23,0	84,8	44,7	107,7	67,6
<b>Net sales</b>	<b>110,0</b>	<b>132,3</b>	<b>128,2</b>	<b>84,3</b>	<b>110,6</b>	<b>370,5</b>	<b>265,2</b>	<b>481,1</b>	<b>375,8</b>
<i>Net sales YoY, change in %</i>	25,3%	42,0%	52,1%	-24,9%	20,4%	39,7%	-7,7%	34,7%	-0,9%
<b>Organic growth</b>									
Net sales	110,0	132,3	128,2	84,3	110,6	370,5	265,2	481,1	375,8
Net sales from business combinations	-19,1	-19,3	-15,2	-	-14,5	-53,5	-	-68,1	-14,5
<b>Net sales, excluding business combinations</b>	<b>90,8</b>	<b>113,1</b>	<b>113,1</b>	<b>84,3</b>	<b>96,0</b>	<b>317,0</b>	<b>265,2</b>	<b>413,0</b>	<b>361,2</b>
<i>Organic growth YoY, change in %</i>	3,5%	21,3%	34,2%	-24,9%	4,6%	19,5%	-7,7%	15,7%	-4,7%
<b>Income statement</b>									
Gross earnings	67,8	83,1	81,0	51,5	65,4	232,0	160,7	297,3	226,1
<i>Gross margin</i>	61,7%	62,8%	63,2%	61,1%	59,1%	62,6%	60,6%	61,8%	60,2%
Operating expenses	60,0	71,1	62,1	42,0	66,8	193,3	140,1	260,0	206,8
<i>Opex/Net sales</i>	54,6%	53,8%	48,5%	49,8%	60,4%	52,2%	52,8%	54,1%	55,0%
Operating earnings	7,8	12,0	18,9	9,5	-1,4	38,7	20,6	37,3	19,2
<i>Operating margin</i>	7,1%	9,0%	14,8%	11,3%	-1,3%	10,4%	7,8%	7,8%	5,1%
Operating earnings, adjusted	11,2	14,4	20,9	12,2	4,3	46,5	23,3	50,8	27,6
<i>Operating margin, adjusted</i>	9,9%	10,8%	16,1%	14,5%	3,8%	12,4%	8,8%	10,4%	7,3%
Profit/loss after financial items	16,3	8,5	15,3	9,0	-12,7	40,1	19,3	27,4	6,7
Net Income	14,0	5,7	11,5	6,5	-12,2	31,2	14,1	19,0	1,9
<i>Net margin</i>	12,8%	4,3%	9,0%	7,7%	-11,0%	8,4%	5,3%	4,0%	0,5%
<b>EBITDA</b>									
Operating earnings	7,8	12,0	18,9	9,5	-1,4	38,7	20,6	37,3	19,2
Amortization of capitalized R&D expenditure	14,0	14,1	14,4	13,7	14,2	42,5	39,8	56,7	54,0
Other depreciation & amortization	1,3	1,3	1,4	0,5	1,3	4,0	1,6	5,3	2,8
Capitalization of R&D expenditure	-20,0	-18,5	-16,6	-12,3	-16,9	-55,1	-35,7	-72,1	-52,7
<b>EBITDA</b>	<b>3,0</b>	<b>8,9</b>	<b>18,2</b>	<b>11,4</b>	<b>-2,9</b>	<b>30,1</b>	<b>26,2</b>	<b>27,2</b>	<b>23,3</b>
<i>EBITDA margin</i>	2,7%	6,7%	14,2%	13,5%	-2,6%	8,1%	9,9%	5,7%	6,2%
<b>Balance sheet</b>									
Working capital	35,7	43,3	54,2	47,5	46,9	44,9	42,4	46,7	41,9
<i>Working capital/Net sales</i>	32,4%	32,7%	42,2%	56,3%	42,4%	12,1%	16,0%	9,7%	11,2%
<i>Return on capital employed</i>	1,4%	2,1%	3,4%	1,8%	-0,2%	6,9%	3,7%	6,7%	3,5%
<i>Equity/asset ratio</i>	77,8%	77,3%	77,9%	84,9%	79,3%	77,9%	84,9%	77,9%	79,3%
<i>Return on equity</i>	2,6%	1,0%	2,1%	1,2%	-2,3%	5,7%	2,6%	3,5%	0,4%
Cash and cash equivalents	204,9	195,0	207,3	298,6	193,6	207,3	298,6	207,3	193,6
Total cash flow	11,8	-10,5	12,3	-8,5	-105,0	13,6	3,9	-91,4	-101,1
<b>The share</b>									
Dividend per share, SEK	-	-	-	-	-	-	-	-	-
Earnings per share diluted and basic, SEK	0,04	0,01	0,03	0,02	-0,03	0,08	0,04	0,05	0,00
Cash flow per share, SEK	0,03	-0,03	0,03	-0,02	-0,27	0,04	0,01	0,02	-0,26
Equity per share basic and diluted, SEK	1,40	1,43	1,44	1,41	1,37	1,44	1,40	1,44	1,37
Average number of outstanding shares in thousands, basic and diluted	387 158	387 158	385 022	389 484	387 200	386 446	389 783	386 634	389 138
Share price at end of period, SEK	4,74	6,00	7,05	2,68	8,30	7,05	2,68	7,05	8,30
<b>Employees</b>									
No. of employees at the end of the period	204	202	207	138	205	207	138	207	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	Not	Jan-Mar 2016	Apr-Jun 2016	Jul-Sep 2016	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	Jan-Sep 2016	Jan-Sep 2015	Oct 2015- Sep 2016	Jan-Dec 2015
<b>Accounting effects due to the acquisition of ScheduALL in October 2015</b>											
Deferred revenue	(a)	-2,6	-1,8	-1,2	0,0	0,0	-3,6	-5,7	0,0	-9,3	-3,6
Amortization on intangible assets	(b)	-0,7	-0,7	-0,7	0,0	0,0	-0,7	-2,1	0,0	-2,8	-0,7
Acquisition related costs	(c)	-	-	-	-	-2,7	-1,4	-	-2,7	-1,4	-4,1
		<b>-3,3</b>	<b>-2,5</b>	<b>-1,9</b>	<b>0,0</b>	<b>-2,7</b>	<b>-5,7</b>	<b>-7,8</b>	<b>-2,7</b>	<b>-13,5</b>	<b>-8,4</b>
<b>Effects of the Net Insight share price development during the period</b>											
Share-based benefits	(d)	2,0	-0,9	-0,8	0,4	0,0	-3,2	0,4	0,4	-2,8	-2,8
Synthetic options, change in value	(e)	9,0	-2,7	-3,2	0,3	0,0	-12,0	3,1	0,3	-8,9	-11,8
		<b>11,0</b>	<b>-3,6</b>	<b>-3,9</b>	<b>0,6</b>	<b>0,0</b>	<b>-15,2</b>	<b>3,5</b>	<b>0,6</b>	<b>-11,7</b>	<b>-14,6</b>
<b>Other</b>											
Restructuring	(f)	-3,4	-	-	-	-	-	-3,4	0,0	-3,4	-
		<b>-3,4</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>-3,4</b>	<b>0,0</b>	<b>-3,4</b>	<b>0,0</b>

All items in the table above effects operating earnings, except for (e) that effects net financial items.

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

(b) Amortizations related to the intangible assets - trademark and customer relations - that Net Insight recognized under IFRS as a result of business combination accounting rules, but that ScheduALL would not have recognized if they had remained a stand-alone entity. These amortizations will continue to 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 of 2015 and 2016, after decision at the AGM, the group and parent company introduced synthetic option programs. The synthetic options are revaluated on a current basis to fair value by applying an options valuation model. The changes in value during the term of the options are recognized as a financial item. To hedge future cash flow effects of the company's commitments in the synthetic option programs, if the share price would exceed the strike price, the parent company has repurchased its own shares. The repurchased of own shares is deducted from equity, retained earnings, and are not revaluated to fair value on a current basis.

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 nine 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	Note	Jul-Sep 2016 IFRS	Jul-Sep 2016 Adjustment	Jul-Sep 2016 Non-IFRS	Jan-Sep 2016 IFRS	Jan-Sep 2016 Adjustment	Jan-Sep 2016 Non-IFRS
Net sales	(a)	128,2	1,2	129,5	370,5	5,7	376,2
Cost of sales		-47,2		-47,2	-138,5		-138,5
<b>Gross earnings</b>		<b>81,0</b>	<b>1,2</b>	<b>82,3</b>	<b>232,0</b>	<b>5,7</b>	<b>237,6</b>
<i>Gross margin</i>		63,2%		63,6%	62,6%		63,2%
Sales and marketing expenses	(b)	-32,5	0,7	-31,8	-100,0	2,1	-97,9
Administration expenses	(c)	-13,3		-13,3	-39,5		-39,5
Development expenses		-16,3		-16,3	-53,7		-53,7
<b>Operating earnings</b>		<b>18,9</b>	<b>1,9</b>	<b>20,9</b>	<b>38,7</b>	<b>7,8</b>	<b>46,5</b>
<i>Operating margin</i>		14,8%		16,1%	10,4%		12,4%
Net financial items	(e)	-3,7	3,2	-0,5	1,4	-3,1	-1,7
<b>Profit before tax</b>		<b>15,3</b>	<b>5,1</b>	<b>20,3</b>	<b>40,1</b>	<b>4,7</b>	<b>44,7</b>

## CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK thousands	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct 2015- Sep 2016	Jan-Dec 2015
Sales	128 219	84 284	370 505	265 221	481 057	375 773
Cost of sales	-47 173	-32 802	-138 537	-104 532	-183 724	-149 719
<b>Gross earnings</b>	<b>81 046</b>	<b>51 482</b>	<b>231 968</b>	<b>160 689</b>	<b>297 333</b>	<b>226 054</b>
Sales and marketing expenses	-32 465	-26 152	-100 039	-88 087	-134 331	-122 379
Administration expenses	-13 336	-9 053	-39 511	-24 191	-55 818	-40 498
Development expenses	-16 323	-6 770	-53 725	-27 800	-69 882	-43 957
<b>Operating earnings</b>	<b>18 922</b>	<b>9 507</b>	<b>38 693</b>	<b>20 611</b>	<b>37 302</b>	<b>19 220</b>
Net financial items	-3 670	-504	1 399	-1 281	-9 883	-12 563
<b>Profit before tax</b>	<b>15 252</b>	<b>9 003</b>	<b>40 092</b>	<b>19 330</b>	<b>27 419</b>	<b>6 657</b>
Tax	-3 748	-2 531	-8 901	-5 225	-8 409	-4 733
<b>Net income</b>	<b>11 504</b>	<b>6 472</b>	<b>31 191</b>	<b>14 105</b>	<b>19 010</b>	<b>1 924</b>
<b>Net income for the period attributable to the shareholders of the parent company</b>	<b>11 504</b>	<b>6 472</b>	<b>31 191</b>	<b>14 105</b>	<b>19 010</b>	<b>1 924</b>
<b>Earnings/loss per share, based on net profit attributable to the parent company's shareholders during the period</b>						
Earnings per share, basic (SEK)	0,03	0,02	0,08	0,04	0,05	0,00
Earnings per share, diluted (SEK)	0,03	0,02	0,08	0,04	0,05	0,00
Average number of outstanding shares in thousands, basic	385 022	389 484	386 446	389 783	386 634	389 138
Average number of outstanding shares in thousands, diluted	385 022	389 484	386 446	389 783	386 634	389 138

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct 2015- Sep 2016	Jan-Dec 2015
<b>Net Income</b>	<b>11 504</b>	<b>6 472</b>	<b>31 191</b>	<b>14 105</b>	<b>19 010</b>	<b>1 924</b>
<b>Other comprehensive income</b>						
<i>Items that may be reclassified subsequently to the income statement</i>						
Translation differences	1 312	248	2 633	772	2 327	466
<b>Total other comprehensive income, after tax</b>	<b>1 312</b>	<b>248</b>	<b>2 633</b>	<b>772</b>	<b>2 327</b>	<b>466</b>
Total other comprehensive income for the period	12 816	6 720	33 824	14 877	21 337	2 390
<b>Total comprehensive income for the period attributable to the shareholders of the parent company</b>	<b>12 816</b>	<b>6 720</b>	<b>33 824</b>	<b>14 877</b>	<b>21 337</b>	<b>2 390</b>

## CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	Sep 30 2016	Sep 30 2015	Dec 31 2015
<b>ASSETS</b>			
<b>Intangible assets</b>			
Capitalized expenditure for development	221 527	168 984	208 792
Goodwill	60 992	4 354	59 242
Other intangible assets	25 557	1 578	25 590
<b>Tangible assets</b>			
Equipment	3 524	3 742	3 743
<b>Financial fixed assets</b>			
Deferred tax asset	15 282	18 381	23 322
Deposits	307	337	379
<b>Total non-current assets</b>	<b>327 189</b>	<b>197 376</b>	<b>321 068</b>
<b>Current assets</b>			
Inventories	44 320	53 128	56 037
Accounts receivable	108 442	76 551	84 620
Other receivables	24 923	15 731	15 051
Cash and cash equivalents	207 327	298 586	193 616
<b>Total current assets</b>	<b>385 012</b>	<b>443 996</b>	<b>349 324</b>
<b>TOTAL ASSETS</b>	<b>712 201</b>	<b>641 372</b>	<b>670 392</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to parent company's shareholders</b>			
Share capital	15 597	15 597	15 597
Other paid-in capital	1 192 727	1 192 727	1 192 727
Translation difference	2 406	78	-227
Accumulated deficit	-655 663	-664 133	-676 547
<b>Total shareholders' equity</b>	<b>555 067</b>	<b>544 269</b>	<b>531 550</b>
<b>Non-current liabilities</b>			
Other liabilities	32 513	5 425	23 198
<b>Total non-current liabilities</b>	<b>32 513</b>	<b>5 425</b>	<b>23 198</b>
<b>Current liabilities</b>			
Accounts payable	16 869	33 040	21 410
Other liabilities	107 752	58 638	94 234
<b>Total current liabilities</b>	<b>124 621</b>	<b>91 678</b>	<b>115 644</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>712 201</b>	<b>641 372</b>	<b>670 392</b>

## 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
<b>2015-01-01</b>	15 597	1 192 727	-693	-670 745	536 886
Repurchase of own shares	-	-	-	-7 493	-7 493
Total comprehensive income	-	-	771	14 105	14 876
<b>2015-09-30</b>	<b>15 597</b>	<b>1 192 727</b>	<b>78</b>	<b>-664 133</b>	<b>544 269</b>
<b>2015-10-01</b>	15 597	1 192 727	78	-664 133	544 269
Repurchase of own shares	-	-	-	-233	-233
Total comprehensive income	-	-	-305	-12 181	-12 486
<b>2015-12-31</b>	<b>15 597</b>	<b>1 192 727</b>	<b>-227</b>	<b>-676 547</b>	<b>531 550</b>
<b>2016-01-01</b>	15 597	1 192 727	-227	-676 547	531 550
Repurchase of own shares	-	-	-	-10 307	-10 307
Total comprehensive income	-	-	2 633	31 191	33 824
<b>2016-09-30</b>	<b>15 597</b>	<b>1 192 727</b>	<b>2 406</b>	<b>-655 663</b>	<b>555 067</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousands	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct 2015- Sep 2016	Jan-Dec 2015
<b>Ongoing activities</b>						
Profit/loss before tax	15 252	9 003	40 092	19 330	27 419	6 657
Income tax paid	-99	0	-699	-79	-699	-79
Depreciation and amortization	15 854	14 162	46 535	41 327	61 982	56 774
Other items not affecting liquidity	9 416	-920	8 207	579	13 641	6 013
<b>Cash flow from operating activities before changes in working capital</b>	<b>40 423</b>	<b>22 245</b>	<b>94 135</b>	<b>61 157</b>	<b>102 343</b>	<b>69 365</b>
<b>Changes in working capital</b>						
Increase-/decrease+ in inventories	-1 512	-13 481	7 266	-8 921	4 357	-11 830
Increase-/decrease+ in receivables	9 357	-9 655	-34 381	-13 089	-23 306	-2 014
Increase+/-decrease- in liabilities	-9 058	11 799	14 217	9 440	10 492	5 715
<b>Cash flow from operating activities</b>	<b>39 210</b>	<b>10 908</b>	<b>81 237</b>	<b>48 587</b>	<b>93 886</b>	<b>61 236</b>
<b>Investment activities</b>						
Investment in intangible assets, net	-16 604	-12 679	-57 208	-36 565	-76 121	-55 478
Investment in tangible assets, net	-120	-102	-1 336	-1 541	-1 667	-1 872
Acquisition or group companies, net effect on cash	-	-	-	-	-98 217	-98 217
Investment in financial assets, net	130	-10	72	41	80	49
<b>Cash flow from investment activities</b>	<b>-16 594</b>	<b>-12 791</b>	<b>-58 472</b>	<b>-38 065</b>	<b>-175 925</b>	<b>-155 518</b>
<b>Financing activities</b>						
Option premium	-	860	1 150	860	1 150	860
Repurchase of own shares	-10 307	-7 493	-10 307	-7 493	-10 540	-7 726
<b>Cash flow from financing activities</b>	<b>-10 307</b>	<b>-6 633</b>	<b>-9 157</b>	<b>-6 633</b>	<b>-9 390</b>	<b>-6 866</b>
<b>Net change in cash and cash equivalents</b>	<b>12 309</b>	<b>-8 516</b>	<b>13 608</b>	<b>3 889</b>	<b>-91 429</b>	<b>-101 148</b>
Exchange differences in cash and cash equivalents	-26	20	103	378	171	446
Cash and cash equivalents at the beginning of the period	195 044	307 081	193 616	294 318	298 585	294 318
<b>Cash and cash equivalents at the end of the period</b>	<b>207 327</b>	<b>298 585</b>	<b>207 327</b>	<b>298 585</b>	<b>207 327</b>	<b>193 616</b>

## SEGMENT REPORT

SEK millions	Jul-Sep 2016				Jul-Sep 2015				Jan-Sep 2016				Jan-Sep 2015			
	WE	AM	RoW	Total												
Net sales	63	41	25	<b>128</b>	37	29	18	<b>84</b>	171	115	85	<b>371</b>	133	88	45	<b>265</b>
Regional contribution	27	15	7	<b>49</b>	14	8	3	<b>25</b>	69	43	20	<b>132</b>	46	23	4	<b>73</b>
<i>Regional contribution margin</i>	42%	38%	27%	<b>38%</b>	37%	29%	17%	<b>30%</b>	40%	37%	24%	<b>36%</b>	35%	26%	8%	<b>27%</b>
Adjustment for R&D amortization	7	4	3	<b>14</b>	6	5	3	<b>14</b>	21	12	10	<b>42</b>	20	13	7	<b>40</b>
Adjusted regional contribution	34	20	9	<b>63</b>	20	13	6	<b>39</b>	90	55	30	<b>174</b>	66	36	10	<b>112</b>
<i>Adjusted regional contribution margin</i>	54%	48%	38%	<b>49%</b>	55%	45%	33%	<b>47%</b>	52%	48%	35%	<b>47%</b>	50%	41%	23%	<b>42%</b>

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 SEK thousands	Sep 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
<b>Assets in Balance Sheet</b>						
Derivative instruments	2	-	0	2	-	543
Accounts receivable and other receivables, excluding interim receivables		126 117	-		91 175	-
Cash and cash equivalents		207 327	-		193 616	-
<b>Total</b>		<b>333 444</b>	<b>0</b>		<b>284 791</b>	<b>543</b>

Group's financial instruments by category SEK thousands	Sep 30 2016			Dec 31 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
<b>Liabilities in Balance Sheet</b>						
Synthetic options	2	-	10 429	2	-	12 626
Derivative instruments	2	-	663	2	-	-
Accounts payable and other liabilities, excluding non-financial liabilities		28 081	-		27 519	-
<b>Total</b>		<b>28 081</b>	<b>11 092</b>		<b>27 519</b>	<b>12 626</b>

### 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 synthe-

tic options represents the total assessed value of a number of outstanding options, which has been measured on the basis of accepted market principles and are based on Net Insight's share price.

## PARENT COMPANY INCOME STATEMENT, IN SUMMARY

SEK thousands	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct 2015- Sep 2016	Jan-Dec 2015
Net sales	139 044	103 786	407 548	330 302	530 194	452 948
Cost of sales	-55 615	-39 332	-160 470	-130 897	-210 584	-181 011
<b>Gross earnings</b>	<b>83 429</b>	<b>64 454</b>	<b>247 078</b>	<b>199 405</b>	<b>319 610</b>	<b>271 937</b>
Sales and marketing expenses	-24 649	-24 358	-75 241	-82 304	-102 588	-109 651
Administration expenses	-9 862	-6 364	-29 031	-21 489	-39 247	-31 705
Development expenses	-25 342	-19 077	-86 528	-63 533	-112 607	-89 612
<b>Operating earnings</b>	<b>23 576</b>	<b>14 655</b>	<b>56 278</b>	<b>32 079</b>	<b>65 168</b>	<b>40 969</b>
Net financial items	-3 363	-505	2 120	-1 312	-9 301	-12 733
<b>Earnings before tax</b>	<b>20 213</b>	<b>14 150</b>	<b>58 398</b>	<b>30 767</b>	<b>55 867</b>	<b>28 236</b>
Tax	-5 128	-3 083	-12 794	-7 174	-12 011	-6 391
<b>Net income</b>	<b>15 085</b>	<b>11 067</b>	<b>45 604</b>	<b>23 593</b>	<b>43 856</b>	<b>21 845</b>

## PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	Sep 30 2016	Sep 30 2015	Dec 31 2015
<b>ASSETS</b>			
<b>Intangible assets</b>			
Other intangible assets	5 031	1 578	3 493
<b>Tangible fixed assets</b>			
Equipment	3 339	3 742	3 494
<b>Financial assets</b>			
Participations in group companies	248 243	117 427	248 243
Deferred tax asset	-	-	154
Deposits	164	210	205
<b>Total non-current assets</b>	<b>256 777</b>	<b>122 957</b>	<b>255 589</b>
<b>Current assets</b>			
Inventories	44 320	53 128	56 037
Accounts receivable	98 309	76 551	77 983
Receivables from group companies	174 601	189 726	162 926
Other receivables	21 551	18 136	12 913
Cash and cash equivalents	187 305	275 925	164 955
<b>Total current assets</b>	<b>526 086</b>	<b>613 466</b>	<b>474 814</b>
<b>Total assets</b>	<b>782 863</b>	<b>736 423</b>	<b>730 403</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	128 419	128 419	128 419
Non-restricted equity	531 654	498 338	496 357
<b>Total equity</b>	<b>660 073</b>	<b>626 757</b>	<b>624 776</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	12 049	629	-
Other liabilities	24 291	5 425	21 032
<b>Total non-current liabilities</b>	<b>36 340</b>	<b>6 054</b>	<b>21 032</b>
<b>Current liabilities</b>			
Accounts payable	14 659	32 805	20 288
Liabilities to group companies	0	15 278	0
Other liabilities	71 791	55 529	64 307
<b>Total current liabilities</b>	<b>86 450</b>	<b>103 612</b>	<b>84 595</b>
<b>Total equity and liabilities</b>	<b>782 863</b>	<b>736 423</b>	<b>730 403</b>

## ACCOUNTING POLICIES

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations of the Swedish Annual Accounts Act. The Interim Report of the parent company complies with chapter 9 of the Swedish Annual Accounts Act, Interim Financial Reporting, and RFR 2 Accounting for Legal Entities.

Disclosures in accordance with IAS 34.16A 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

During the period July 28 – September 19, the parent company acquired 1,500,000 of its own class B shares through purchases on Nasdaq Stockholm. The total amount paid to acquire the shares, net of income tax, was SEK 10.3 million. This corresponds to the total number of shares that the parent company has repurchased during 2016.

At the end of the reporting period, the parent company had a total of 4,275,000 of its own class B shares, at an average cost of SEK 4.22 per share and with a par value of SEK 0.04 per share. The shares are held as own shares. The parent company has the right to reissue these shares at a later date.

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

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

## 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. Reconciliations, see table Financial information on page 6.

**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 tabel 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.

Changes in working capital in the cash flow statement also includes adjustments for items not affecting liquidity and changes in non-current operating assets and liabilities.

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

**Return on capital employed** 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.

## NOMINATION COMMITTEE AND ANNUAL GENERAL MEETING

Net Insight's nomination committee for the 2017 Annual General Meeting 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 March 15, 2017, to the Chairman of the Nomination Committee Lars Bergkvist, [lars.bergkvist@lannebofonder.se](mailto:lars.bergkvist@lannebofonder.se).

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

Shareholders who wish 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 March 21, 2017 by email: [agm@netinsight.net](mailto:agm@netinsight.net) or by post:

Net Insight AB (publ)  
Box 42093  
126 14 Stockholm

Mark the envelope or email with "Proposals to AGM 2017".

## 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

Year-end report 2017	February 16	2017
Interim report January - March 2017	May 2	2017
Annual General Meeting 2017	May 9	2017
Interim report January - June 2017	July 21	2017
Interim report January - September 2017	October 27	2017

Stockholm, October 28 2016

Fredrik Tumegård  
CEO

### For more information, please contact:

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## Report of Review of Interim Financial Information

### Introduction

We have reviewed the condensed interim financial information (interim report) of Net Insight AB as of 30 September 2016 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 28 2016

PricewaterhouseCoopers

**Mikael Winkvist**

Authorized Public Accountant

**Net Insight AB (publ)**

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