

Net Insight Interim Report January – June 2018

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



netinsight

April – June 2018

- Net sales amounted to SEK 119.6 (95.7)* million, an increase of 25.0% compared to the corresponding quarter in the previous year. The increase in comparable currencies was 21.5%.
- Operating earnings amounted to SEK -12.9 (-21.6)* million, corresponding to an operating margin of -10.8% (-22.6). Operating earnings were charged with SEK -7 million in non-recurring costs.
- Net income was SEK -9.4 (-13.1)* million for the period. Net financial items were positively affected by SEK 0.6 (2.3) million for the revaluation of synthetic options.
- Earnings per share, basic and diluted, was SEK -0.02 (-0.03).
- Total cash flow was SEK -15.1 (-28.5) million.

January – June 2018

- Net sales amounted to SEK 230.0 (206.1) million*, an increase of 11.6%. The increase in comparable currencies was 11.2 %.
- Operating earnings amounted to SEK -10.5 (-14.9)* million, corresponding to an operating margin of -4.5% (-7.2%).
- Net income was SEK -6.4 (-2.0) million*. Net financial items were positively affected by SEK 1.7 (8.4) million for revaluation of synthetic options.
- Earnings per share, basic and diluted, was SEK -0.02 (-0.01).
- Total cash flow was SEK -28.6 (-13.2) million.

Strong sales growth in eventful quarter

Henrik Sund, interim CEO, Net Insight

Significant events:

- First order for Nimbra 1060
- Large Nimbra orders for live sports
- Launch of Sye Streaming Service

FINANCIAL HIGHLIGHTS

SEK millions	Apr–Jun 2018	Apr–Jun 2017*	Change	Jan–Jun 2018	Jan–Jun 2017*	Change	Jul 2017–Jun 2018	Jan–Dec 2017*	Change
Net sales by segment									
Western Europe	53.8	39.9	35.0%	102.0	87.9	16.1%	208.5	194.4	7.3%
Americas	31.6	27.9	13.3%	68.5	61.7	11.0%	140.6	133.8	5.1%
Rest of World	34.1	27.9	22.3%	59.5	56.5	5.3%	101.8	98.8	3.1%
Net sales	119.6	95.7	25.0%	230.0	206.1	11.6%	450.9	427.0	5.6%
Operating earnings	-12.9	-21.6	-40.3%	-10.5	-14.9	-29.6%	-3.1	-7.5	-58.3%
Operating margin	-10.8%	-22.6%		-4.5%	-7.2%		-0.7%	-1.8%	
Net income	-9.4	-13.1	-28.7%	-6.4	-2.0	224.9%	-0.9	3.5	
EBITDA	-16.1	-15.9	1.4%	-17.1	-19.8	-13.4%	-21.0	-23.7	-11.2%
EBITDA margin	-13.5%	-16.6%		-7.5%	-9.6%		-4.7%	-5.5%	
Total cash flow	-15.1	-28.5	-46.9%	-28.6	-13.2	116.5%	-52.2	-36.8	41.8%

*) Recalculated comparable periods, see page 11-12.

CEO's statement

Strong sales growth in eventful quarter

Sales grew by a solid 25 percent in the second quarter compared to a weak comparative period in 2017. We're now starting to see the results of the initiatives we've implemented over the past year, which is positive. By entering the value chain at an earlier stage, we're addressing more operators and generating a broader and deeper business dialogue.

” First order for Nimbra 1060

The annual NAB trade fair in Las Vegas always makes the second quarter an eventful period for Net Insight. The fair is an important networking event for us and for the sector as a whole. As previously announced, we launched Nimbra 1060 at the fair, the next generation platform for media transport. The product received a very positive reception by customers, partners and industry experts, and it was awarded “Best of Show by TV Technology.”

Nimbra 1060 is generating considerable market interest, and we won our first order for a European sporting league in the quarter. Sales growth in the quarter was mainly derived from more new Nimbra deals for major live sporting events. For example, we won an order for a new IP based media network for a multi-sports event in South East Asia, and for a national media network in Europe for video assistant referee network, so called VAR. We're extremely competitive when it comes to deals with a high degree of complexity and superior demands on quality, and win a significant proportion of the bids we're involved in. In order to increase the number of smaller deals we're involved in, we need to develop a more attractive offering and new revenue models that will make the Nimbra portfolio more accessible. One example is two rental deals during the period, where the customer rents our solution, i.e. without requiring any major capital investments.

In the quarter, we also launched Sye Streaming Service, which means that customers use Sye as a service in a cloud-based solution without the need for proprietary technical infrastructure. The service is mainly aimed at smaller customers and makes it easier to get started with broadcasting live events such as sporting events, news, games and auctions. We already have some customers in Sweden and the US. We've partnered with CDNNetworks, a world-leading provider of live streaming, whereby Sye streaming solutions will be delivered to customers globally. These partnerships and collaborations are important to strengthening our OTT position and reach larger customers and a broader market, thus generating revenues.

Sales in the second quarter totaled SEK 120 million. Operating earnings for the quarter improved by SEK 9 million year-on-year, amounting to SEK -13 million. Earnings were charged with non-recurring costs of SEK -7 million. Our continued initiatives relating to Sye affected operating earnings by SEK -13 million. Underlying operating earnings for core products was SEK 4 million.



The global media sector continues to change rapidly. One example of the high level of activity is a trend towards relatively new media operators adding exclusive live content to their offering, such as Amazon, which has acquired exclusive rights to broadcast select Premier League matches in the UK. Our assessment is that the global media technology market will continue to change. With our customer base and strong product portfolio, we'll remain very competitive in both IP and traditional broadcasting technology.

Net Insight is also experiencing a high level of activity as we're moving in to new state-of-the-art offices in Stockholm and the US during the summer. The change will make us more efficient and provide a more accurate representation of our brand.

While we've presented a strong quarter revenue wise, improvements still need to be made and challenges remain. Net Insight has a high level of competency and highly skilled employees, a strong customer base and a competitive product portfolio, which makes us well equipped in a world that continues to change.

Stockholm July 20, 2018
Henrik Sund, interim CEO

REVENUES

April – June

Net sales in the second quarter of 2018 were SEK 119.6 (95.7) million, up 25.0% on the corresponding quarter in the previous year. With regard to the comparative figures, it's important to bear in mind that the second quarter 2017 was relatively weak. In comparable currencies, the increase was 21.5% as a result of a weaker SEK against the USD and EUR.

In Western Europe net sales were SEK 53.8 (39.9) million, up 35.0% year-on-year. The increase was mainly attributable to increased activity from existing customers.

Net sales in Americas were SEK 31.6 (27.9) million, up 13.3%. Here too, the increase was mainly attributable to increased activity by existing customers.

Net sales in Rest of World were SEK 34.1 (27.9) million, up 23.3%. Here, it's worth drawing attention to the previously announced Nimbra deals for a multi-sports event in Asia and VAR (video assistant referee network).

Net sales from hardware were SEK 41.7 (32.7) million, and net sales from software licenses totaled SEK 34.8 (21.8) million. The increase in hardware sales is mainly due to Western Europe and Rest of World. Net sales of support and services amounted to SEK 43.0 (41.2) million.

January – June

Net sales in the first six months of the year were SEK 230.0 (206.1) million, corresponding to an increase of 11.6%. In comparable currencies, net sales increased by 11.2%.

In Western Europe net sales were SEK 102.0 (87.9), up 16.1%.

Net sales in Americas were SEK 68.5 (61.7) million, up 11.0%.

Net sales in Rest of World were SEK 59.5 (56.5) m in the first half-year, corresponding to an increase of 5.3%.

EARNINGS

April – June

Gross profit was SEK 70.8 (55.9) million, up significantly on the second quarter of 2017, mainly due to increased sales but also as a result of a slightly higher gross margin of 59.2% (58.4). Gross profit included amortization of capitalized development expenditure of SEK -13.7 (-15.7) million. Gross margin excluding amortization of capitalized development expenditure was 70.7% (74.8), due to a changed product mix.

Operating expenses in the second quarter were SEK 82.6 (76.3) million, up SEK 6.3 million year-on-year. This was due to increased sales resources and increased resources allocated to the commercialization of Sye. Total development expenditures have gradually decreased, amounting to SEK 34.9 (38.9) million.

Operating earnings were SEK -12.9 (-21.6) million, equating to an operating margin of -10.8% (-22.6). The change is mainly attributable to increased sales, but also a lower gross margin and increased operating expenses.

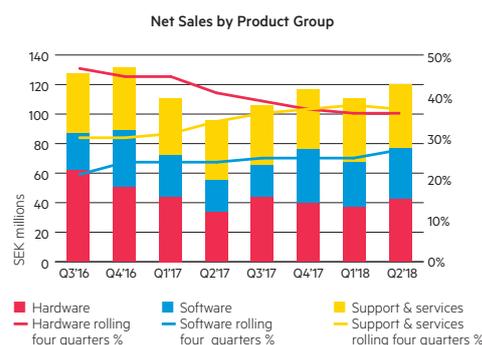
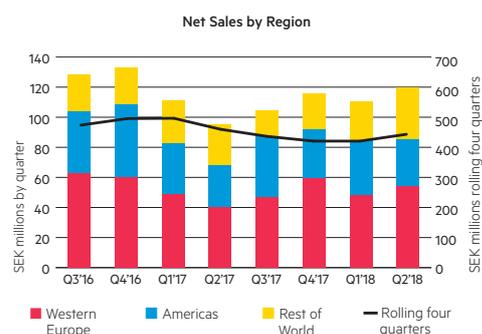
Operating earnings for the second quarter were charged with SEK 7 (-) million in non-recurring costs. SEK 5 million of these related to staff terminations, including compensation to outgoing CEO, and SEK 2 million relate to provision for remaining lease for the current head office after the move.

EBITDA was SEK -16.1 (-15.9) million, corresponding to an EBITDA margin of -13.5% (-16.6).

Activities in development, sales and marketing of the company's live OTT solution Sye affected operating earnings and EBITDA by SEK -12.7 (-15.8) million and SEK -18.8 (-14.1) million respectively.

In the second quarter, net financial items were positively affected by SEK 0.6 (2.3) million for the revaluation of synthetic options programs due to a lower share price at the end of the quarter. Net financial items amounted to SEK 0.7 (1.9) million.

Profit before tax was SEK -12.2 (-19.8) million, and net income for the period was SEK -9.4 (-13.1) million, corresponding to a net margin of -7.8 (-13.7).



Key Ratios	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul 2017-Jun 2018	Jan-Dec 2017
Net sales, SEK millions	119.6	95.7	230.0	206.1	450.9	427.0
Gross margin	59.2%	58.4%	59.4%	59.0%	58.2%	58.0%
Operating margin	-10.8%	-22.6%	-4.5%	-7.2%	-0.7%	-1.8%
EBITDA margin	-13.5%	-16.6%	-7.5%	-9.6%	-4.7%	-5.5%

January – June

Gross profit was SEK 136.7 (121.7) for the first half-year. The increase was mainly due to the higher net sales. Gross margin was 59.4% (59.0). Gross profit included amortization of capitalized development expenses of SEK –29.0 (-29.6) million. The higher gross margin was due to amortization of capitalized development expenses comprising a lower relative share of net sales, which was partly offset by lower margins in the second quarter. Gross margin excluding amortization of capitalized development expenses was down on the previous year, and amounted to 72.0% (73.4).

Operating expenses in the second half-year were SEK –147.0 (-135.8) million. Sales and marketing expenses increased by SEK –15.7 million to SEK 89.7 (74.0) million, mainly driven by the increased resources working on sales and marketing. Development expenses totaled SEK –30.0 (-36.0) million. Total development expenditures were SEK 68.3 (78.4) million. The decrease is due to lower development expenditures, mainly in connection with the launch of Nimbra 1060. The company will retain its high rate of investments in order to ensure future competitiveness.

Operating earnings for the first half-year were SEK –10.5 (-14.9) million, corresponding to an operating margin of -4.5% (-7.2). The loss is mainly due to the initiatives in Live OTT, but also the non-recurring costs outlined above.

Net financial items were SEK 2.2 (7.2) million, of which SEK 1.7 (8.4) million is attributable to the revaluation of synthetic options.

Profit before tax was SEK –8.2 (-7.7) million, and net income for the period was SEK –6.4 (-2.0) million, corresponding to a net margin of -2.8% (-1.0). For more information, see the section on Tax on page 13.

INVESTMENTS

Second quarter investments were SEK 29.4 (18.1) million, of which SEK 18.4 (16.3) million related to capitalization of development expenditure. Depreciation and amortization in the period was SEK 15.1 (22.1) million, of which SEK 13.7 (15.7) million related to amortization of capitalized development expenditure.

Investments in the first half-year were SEK 51.2 (45.3) million, of which SEK 38.1 (42.4) million related to capitalized development expenditure. Depreciation and amortization in the period was SEK 31.7 (37.4) million, of which SEK 29.0 (29.6) million related to capitalized development expenditure.

At the end of the period, net value of capitalized development expenditure was SEK 261.1 million, against SEK 251.6 million as of 31 December, 2017.

CASH FLOW AND FINANCIAL POSITION

Cashflow from operating activities in the second quarter was SEK 14.4 (-11.2) million. Total cashflow for the period was SEK -15.1 (-28.5) million. The negative cashflow is due to investments in development projects and equipment, fixtures and fittings for the new offices in Stockholm and Florida. Cashflow for the six-month period was SEK –28.6 (-13.2) million. Adjusted for repurchases of own shares, with a total value of SEK 0.7 (0.0) million, cashflow was SEK –27.9 (-13.2) million.

Cash and cash equivalents were SEK 149.6 million at the end of the quarter, against SEK 177.7 million as of 31 December, 2017.

Remaining tax loss carry-forwards for group companies were SEK 71.2 million at the end of the period, against SEK 55.8 million as of 31 December, 2017. For more information, see the section Tax on page 13.

Equity was SEK 545.6 million at the end of the period, against SEK 546.1 million as of 31 December, 2017. The equity/assets ratio was 75.2%, against 78.3% as of 31 December, 2017. For more information see the section Share capital and other contributed equity on page 13.

EMPLOYEES

The average number of employees and consultants in the six-month period was 244 (244), of which 152 (156) in parent company Net Insight AB (publ).

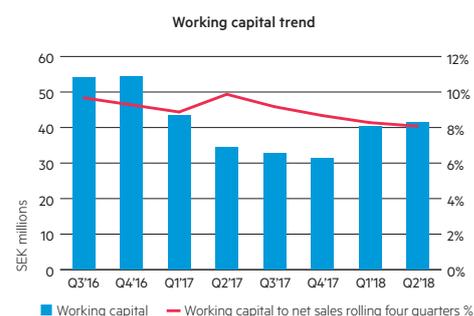
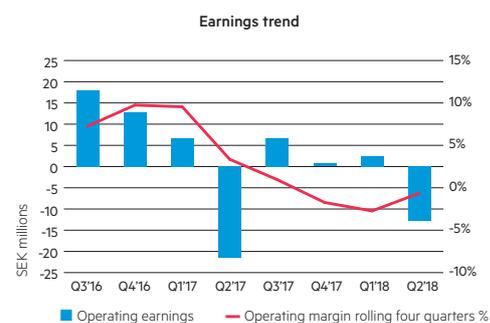
Two new members joined management in the quarter: Pelle Bourn, CFO and Henrik Sund, interim CEO.

PARENT COMPANY

The parent company's net sales in the second quarter were SEK 138.3 (112.9) million, and net income for the period was SEK –5.1 (-7.8) million. In the second quarter, intra-group sales totaled SEK 33.1 (36.4) million, and intra-group purchasing SEK 44.3 (40.8) million.

The parent company's net sales in the first half-year were SEK 263.4 (237.6) million, and net income for the period was SEK 2.6 (10.4) million. In the first half-year, intra-group sales totaled SEK 66.7 (71.6) million, and intra-group purchasing SEK 79.7 (65.4) million.

Progress in the parent company for the first half-year largely shadowed Group progress as indicated above.



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 2017, arose to date or are anticipated in 2018.

For a complete review of the company's risk and sensitivity analysis, and its risk management process, see pages 34-35, 37-41 and 55-56 of the Annual Report for 2017.

SEASONALITY

In the past three calendar years, average seasonality has been fairly modest. In the first, second and third quarters, net sales were 24 percent respectively, and in the fourth quarter 28 percent of yearly sales.

CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK thousands	Apr–Jun 2018	Apr–Jun 2017*	Jan–Jun 2018	Jan–Jun 2017*	Jul 2017– Jun 2018	Jan–Dec 2017*
Net sales	119,566	95,677	230,041	206,117	450,947	427,023
Cost of sales	-48,728	-39,817	-93,343	-84,449	-188,309	-179,415
Gross earnings	70,838	55,860	136,698	121,668	262,638	247,608
Sales and marketing expenses	-49,682	-39,694	-89,745	-74,036	-160,394	-144,685
Administration expenses	-16,393	-14,026	-27,320	-25,716	-51,301	-49,697
Development expenses	-16,559	-22,576	-29,951	-35,990	-56,346	-62,385
Other operating income and expenses	-1,107	-1,195	-138	-786	2,259	1,611
Operating earnings	-12,903	-21,631	-10,456	-14,860	-3,144	-7,548
Net financial items	716	1,881	2,241	7,193	7,901	12,853
Profit/loss before tax	-12,187	-19,750	-8,215	-7,667	4,757	5,305
Tax	2,830	6,631	1,818	5,698	-5,658	-1,778
Net income	-9,357	-13,119	-6,397	-1,969	-901	3,527
Net income for the period attributable to the shareholders of the parent company	-9,357	-13,119	-6,397	-1,969	-901	3,527

Earnings per share, based on net income attributable to the parent company's shareholders during the period	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jul 2017– Jun 2018	Jan–Dec 2017
Earnings per share, basic (SEK)	-0.02	-0.03	-0.02	-0.01	0.00	0.01
Earnings per share, diluted (SEK)	-0.02	-0.03	-0.02	-0.01	0.00	0.01
Average number of outstanding shares in thousands, basic	383,458	385,658	383,498	385,658	383,977	385,057
Average number of outstanding shares in thousands, diluted	383,458	385,658	383,498	385,658	383,977	385,057

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jul 2017– Jun 2018	Jan–Dec 2017
Net income	-9,357	-13,119	-6,397	-1,969	-901	3,527
Other comprehensive income						
<i>Items that may be reclassified subsequently to the income statement</i>						
Translation differences	5,267	-3,848	6,598	-5,242	4,315	-7,525
Total other comprehensive income, after tax	5,267	-3,848	6,598	-5,242	4,315	-7,525
Total other comprehensive income for the period	-4,090	-16,967	201	-7,211	3,414	-3,998
Total comprehensive income for the period attributable to the shareholders of the parent company	-4,090	-16,967	201	-7,211	3,414	-3,998

*) Recalculated comparable periods, see page 11-12.

CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	Jun 30 2018	Mar 31 2018	Dec 31 2017*
ASSETS			
Non-current assets			
Capitalized expenditure for development	261,060	256,434	251,622
Goodwill	63,234	59,289	58,452
Other intangible assets	17,541	18,168	19,458
Equipment	17,195	6,396	4,636
Deferred tax asset	16,584	13,394	14,285
Deposits	4,798	4,870	4,911
Total non-current assets	380,412	358,551	353,364
Current assets			
Inventories	42,270	40,835	43,598
Accounts receivable	128,310	112,042	106,186
Other receivables	24,618	21,367	16,551
Cash and cash equivalents	149,649	164,569	177,745
Total current assets	344,847	338,813	344,080
TOTAL ASSETS	725,259	697,364	697,444
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 reserve	5,465	198	-1,133
Accumulated deficit	-668,238	-658,881	-661,102
Total shareholders' equity	545,551	549,641	546,089
Non-current liabilities			
Other liabilities	21,183	19,458	19,738
Total non-current liabilities	21,183	19,458	19,738
Current liabilities			
Accounts payable	25,827	14,075	21,841
Other liabilities	132,698	114,190	109,776
Total current liabilities	158,525	128,265	131,617
TOTAL EQUITY AND LIABILITIES	725,259	697,364	697,444

*) Recalculated comparable periods, see page 11-12.

CHANGES IN CONSOLIDATED EQUITY, IN SUMMARY

SEK thousands	Attributable to parent company's shareholders				Total shareholders' equity
	Share capital	Other paid-in capital	Translation reserve	Accumulated deficit	
January 1, 2017	15,597	1,192,727	6,392	-653,385	561,331
Repurchase of own shares	-	-	-	-11,244	-11,244
Total comprehensive income	-	-	-7,525	3,527	-3,998
December 31, 2017	15,597	1,192,727	-1,133	-661,102	546,089
January 1, 2018	15,597	1,192,727	-1,133	-661,102	546,089
Repurchase of own shares	-	-	-	-739	-739
Total comprehensive income	-	-	6,598	-6,397	201
June 30, 2018	15,597	1,192,727	5,465	-668,238	545,551

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousands	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jul 2017–Jun 2018	Jan–Dec 2017
Ongoing activities						
Profit/loss before tax	-12,187	-19,750	-8,215	-7,667	4,757	5,305
Income tax paid	-	-	-	-	-247	-247
Depreciation, amortization & impairment	15,146	22,053	31,701	37,428	65,427	71,154
Other items not affecting liquidity	3,149	-797	2,697	-6,777	-2,874	-12,348
Cash flow from operating activities before changes in working capital	6,108	1,506	26,183	22,984	67,063	63,864
Changes in working capital						
Increase-/decrease+ in inventories	-2,277	-6,840	705	-8,270	9,081	106
Increase-/decrease+ in receivables	-20,859	-13,264	-32,141	7,098	-29,792	9,447
Increase+/-decrease- in liabilities	31,473	7,442	28,636	9,545	16,940	-2,151
Cash flow from operating activities	14,445	-11,156	23,383	31,357	63,292	71,266
Investment activities						
Investment in intangible assets	-18,354	-16,726	-38,057	-43,632	-84,494	-90,069
Investment in tangible assets	-11,073	-1,327	-13,094	-1,681	-14,319	-2,906
Increase-/decrease+ in financial assets, net	72	-23	113	-24	-4,465	-4,602
Cash flow from investment activities	-29,355	-18,076	-51,038	-45,337	-103,278	-97,577
Financing activities						
Option premiums paid	1,197	763	1,197	763	1,197	763
Final settlements options	-1,415	-	-1,415	-	-1,415	-
Repurchase of own shares	-	-	-739	-	-11,983	-11,244
Cash flow from financing activities	-218	763	-957	763	-12,201	-10,481
Net change in cash and cash equivalents	-15,128	-28,469	-28,612	-13,217	-52,187	-36,792
Exchange differences in cash and cash equivalents	208	-270	516	-319	429	-406
Cash and cash equivalents at the beginning of the period	164,569	230,146	177,745	214,943	201,407	214,943
Cash and cash equivalents at the end of the period	149,649	201,407	149,649	201,407	149,649	177,745

SEGMENT REPORT

SEK millions	Apr–Jun 2018				Apr–Jun 2017				Jan–Jun 2018				Jan–Jun 2017			
	WE	AM	RoW	Total												
Net sales	53.8	31.6	34.1	119.6	39.9	27.9	27.9	95.7	102.0	68.5	59.5	230.0	87.9	61.7	56.5	206.1
Regional contribution	14.1	5.2	1.8	21.2	10.4	2.3	3.4	16.2	29.4	12.6	4.9	47.0	27.2	11.1	9.4	47.6
<i>Regional contribution margin</i>	26%	17%	5%	18%	26%	8%	12%	17%	29%	18%	8%	20%	31%	18%	17%	23%
Administration expenses				-16.4				-14.0				-27.3				-25.7
Development expenses				-16.6				-22.6				-30.0				-36.0
Other operation income & expenses				-1.1				-1.2				-0.1				-0.8
Net financial items				0.7				1.9				2.2				7.2
Loss before tax				-12.2				-19.8				-8.2				-7.7

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

DISAGGREGATION OF REVENUE

SEK Millions	Apr–Jun 2018				Apr–Jun 2017				Jan–Jun 2018				Jan–Jun 2017			
	WE	AM	RoW	Total	WE	AM	RoW	Total	WE	AM	RoW	Total	WE	AM	RoW	Total
Net sales by product group																
Hardware	22.1	5.4	14.3	41.7	14.9	7.4	10.4	32.7	37.9	17.7	23.2	78.8	35.8	17.5	23.4	76.7
Software licenses	12.5	9.3	12.9	34.8	7.3	5.0	9.5	21.8	26.0	18.1	21.0	65.1	17.2	14.0	19.0	50.1
Support and services	19.2	16.9	7.0	43.0	17.7	15.5	8.0	41.2	38.2	32.7	15.3	86.2	34.9	30.3	14.1	79.3
Total	53.8	31.6	34.1	119.6	39.9	27.9	27.9	95.7	102.0	68.5	59.5	230.0	87.9	61.7	56.5	206.1
Timing of revenue recognition																
Products and services transferred at a point in time	34.7	14.8	27.2	76.8	22.2	12.7	19.9	54.9	64.2	36.0	44.3	144.4	53.1	31.8	42.5	127.3
Services transferred over time	19.1	16.8	6.9	42.8	17.6	15.2	8.0	40.8	37.8	32.6	15.2	85.6	34.8	30.0	14.1	78.8
Total	53.8	31.6	34.1	119.6	39.9	27.9	27.9	95.7	102.0	68.5	59.5	230.0	87.9	61.7	56.5	206.1

FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category	Jun 30, 2018			Dec 31, 2017		
	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	-	556
Accounts receivable and other receivables, excluding non-financial assets		134,932	-		112,031	-
Cash and cash equivalents		149,649	-		177,745	-
Total		284,581	0		289,776	556

Group's financial instruments by category	Jun 30, 2018			Dec 31, 2017		
	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						
Liabilities in Balance Sheet						
Synthetic options	2	-	1,123	2	-	3,003
Derivative instruments	2	1,220	-	2	-	-
Accounts payable and other liabilities, excluding non-financial liabilities		39,841	-		29,169	-
Total		41,061	1,123		29,169	3,003

Financial instruments in tier 2

The fair value of derivative instruments is measured using exchange rates of currency forwards on the reporting date. The closing balance for synthetic options represents the total assessed value of a number of outstanding options, which has been measured on the basis of accepted market principles and are based on Net Insight's share price.

PARENT COMPANY INCOME STATEMENT, IN SUMMARY

SEK thousands	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul 2017-Jun 2018	Jan-Dec 2017
Net sales	138,300	112,943	263,371	237,565	513,985	488,179
Cost of sales	-60,944	-50,370	-106,802	-93,602	-214,577	-201,377
Gross earnings	77,356	62,573	156,569	143,963	299,408	286,802
Sales and marketing expenses	-39,172	-29,583	-72,852	-53,711	-149,185	-130,044
Administration expenses	-15,266	-12,071	-25,095	-21,775	-46,768	-43,448
Development expenses	-29,455	-31,765	-57,774	-63,179	-117,103	-122,508
Other income and expenses	-989	-1,621	-201	-1,259	1,949	891
Operating earnings	-7,526	-12,467	647	4,039	-11,699	-8,307
Net financial items	938	1,853	2,382	7,084	8,026	12,728
Profit/loss before tax	-6,588	-10,614	3,029	11,123	-3,673	4,421
Tax	1,489	2,821	-420	-725	2,114	1,809
Net income	-5,099	-7,793	2,609	10,398	-1,559	6,230

PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	Jun 30 2018	Mar 31 2018	Dec 31 2017
ASSETS			
Non-current assets			
Other intangible assets	5,788	6,167	6,875
Equipment	16,478	6,174	4,414
Participations in group companies	295,068	295,068	295,068
Deferred tax asset	1,574	84	1,994
Deposits	4,695	4,737	4,736
Total non-current assets	323,603	312,230	313,087
Current assets			
Inventories	42,270	40,835	43,598
Accounts receivable	119,574	102,263	86,438
Receivables from group companies	141,011	140,923	132,978
Other receivables	17,577	13,364	13,809
Cash and cash equivalents	140,020	153,011	166,200
Total current assets	460,452	450,396	443,023
TOTAL ASSETS	784,055	762,626	756,110
EQUITY AND LIABILITIES			
Equity			
Restricted equity	128,419	128,419	128,419
Non-restricted equity	529,501	534,600	527,631
Total equity	657,920	663,019	656,050
Non-current liabilities			
Other liabilities	11,009	7,103	9,246
Total non-current liabilities	11,009	7,103	9,246
Current liabilities			
Accounts payable	23,454	12,649	20,284
Other liabilities	91,672	79,855	70,530
Total current liabilities	115,126	92,504	90,814
TOTAL EQUITY AND LIABILITIES	784,055	762,626	756,110

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 are presented in the interim financial statements and the associated notes as well as elsewhere in the interim financial report. Effective January 1, 2018, Net Insight applies the following new or amended International Financial Reporting Standards (IFRS):

- IFRS 9 Financial Instrument
- IFRS 15 Revenue from Contracts

IFRS 9 Financial Instruments addresses the classification, measurement, recognition, impairment and de-recognition of financial instruments as well as hedge accounting. The effect from applying IFRS 9 does not have any material impact on the group's or parent company's results or financial position and there was no opening balance adjustment in 2018.

IFRS 15 Revenue from Contracts replaces IAS 18 and IAS 11 and establishes a new mindset for revenue recognition. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer, i.e. under IFRS 15 there is a focus on the 'transfer of

control' instead of 'transfer of risks and rewards' under current standards. Net Insight adopted IFRS 15 with full retrospective application. The impact on the group's earnings and financial position for the period January – June, 2017, are presented in the restated income statements and balance sheets below. The net reduction of at January 1, 2017 was SEK -1.7 million. Applying IFRS 15 also includes extended disclosure requirements, hence the table Disaggregation of revenue on page 9.

Effective January 1, 2018, Net Insight presents exchange gains and losses from operating receivables and liabilities in the Income Statement as Other operating income and expenses. Exchange gains and losses from Cash and cash equivalents are, as before, presented as Net financial items. For a description of previous accounting principles, please refer to the note 1.4B in the Annual Report for 2017. The impact on the group's earnings for the for the period January – June, 2017, are presented in the restated income statements below.

The Company adjusted in the last quarter of 2017 its calculation method for capitalized development expenditure in certain development projects. The adjustments have been applied retroactively. The impact on the group's earnings for the period for the period January – June, 2017, are presented in the restated income statements below.

Restated consolidated income statement	Apr-Jun 2017				
	Previously reported	Impact of IFRS 15	Adjustment development	Reclassification Income statement	Restated Income statement
SEK thousands					
Net sales	93,504	360		1,813	95,677
Cost of sales	-39,695		188	-310	-39,817
Gross earnings	53,809	360	188	1,503	55,860
Sales and marketing expenses	-39,694				-39,694
Administration expenses	-14,026				-14,026
Development expenses	-21,620		-1,020	64	-22,576
Other operating income and expenses				-1,195	-1,195
Operating earnings	-21,531	360	-832	371	-21,631
Net financial items	2,252			-371	1,881
Profit before tax	-19,279	360	-832	0	-19,750
Tax	6,528	-79	182		6,631
Net income	-12,751	281	-650	0	-13,119

Restated consolidated income statement	Jan-Jun 2017				
	Previously reported	Impact of IFRS 15	Adjustment development	Reclassification Income statement	Restated Income statement
SEK thousands					
Net sales	203,914	329		1,874	206,117
Cost of sales	-84,212		333	-570	-84,449
Gross earnings	119,702	329	333	1,304	121,668
Sales and marketing expenses	-74,036				-74,036
Administration expenses	-25,716				-25,716
Development expenses	-34,028		-2,034	72	-35,990
Other operating income and expenses				-786	-786
Operating earnings	-14,078	329	-1,701	589	-14,860
Net financial items	7,782			-589	7,193
Profit before tax	-6,296	329	-1,701	0	-7,667
Tax	5,397	-72	373		5,698
Net income	-899	257	-1,328	0	-1,969

Restated consolidated balance sheet	Jun 30, 2017				Dec 31, 2017		
	Earlier reported	Impact of IFRS 15	Adj Dev	Restated balance sheet	Earlier reported	Impact of IFRS 15	Restated balance sheet
SEK thousands							
ASSETS							
Non-current assets							
Capitalized expenditure for development	245,473		-4,618	240,855	251,622		251,622
Goodwill	60,008			60,008	58,452		58,452
Other intangible assets	17,287			17,287	19,458		19,458
Equipment	4,042			4,042	4,636		4,636
Deferred tax asset	20,068	406	1,016	21,490	13,756	529	14,285
Deposits	333			333	4,911		4,911
Total non-current assets	347,211	406	-3,602	344,015	352,835	529	353,364
Current assets	378,741			378,741	344,080		344,080
TOTAL ASSETS	725,952	406	-3,602	722,756	696,915	529	697,444
EQUITY AND LIABILITIES							
Shareholders'equity	559,163	-1,439	-3,602	554,122	547,966	-1,877	546,089
Non-current liabilities	28,955			28,955	19,738		19,738
Current liabilities	137,834	1,845		139,679	129,211	2,406	131,617
TOTAL EQUITY AND LIABILITIES	732,947	406	-3,602	722,756	696,915	529	697,444

Except for stated 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 for 2017.

The preparation of the Interim Report requires management to make judgements, estimates and assumptions that affect the company's earnings and position and information presented generally. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Figures in brackets in this report refer to comparison with the corresponding period or date in the previous year, if not stated otherwise. Divergences due to rounding may occur in this report.

CONTRIBUTED EQUITY

During the period February 16-23, the parent company acquired 160,000 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 0.7 million. This corresponds to the total number of shares that the parent company has repurchased during the year.

At the end of the reporting period, the parent company had a total of 6,475,000 of its own class B shares, at an average cost of SEK 4.64 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.

All shares issued by the parent company were fully paid.

The division of shares	Jun 30, 2018			Dec 31, 2017		
	A-shares	B-shares	Total	A-shares	B-shares	Total
Outstanding shares	1,000,000	382,458,009	383,458,009	1,000,000	382,618,009	383,618,009
Repurchased own shares	-	6,475,000	6,475,000	-	6,315,000	6,315,000
Issued shares	1,000,000	388,933,009	389,933,009	1,000,000	388,933,009	389,933,009

TAX

The group reported tax of SEK 1.8 (5.7) million for the period January – June, 2018. Reported tax corresponds to an effective tax rate of 22 (74) percent. Profit before tax of SEK -8.2 (-7.7) million includes value changes on synthetic options of SEK 1.7 (8.4) million. The value change on synthetic options is not taxable if an income, or tax deductible if a cost. Hence, the relative share the value change on synthetic options is of profit/loss before tax has a significant effect on the differences in the effective tax

rates between periods. The effective tax rate is also affected by the relative effects of foreign tax rates and temporary differences.

Remaining tax loss carry-forwards for group companies amounted to SEK 71.2 million at the end of the period, compared to SEK 55.8 million as of December 31, 2017. Deferred tax assets has been recognized for the tax loss carry-forwards and the new tax rates in Sweden from January 2019 have been taken into account in the valuation.

SHARE-BASED INCENTIVE PROGRAMS

During the second quarter of 2018, after decisions at the AGM, Net Insight introduced a synthetic option program, where the participants acquired the synthetic options at market price. The program addresses employees in Sweden. The terms and the accounting policies for the program corresponds to the years-2015 & 2017 program, see pages 61–62 of the

Annual Report for 2017. The calculation of the fair value on the grant date was based on the conditions stated in the table below.

During the second quarter of 2018, the 2015 program was settled.

Synthetic options, the calculation of the fair value on the grant date was based on the following conditions:	Sweden
Averaged volume-weighted price paid for the Net Insight B shares, SEK	4.36
Strike price, SEK	5.20
Assumed volatility ¹	36%
Term	3 years
Risk-free interest	-0.39%
Adjustment of fair value due to CAP, SEK	-0.02
Fair value, SEK	0.76
Number of options issued, thousands	1,575

¹ The assumed volatility was based on future forecasts based on the historical volatility of Net Insight B shares and other public shares, which are considered comparable with Net Insight.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

AUDITORS' REVIEW

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

THIS IS NET INSIGHT

Business concept and model

Net Insight delivers products, software and services for effective, high-quality media transport, coupled with the effective management of resources, all which creates an enhanced TV experience. Net Insight's offerings stretch from the TV camera lens to the studio, right through to the TV viewer.

Net Insight's solutions offer network operators, TV and production companies the benefit of lower total cost of ownership and the potential for effective new media service launches.

Revenues are generated through direct and indirect sales of hardware, software and services. Revenues are sourced from hardware sales, software licenses, support and services.

Strategy

Net Insight's ambition is to be a growth company, and the target is to create profitable growth. On a market in fundamental transformation, growth and profitability are created through close and strategic partnerships with customers. Innovative solutions are created together that generate business benefit. To grow for the long term, we need to transform Net Insight into a more 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 October 26 2018
Year-end report 2018 February 15, 2019

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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 2018 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 20, 2018

Gunilla Fransson
Chairman

Jan Barchan
Board member

Crister Fritzson
Board member

Anders Harrysson
Board member

Charlotta Falvin
Board member

Henrik Sund
interim CEO

This is information that Net Insight AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 8:45 am CEST on July 20, 2018.

FINANCIAL INFORMATION

SEK millions (if not defined differently)	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jul 2017– Jun 2018	Jan–Dec 2017
Income						
<i>Net sales by segment</i>						
Western Europe	53.8	39.9	102.0	87.9	208.5	194.4
Americas	31.6	27.9	68.5	61.7	140.6	133.8
Rest of World	34.1	27.9	59.6	56.5	101.8	98.8
Net sales	119.6	95.7	230.0	206.1	450.9	427.0
Gross earnings	70.8	55.9	136.7	121.7	262.6	247.6
Operating expenses	82.6	76.3	147.0	135.7	268.0	256.8
Total development expenditure	34.9	38.9	68.3	78.4	139.6	149.7
EBITDA	-16.1	-15.9	-17.1	-19.8	-21.0	-23.7
Operating earnings	-12.9	-21.6	-10.5	-14.9	-3.1	-7.5
Profit/loss before tax	-12.2	-19.8	-8.2	-7.7	4.8	5.3
Net income	-9.4	-13.1	-6.4	-2.0	-0.9	3.5
Balance sheet and cashflow						
Working capital	355.5	466.0	367.1	472.5	392.9	446.0
Cash and cash equivalents	149.6	201.4	149.6	201.4	149.6	177.7
Total cash flow	-15.1	-28.5	-28.6	-13.2	-52.2	-36.8
The share						
Dividend per share, SEK	-	-	-	-	-	-
Earnings per share diluted and basic, SEK	-0.02	-0.03	-0.02	-0.01	0.00	0.01
Cash flow per share, SEK	-0.04	-0.07	-0.07	-0.02	-0.14	-0.10
Equity per share basic and diluted, SEK	1.42	1.44	1.42	1.31	1.42	1.42
Average number of outstanding shares, basic and diluted, thousands	383,458	385,658	383,498	385,658	383,977	385,057
Number of outstanding shares at the end of the period, basic and diluted, thousands	383,458	385,658	383,458	385,658	383,458	383,618
Share price at end of period, SEK	4.20	6.55	4.20	6.55	4.20	4.73
Employees and consultants						
Employees and consultants during the period	241	245	244	244	246	245
KPI						
Net sales YoY, change in %	25.0%	-27.7%	11.6%	-14.9%	-3.5%	-15.2%
Gross margin	59.2%	58.4%	59.4%	59.0%	58.2%	58.0%
Total development expenditure/Net sales	29.2%	40.6%	29.7%	38.0%	31.0%	35.0%
Operating margin	-10.8%	-22.6%	-4.5%	-7.2%	-0.7%	-1.8%
EBITDA margin	-13.5%	-16.6%	-7.5%	-9.6%	-4.7%	-5.5%
Net margin	-7.8%	-13.7%	-2.8%	-1.0%	-0.2%	0.8%
Return on capital employed	-0.6%	3.0%	-0.6%	3.0%	-0.6%	-1.4%
Equity/asset ratio	75.2%	76.7%	75.2%	76.7%	75.2%	78.3%
Return on equity	-1.7%	-2.3%	-1.2%	-0.3%	-0.2%	0.6%

ALTERNATIVE PERFORMANCE MEASURES AND OTHER DEFINITIONS

Non-IFRS financial measures are presented to enhance an investors and management possibility to evaluate the ongoing operating results, to aid in forecasting future periods and to facilitate meaningful comparison of result between periods. The APMs in this report may differ from similar-titled measures used by other companies.

Calculation of performance measures not included in IFRS framework

Performance measures	Various types of performance measures and margin measures as a percentage of sales.	
Non-IFRS performance measures	Description	Reason for use of the measure
Gross margin	Gross earnings as a percentage of net sales.	The gross margin is of major importance, showing the margin for covering the operating expenses.
Operating expenses	Sales and marketing expenses, administration expenses and development expenses.	
Operating expenses/net sales	Operating expenses as a percentage of net sales.	Used in charts to illustrate trend.
Operating earnings	Calculated as operating earnings before financial items and tax.	Operating earnings provides an overall picture of earnings generated in the operating activities.
Operating margin	Operating earnings as a percentage of net sales.	The operating margin is a key measure together with sales growth and capital employed for monitoring value creation.
Net sales YoY, change in %	The relation between net sales for the period and the corresponding sales for the comparative period in previous year.	The sales growth is a key measure together with operating margin and capital employed for monitoring value creation.
Change in Net sales in comparable currencies	The relation between the net sales for the period, recalculated using the foreign currency rates from the comparative period, and the corresponding sales for the comparative period in previous year. Only sales from business combinations that's been part of the Group for the whole comparative period are recalculated.	This measure is of major importance for management in its monitoring of underlying sales growth driven by changes in volume, price and product mix for comparable currency rates between different periods.
Net margin	Net Income as a percentage of net sales.	The net margin shows the remaining share of net sales after all of the company's costs have been deducted.
Total development (R&D) expenditure	Development expenses and capitalized expenditures for development.	The measure is a good complement to development expenses, as it shows the company's total expenditure in development.
Total development (R&D) expenditure/net sales	Total development expenditure as percentage of net sales.	The development expenditures effect on income, financial position and presentation in the statement of cashflow is affected by the periods level of capitalized development expenditures.
EBITDA	Operating earnings before depreciation and amortization and capitalization of development expenditure.	The measures are good complements to operating earnings and margin as it, simplified, shows the earnings-generated cash flow in the operation and it shows operating earnings without influence of variations in the level of capitalized development expenditures in the company's development projects.
EBITDA margin	EBITDA as a percentage of net sales.	
Segment	Region corresponds to an operating segment under IFRS 8. <ul style="list-style-type: none"> Western Europe (WE). Americas (AM), North and South America. Rest of World (RoW), countries outside of Western Europe and Americas. 	

EBITDA margin SEK millions (if not defined differently)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul 2017- Jun 2018	Jan-Dec 2017
Operating earnings	-12.9	-21.6	-10.5	-14.9	-3.1	-7.5
Amortization of capitalized development expenditure	13.7	15.7	29.0	29.6	60.0	60.7
Other depreciation, amortization & impairment	1.4	6.4	2.7	7.9	5.4	10.5
Capitalization of development expenditure	-18.4	-16.3	-38.4	-42.4	-83.3	-87.3
EBITDA	-16.1	-15.9	-17.1	-19.8	-21.0	-23.7
Net sales	119.6	95.7	230.0	206.1	450.9	427.0
EBITDA margin	-13.5%	-16.6%	-7.5%	-9.6%	-4.7%	-5.5%

KPI Income Statement SEK millions (if not defined differently)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul 2017- Jun 2018	Jan-Dec 2017
Net sales	119.6	95.7	230.0	206.1	450.9	427.0
<i>Net sales YoY, change in %</i>	25.0%	-27.7%	11.6%	-14.9%	-3.5%	-15.2%
Cost of sales ex. amortization of capitalized development	-35.0	-24.1	-64.4	-54.9	-128.3	-118.8
Gross earnings ex. amortization of capitalized development	84.6	71.5	165.7	151.2	322.7	308.3
<i>Gross margin ex. amortization of capitalized development</i>	70.7%	74.8%	72.0%	73.4%	71.6%	72.2%
Cost of sales amortization of capitalized development	-13.7	-15.7	-29.0	-29.6	-60.0	-60.7
Gross earnings	70.8	55.9	136.7	121.7	262.6	247.6
<i>Gross margin</i>	59.2%	58.4%	59.4%	59.0%	58.2%	58.0%
Sales and marketing expenses	-49.7	-39.7	-89.7	-74.0	-160.4	-144.7
Administration expenses	-16.4	-14.0	-27.3	-25.7	-51.3	-49.7
Development expenses	-16.6	-22.6	-30.0	-36.0	-56.3	-62.4
Operating expenses	-82.6	-76.3	-147.0	-135.7	-268.0	-256.8
<i>Operating expenses/net sales</i>	69.1%	79.7%	63.9%	65.9%	59.4%	60.1%
Other operating income & expenses	-1.1	-1.2	-0.1	-0.8	-2.3	1.6
Operating earnings	-12.9	-21.6	-10.5	-14.9	-3.1	-7.5
<i>Operating margin</i>	-10.8%	-22.6%	-4.5%	-7.2%	-0.7%	-1.8%
Net financial items	0.7	1.9	2.2	7.2	7.9	12.9
Profit/loss before tax	-12.2	-19.8	-8.2	-7.7	4.8	5.3
Tax	2.8	6.6	1.8	5.7	-5.7	-1.8
Net income	-9.4	-13.1	-6.4	-2.0	-0.9	3.5
<i>Net margin</i>	-7.8%	-13.7%	-2.8%	-1.0%	-0.2%	0.8%

Change in net sales in comparable currencies SEK millions (if not defined differently)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net sales	119.6	95.7	230.0	206.1	427.0
Net currency effect of comparable currencies	-3.4	-4.7	-0.9	-9.2	-2.1
Net sales in comparable currencies	116.2	90.9	229.1	196.9	425.0
Change in net sales in comparable currencies	21.5%	-32.1%	11.2%	-19.2%	31.1%

Total development expenditure/ net Sales SEK millions (if not defined differently)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul 2017- Jun 2018	Jan-Dec 2017
Development expenses	16.6	22.6	30.0	36.0	56.3	62.4
Capitalization of development expenditure*	18.4	16.3	38.4	42.4	83.3	87.3
Total development expenditure	34.9	38.9	68.3	78.4	139.6	149.7
Net Sales	119.6	95.7	230.0	206.1	450.9	427.0
Total development expenditure/net sales	29.2%	40.6%	29.7%	38.0%	31.0%	35.0%

*) During the period January – March 2018, SEK 0.4 million was reclassified from Other intangible fixed assets to Capitalized expenditure for development, which are included in the item Capitalization of development expenditure but not in Investments.

Capital and return measures Shows how capital is utilized and the company's financial strength. Return is a financial term that describes how much the value of an asset changes from an earlier point in time.		
Non-IFRS performance measure	Description	Reason for use of the measure
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.	This measure shows how much working capital that is tied up in the operations and can be put in relation to sales to understand how effectively tied-up working capital is used.
Capital employed	The Company capital employed is calculated as an average of total assets, less total liabilities, excluding interest-bearing liabilities. The Company has no interest-bearing liabilities.	Return on capital employed is the central ratio for measuring the return on the capital tied up in operations.
Return on capital employed	Operating earnings plus interest income, in relation to average capital employed, rolling four quarters.	
Equity/asset ratio	Shareholders' equity divided by the balance sheet total.	A traditional measure for showing financial risk, expressing the ratio of the assets that is financed by the owners.
Return on equity	Net income as a percentage of average shareholders' equity, rolling four quarters. .	Return on equity shows the total return on shareholders' capital and reflects the effect of the company's profitability as well as the financial leverage. The measure is primarily used to analyze shareholder profitability over time.
Investments	Investments in intangible and tangible assets.	
Total cash flow	Change in cash and cash equivalents during the period, excluding exchange differences in cash and cash equivalents.	

Working capital	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul 2017-Jun 2018	Jan-Dec 2017
Working capital						
Current assets	341.8	383.6	342.6	386.5	351.7	371.2
Cash and cash equivalents	157.1	215.8	164.0	215.5	178.1	204.3
Short term liabilities	-143.4	-133.4	-139.5	-129.5	-137.0	-129.4
Working capital	355.5	466.0	367.1	472.5	392.9	446.0

Return on capital employed SEK millions (if not defined differently)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul 2017-Jun 2018	Jan-Dec 2017
<i>Capital employed</i>						
Total balance	711.3	728.5	706.7	728.3	708.6	716.5
Non-interest liabilities	-163.7	-165.8	-159.6	-165.6	-159.0	-159.1
Capital employed	547.6	562.6	547.1	562.7	549.6	557.4
<i>Operating earnings less interest income RQ4</i>						
Operating earnings RQ4	-3.1	16.9	-3.1	16.9	-3.1	-7.5
Interest income RQ4	0.2	0.2	0.2	0.2	0.2	0.1
<i>Operating earnings less interest income RQ4</i>	<i>-3.3</i>	<i>16.7</i>	<i>-3.3</i>	<i>16.7</i>	<i>-3.3</i>	<i>-7.6</i>
Return on capital employed	-0.6%	3.0%	-0.6%	3.0%	-0.6%	-1.4%

Equity/asset ratio SEK millions (if not defined differently)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul 2017- Jun 2018	Jan-Dec 2017
Equity	545.6	554.1	545.6	554.1	545.6	546.1
Total equity and liabilities	725.3	722.8	725.3	722.8	725.3	697.4
Equity/asset ratio	75.2%	76.7%	75.2%	76.7%	75.2%	78.3%

Return on equity SEK millions (if not defined differently)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul 2017- Jun 2018	Jan-Dec 2017
Net income	-9.4	-13.1	-6.4	-2.0	-0.9	3.5
Average equity	547.6	562.6	547.9	562.7	549.6	557.4
Return on equity	-1.7%	-2.3%	-1.2%	-0.3%	-0.2%	0.6%

Shareholders' information		Measures related to the share.	
Non-IFRS performance measure	Description	Reason for use of the measure	
Dividend per share	Dividend divided by the average number of outstanding shares during the period.	Measures showing the return of the business to the owners, per share.	
Earnings per share (EPS)	Net income divided by the average number of outstanding shares during the period.		
Cash flow per share	Total cash flow, divided by average number of outstanding shares during the period.		
Equity per share	Shareholders' equity divided by number of outstanding shares at the end of the period.		
Average 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).		

Employees		Measures related to employees.	
Non-IFRS performance measure	Description	Reason for use of the measure	
Average number of employees and consultants/co-workers	The average number of employees and consultants for non-temporary positions (longer than nine months) and who don't replace absent employees, in FTE (Full-time equivalent).	To supplement the number of employees with consultants gives a better measure of the Company's cost.	

Average number of employees and consultants	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul 2017- Jun 2018	Jan-Dec 2017
Average number of employees	206	210	209	209	209	208
Average number of consultants	35	35	36	35	37	36
Average number of employees and consultants	241	245	244	244	246	245

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	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul 2017- Jun 2018	Jan-Dec 2017
Effects of the Net Insight share price development during the period							
Share-based benefits	(a)	-0.1	0.6	0.2	1.8	1.8	3.4
Synthetic options, change in value	(b)	0.6	2.3	1.7	8.4	7.8	14.5
Total		0.6	2.9	1.9	10.2	9.7	18.0

All items in the table above effects operating earnings, except for (b) 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 affect the income over time.

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