

Net Insight Interim Report January – March 2019

Net Insight AB (publ) corp.id.no. 556533–4397



First quarter 2019

- Net sales amounted to SEK 111,3 (110,5) million, an increase of 0.8% year-on-year. In comparable currencies net sales decreased by -6.8%.
- Operating earnings amounted to SEK -11,9 (2,4) million, corresponding to an operating margin of -10,7% (2,2%).
- Excluding items affecting comparability of SEK -5,5 million (-0,6), operating earnings amounted to SEK -6,4 (3,0) million.
- Net income was SEK -8,5 (3,0) million for the period. Net financial items were positively affected by SEK 0,2 (1,1) million for revaluation of synthetic options.
- Earnings per share, basic and diluted, was SEK -0,02 (0,01).
- Total cash flow was SEK -32,0 (-13,5) million.

” Key agreement for Sye with a US based Fortune 500 company.

Henrik Sund, CEO Net Insight

Significant events:

- Key agreement for Sye
- Measures for increased efficiency and customer intimacy
- Success for Nimbra in world's largest remote production

FINANCIAL HIGHLIGHTS

SEK millions	Jan–Mar 2019*	Jan–Mar 2018	Change	Apr 2018– Mar 2019	Jan–Dec 2018	Change
Net sales	111,3	110,5	0,8%	452,4	451,6	0,2%
Operating earnings	-11,9	2,4		-89,5	-75,1	
Operating margin	-10,7%	2,2%		-19,8%	-16,6%	
Net income	-8,5	3,0		-69,7	-58,2	
EBITDA	-9,4	-1,0		-57,4	-49,0	
EBITDA margin	-8,4%	-0,9%		-12,7%	-10,9%	
Total cash flow	-32,0	-13,5		-103,9	-85,5	

*) Previous years was not restated at the transition to IFRS 16. To make the comparison easier, the current income statement, balance sheet and EBITDA have been recalculated in accordance to last year's accounting policies on page 12.

CEO's Statement

Stable sales and continued restructuring

The quarter was dominated by several new product launches, continued success for Sye and streamlining. Revenues of SEK 111 million were in line with the previous year. Operating earnings excluding items affecting comparability totaled SEK -6 million.

” Key agreement for Sye with a US Fortune 500 company

As previously communicated, we have implemented a number of measures aimed at improving profitability and efficiency. At the beginning of the quarter, we announced organizational changes and a savings program. The savings program, which generates an annual cost saving of some SEK 25 million, has now largely been completed, and gave rise to non-recurring costs burdening operating earnings with some SEK -6 million in the quarter. The continued restructuring mainly relates to moving closer to customers and developing our product portfolios to ensure competitiveness.

In the quarter, SVT (Swedish national TV) carried out the world's largest remote TV production in connection with the Alpine World Ski Championships in Åre and the Biathlon World Championships in Östersund, both in Sweden. Production was enabled by Net Insight's staff and technology, including Nimbra 1060. Remote production normally uses 6-24 cameras. The Alpine World Ski Championships in Åre was a more demanding event, with close to 80 cameras broadcasting to around 700 million viewers around the world. This meant that SVT and Net Insight have set a new benchmark in remote production for major sporting events. SVT and Net Insight have collaborated on remote production for a number of years, and while this new production method certainly has a bright future, we need to have respect for the time it will take broadcasters to adopt the new working methods. Other positive Nimbra news in the quarter included a major US broadcaster choosing to continue to upgrade its national studio network based on Nimbra 1060, Nimbra being selected for the Pan American Games in Peru, and by LinkedIn Corp for remote production. I would also like to highlight Nimbra Edge, a cloud-based live media transport solution launched at the annual NAB trade show in Las Vegas at the beginning of April.

In February, we signed a key agreement relating to Sye with a US Fortune 500 company for their live video streaming service. The customer roll-out of Sye has started, albeit on a limited scale and does not yet affect revenue. This contract made a significant impression on the market, and we have seen significant interest in Sye from several very interesting operators. Volumes for the Sye Streaming Service, where the largest customer is the live quiz app Primetime, have increased significantly since launch a year ago. The Primetime concept, based on Sye, has now been licensed to five countries. Securing the Fortune 500 agreement and the Primetime successes are clear evidence that Sye provides world-class performance advantages within a highly relevant area of the media market place.



There is a possibility to achieve a good return on an increased investment in order to approach a larger number of customers faster.

The previously communicated modernization of the ScheduALL solution continued at a high pace. The modernization process, which is based on an evolutionary process of adding cloud services as well as mobile, social and analytics functionality, was introduced to selected customers in the quarter. The response has been very positive to date, with initial launch taking place at the NAB show. The roll-out will start from year end.

Revenues in the quarter totaled SEK 111 million, in line with the previous year. Operating earnings excluding items affecting comparability totaled SEK -6 million. Sye contributed SEK -10 million, generating operating earnings excluding Sye and items affecting comparability of a positive SEK 4 million.

My main impressions from the recently concluded NAB Show include positive customer feedback and rapid technological progress, generating both opportunities and challenges for Net Insight. To conclude, this was an eventful quarter where we completed measures aimed at improving profitability, streamlining operations and generating scope for continued investments.

Solna, April 25, 2019
Henrik Sund, CEO

REVENUES

Net sales in the first quarter of 2019 were SEK 111.3 (110.5) million, in line with the corresponding quarter of the previous year. In comparable currencies, sales decreased by -6.8%.

From 1 January 2019, Net Insight reports a single segment. To improve transparency, revenues are now reported by nature of income (hardware, software, support and services), product group (Nimbra, ScheduALL, Sye), and region (Western Europe, Americas, Rest of World). For more information see table on page 8.

Revenues by nature of income

Hardware revenues only refer to the Nimbra product group. Nimbra solutions normally consist of hardware, software and support. In some cases, customers with existing software licenses purchase hardware as a standalone solution.

Software revenues refer to all product groups: Nimbra, ScheduALL and Sye. For Nimbra and ScheduALL, software revenues are normally derived from license sales, and for Sye also from SaaS (Software as a Service).

Support and services refer to all product groups and include and includes support, maintenance, training and professional services.

Hardware revenues increased by 14%, mainly derived from Nimbra 600 and Nimbra 1060. Software revenues decreased by -30%, mainly relating to Nimbra, which was offset by increased hardware sales. Software revenues also decreased slightly for ScheduALL. Revenues from Sye remained modest but slightly offset other reductions in software revenues.

Revenues from support and services increased by 11%, mainly relating to Nimbra support.

Revenues per product group

Revenues from Nimbra increased slightly, up 2%. The product mix differs from the comparative period, with some increase in more recent product lines. License sales for ScheduALL were weak in the quarter, and revenues decreased by -19%. Sye revenues were SEK 2.7 million (-).

Revenues by region

Revenues by region are defined by the location of the recipient of the product/services. Nimbra revenues are largely driven by events, and can therefore vary significantly by region over time. ScheduALL revenues have a significantly higher proportion of repeat sales in the form of support, and therefore vary less by region over time.

The largest changes by region in the first quarter related to Nimbra and a -36% decrease for Rest of World, offset by a 38% increase for Americas due to factors including the Pan American Games.

EARNINGS

Gross profit was SEK 64.9 (65.9) million, largely in line with the corresponding quarter of the previous year. Gross margin of 58.3 % (59.6) decreased slightly as a result of a changed product mix with a lower share of software sales.

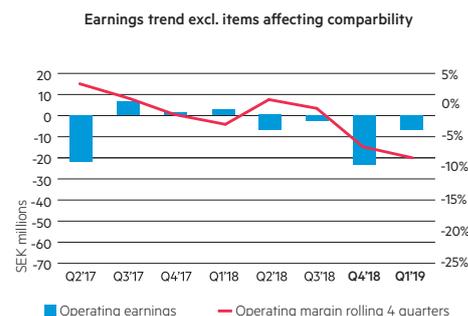
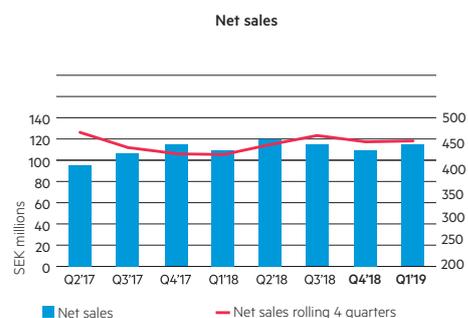
Gross profit included amortization of capitalized development expenditure of SEK -14.7 (-15.2) million and SEK -0.4 (-) million in cost for restructuring. Gross margin excluding amortization of capitalized development expenditure was 71.5 % (73.4).

Operating expenses in the first quarter of SEK 77.3 (64.4) million were SEK 12.9 million higher compared to the corresponding period of the previous year. The increase was mainly due to non-recurring costs relating to savings programs, increased development expenditure resulting from increased development expenses and a lower rate of capitalization and exchange rate effects. Sales and marketing expenses of SEK -38.9 (-40.1) million included cost for restructuring of SEK -3.8 (-) million. Administration expenses of SEK -18.2 (-10.9) million were burdened by SEK -0.8 (-) million in cost for restructuring, and increased largely due to the reorganization in the fourth quarter 2018, as the cost of product area managers were classed as administration expenses from year end. Development expenses of SEK -20.2 (-13.4) million were burdened by SEK -0.4 (-0.6) million in cost for restructuring, and mainly increased due to a significantly reduced rate of capitalization compared to the first quarter of 2018, when the Nimbra 1060 development project was completed. Total development expenditure, i.e. before capitalization, increased by some 12%, mainly due to investments in modernization of the ScheduALL solution. In total, operating expenses were affected by SEK -5.1 million in costs for restructuring and by SEK -4.0 million in exchange rate effects when translating foreign subsidiaries, compared with using last year's exchange rates. The change in the rate of capitalization corresponded to an increase in development expenses of SEK 5.2 million. Total development expenditure was SEK -37.4 (-33.4) million.

Operating earnings were SEK -11.9 (2.4) million, corresponding to an operating margin of -10.7% (2.2). Excluding items affecting comparability of SEK -5.5 (-0.6) million, operating earnings were SEK -6.4 (3.0) million. The lower operating earnings year-on-year were mainly due to reduced capitalization of development expenditure.

EBITDA was SEK -9.4 (-1.0) million, corresponding to an EBITDA margin of -8.4% (-0.9%).

Activities relating to the development, sales and marketing of the company's live streaming solution Sye affected operating earnings and EBITDA by SEK -9.8 (-10.1) million and SEK -14.0 (-15.5) million respectively. Accordingly, operating earnings excluding Sye and items affecting comparability totaled SEK 3.3 (13.1) million.



In the first quarter, net financial items were positively affected by SEK 0.2 (1.1) 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 1.2 (1.5) million.

Loss before tax was SEK -10.7 (4.0) million, and net income for the period was SEK -8.5 (3.0) million, corresponding to a net margin of -7.7% (2.7).

Key Ratios	Jan-Mar 2019	Jan-Mar 2018	Apr 2018- Mar 2019	Jan-Dec 2018
Net sales, SEK millions	111,3	110,5	452,4	451,6
Net sales YoY, change in %	0,8%	0,0%	5,9%	5,8%
Gross earnings	64,9	65,9	261,4	262,4
Gross margin	58,3%	59,6%	57,8%	58,1%
Operating earnings	-11,9	2,4	-89,5	-75,1
Operating margin	-10,7%	2,2%	-19,8%	-16,6%
EBITDA	-9,4	-1,0	-57,4	-49,0
EBITDA margin	-8,4%	-0,9%	-12,7%	-10,9%

INVESTMENTS

First quarter investments were SEK 17.5 (21.7) million, of which SEK 17.2 (20.0) million related to capitalization of development expenditure. Depreciation and amortization in the period totaled SEK 19.8 (16.6) million, of which SEK 14.7 (15.2) million related to amortization of capitalized development expenditure. The increase in other depreciation and amortization is due to the implementation of IFRS 16 and the relocation to new offices in Stockholm and Miami in the second half of 2018.

At the end of the period, net value of capitalized development expenditure was SEK 236.6 million, against SEK 234.1 million as of 31 December, 2018.

CASH FLOW AND FINANCIAL POSITION

Cash flow in the first quarter was SEK -32.0 (-13.5) million. Adjusted for repurchases of own shares, with a total value of SEK -1.8 (-0.7) million, cash flow was SEK -30.1 (-12.7) million. The negative cash flow was mainly due to increased capital tied up in the quarter, largely due to increased accounts receivable. Furthermore, cash flow from operating activities does not cover investments in development projects.

Cash and cash equivalents were SEK 61.4 million at the end of the quarter, against SEK 92.9 million as of 31 December, 2018.

Remaining tax loss carry-forwards for group companies were SEK 158.8 million at the end of the period, against SEK 145.4 million as of 31 December, 2018. For more information, see the section Tax on page 13.

Equity was SEK 486.3 million at the end of the period, against SEK 493.9 million as of 31 December, 2018. The equity/assets ratio was 66.9%, against 76.0% as of 31 December, 2018. The decrease in the equity/assets ratio was mainly due to effects of new accounting principles for leases (IFRS 16). Excluding the effects of IFRS 16, the equity/assets ratio was 73.9% at the end of the period.

For more information about share repurchases and share structure, see the section Contributed equity on page 13.

EMPLOYEES

At the end of the period, Net Insight had 223 (247) employees and consultants, of which 156 (157) in the parent company Net Insight AB (publ).

Filippa Hasselström, vice president Streaming Solutions and Anna-Karin Berry, acting Head of People joined executive management in the quarter. Alan Ryan, Maria Hellström and Gustav Grundström left executive management.

PARENT COMPANY

Parent company net sales were SEK 129.5 (125.1) million in the first quarter, and net income was SEK 5.5 (7.7) million in the period. In the first quarter, intra-group sales totaled SEK 34.0 (31.6) million, and intra-group purchases SEK -40.0 (-35.5) million.

Progress in the parent company in the first quarter 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, the 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 2018, arose during the year or are anticipated in 2019.

For a complete review of the company's risk and sensitivity analysis, and its risk management process, see pages 36-40 and 54-55 of the Annual Report for 2018.

SEASONALITY

In the past three calendar years, average seasonality has been fairly modest. Net sales were 24% of annual sales in the first, second and third quarter respectively, and 28% of annual sales in the fourth quarter.

CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK thousands	Jan–Mar 2019*	Jan–Mar 2018	Apr 2018– Mar 2019	Jan–Dec 2018
Net sales	111,324	110,475	452 434	451,585
Cost of sales	-46,404	-44,615	-191 001	-189,212
Gross earnings	64,920	65,860	261 433	262,373
Sales and marketing expenses	-38,874	-40,063	-179 923	-181,112
Administration expenses	-18,222	-10,927	-62 228	-54,933
Development expenses	-20,189	-13,392	-71 709	-64,912
Other operating income and expenses	449	969	-37 030	-36,510
Operating earnings	-11,916	2,447	-89 457	-75,094
Net financial items	1,230	1,525	1 092	1,387
Profit/loss before tax	-10,686	3,972	-88 365	-73,707
Tax	2,152	-1,012	18 684	15,520
Net income	-8,534	2,960	-69 681	-58,187
Net income for the period attributable to the shareholders of the parent company	-8,534	2,960	-69 681	-58,187

Earnings per share, based on net income attributable to the parent company's shareholders during the period	Jan–Mar 2019	Jan–Mar 2018	Apr 2018– Mar 2019	Jan–Dec 2018
Earnings per share, basic (SEK)	-0.02	0.01	-0.18	-0.15
Earnings per share, diluted (SEK)	-0.02	0.01	-0.18	-0.15
Average number of outstanding shares in thousands, basic	382,933	383,538	383,296	383,478
Average number of outstanding shares in thousands, diluted	382,933	383,538	383,296	383,478

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands	Jan–Mar 2019	Jan–Mar 2018	Apr 2018– Mar 2019	Jan–Dec 2018
Net income	-8,534	2,960	-69 681	-58,187
Other comprehensive income				
<i>Items that may be reclassified subsequently to the income statement</i>				
Translation differences	2,769	1,331	8 140	6,702
Total other comprehensive income, after tax	2,769	1,331	8 140	6,702
Total other comprehensive income for the period	-5,765	4,291	-61 541	-51,485
Total comprehensive income for the period attributable to the shareholders of the parent company	-5,765	4,291	-61 541	-51,485

*) Previous years was not restated at the transition to IFRS 16. To make the comparison easier, the current income statement has been recalculated in accordance to last year's accounting policies on page 12.

CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	Mar 31, 2019*	Jan 1, 2019*	Dec 31, 2018*
ASSETS			
Non-current assets			
Capitalized expenditure for development	236,605	234,064	234,064
Goodwill	65,337	63,307	63,307
Other intangible assets	13,324	14,246	14,246
Right-of-use assets	59,867	62,041	-
Equipment	32,585	33,580	33,580
Deferred tax asset	32,671	30,247	30,247
Deposits	5,230	5,211	5,211
Total non-current assets	445,619	442,696	380,655
Current assets			
Inventories	52,606	46,388	46,388
Accounts receivable	142,294	106,067	106,067
Other receivables	24,801	21,780	23,924
Cash and cash equivalents	61,392	92,893	92,893
Total current assets	281,093	267,128	269,272
TOTAL ASSETS	726,712	709,824	649,927
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	8,338	5,569	5,569
Accumulated deficit	-730,399	-720,028	-720,028
Total shareholders' equity	486,263	493,865	493,865
Non-current liabilities			
Lease liabilities	48,308	50,456	-
Other liabilities	22,592	17,906	17,906
Total non-current liabilities	70,900	68,362	17,906
Current liabilities			
Lease liabilities	9,985	9,441	-
Accounts payable	27,984	36,009	36,009
Other liabilities	131,580	102,147	102,147
Total current liabilities	169,549	147,597	138,156
TOTAL EQUITY AND LIABILITIES	726,712	709,824	649,927

*) Previous years was not restated at the transition to IFRS 16. Open balances as of Jan 1, 2019, have been restated in accordance to IFRS 16 on page 11 and the outgoing balances as of Mar 31, 2019, have been recalculated in accordance to last year's accounting policies on page 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, 2018	15,597	1,192,727	-1,133	-661,102	546,089
Repurchase of own shares	-	-	-	-739	-739
Total comprehensive income	-	-	6,702	-58,187	-51,485
December 31, 2018	15,597	1,192,727	5,569	-720,028	493,865
January 1, 2019	15,597	1,192,727	5,569	-720,028	493,865
Repurchase of own shares	-	-	-	-1,837	-1,837
Total comprehensive income	-	-	2,769	-8,534	-5,765
December 31, 2019	15,597	1,192,727	8,338	-730,399	486,263

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK thousands	Jan–Mar 2019	Jan–Mar 2018	Apr 2018–Mar 2019	Jan–Dec 2018
Ongoing activities				
Profit/loss before tax	-10,686	3,972	-88,365	-73,707
Income tax paid	0	0	-238	-238
Depreciation, amortization & impairment	19,752	16,555	104,676	101,479
Other items not affecting liquidity	-364	-452	8,508	8,420
Cash flow from operating activities before changes in working capital	8,702	20,075	24,581	35,954
Changes in working capital				
Increase-/decrease+ in inventories	-6,650	2,982	-18,427	-8,795
Increase-/decrease+ in receivables	-39,458	-11,282	-39,266	-11,090
Increase+/decrease- in liabilities	26,714	-2,837	36,204	6,653
Cash flow from operating activities	-10,692	8,938	3,092	22,722
Investment activities				
Investment in intangible assets	-17,215	-19,703	-72,938	-75,426
Investment in tangible assets	-315	-2,021	-29,953	-31,659
Increase-/decrease+ in financial assets, net	0	41	-341	-300
Cash flow from investment activities	-17,530	-21,683	-103,232	-107,385
Financing activities				
Amortization leasing	-1,908	-	-1,908	-
Option premiums paid	-	-	1,381	1,381
Final settlements options	-	-	-1,435	-1,435
Repurchase of own shares	-1,837	-739	-1,837	-739
Cash flow from financing activities	-3,745	-739	-3,799	-793
Net change in cash and cash equivalents	-31,967	-13,484	-103,939	-85,456
Exchange differences in cash and cash equivalents	466	308	762	604
Cash and cash equivalents at the beginning of the period	92,893	177,745	164,569	177,745
Cash and cash equivalents at the end of the period	61,392	164,569	61,392	92,893

DISAGGREGATION OF REVENUE

SEK thousands	Jan–Mar 2019	Jan–Mar 2018	Apr 2018– Mar 2019	Jan–Dec 2018
Net sales by nature of income				
Hardware	42,297	37,014	153,490	148,207
Software licenses	21,272	30,271	120,952	129,952
Support and Services	47,755	43,190	177,992	173,426
Total	111,324	110,475	452,434	451,585
Net sales by product group				
Nimbra	94,016	92,383	376,702	375,069
ScheduALL	14,630	18,092	70,957	74,419
Sye	2,678	0	4,776	2,098
Total	111,324	110,475	452,434	451,585
Net sales by region				
WE	44,130	48,164	203,268	207,302
AM	50,841	36,890	161,234	147,282
RoW	16,353	25,421	87,932	97,001
Total	111,324	110,475	452,434	451,585
Timing of revenue recognition				
Products and services transferred at a point in time	63,584	67,623	274,949	278,988
Services transferred over time	47,740	42,852	177,485	172,597
Total	111,324	110,475	452,434	451,585

FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category - Assets	Mar 31, 2019			Dec 31, 2018		
	Value- tier	Measured at amotized cost	Measured at fair value through profit or loss	Value- tier	Measured at amotized cost	Measured at fair value through profit or loss
SEK thousands						
Assets in Balance Sheet						
Derivative instruments	2	-	61	2	-	181
Accounts receivable and other receivables, excluding non-financial assets		155,965	-		113,406	-
Cash and cash equivalents		61,392	-		92,893	-
Total		217,357	61		206,299	181

Group's financial instruments by category - Liabilities	Mar 31, 2019			Dec 31, 2018		
	Value- tier	Measured at amotized cost	Measured at fair value through profit or loss	Value- tier	Measured at amotized cost	Measured at fair value through profit or loss
SEK thousands						
Liabilities in Balance Sheet						
Synthetic options	2	-	161	2	-	299
Derivative instruments	2	-	-	2	-	-
Accounts payable and other liabilities, excluding non-financial liabilities		94,040	-		42,955	-
Total		94,040	161		42,955	299

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	Jan–Mar 2019	Jan–Mar 2018	Apr 2018– Mar 2019	Jan–Dec 2018
Net sales	129,543	125,071	519,352	514,880
Cost of sales	-53,297	-45,858	-223,024	-215,585
Gross earnings	76,246	79,213	296,328	299,295
Sales and marketing expenses	-29,145	-33,680	-142,008	-146,543
Administration expenses	-14,951	-9,829	-51,992	-46,870
Development expenses	-28,557	-28,319	-118,046	-117,808
Other income expenses	545	788	-2,248	-2,005
Operating earnings	4,138	8,173	-17,966	-13,931
Net financial items	3,151	1,444	-31,615	-33,322
Profit/loss before tax	7,290	9,617	-49,580	-47,253
Tax	-1,604	-1,909	3,342	3,037
Net income	5,686	7,708	-46,238	-44,216

PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	Mar 31, 2019	Dec 31, 2018
ASSETS		
Non-current assets		
Other intangible assets	3,653	3,999
Equipment	27,940	28,901
Participations in group companies	295,068	295,068
Deferred tax asset	3,427	5,031
Deposits	4,695	4,695
Total non-current assets	334,783	337,694
Current assets		
Inventories	52,606	46,388
Accounts receivable	125,170	95,599
Receivables from group companies	149,924	135,583
Other receivables	22,393	17,806
Cash and cash equivalents	45,258	79,681
Total current assets	395,351	375,057
TOTAL ASSETS	730,133	712,751
EQUITY AND LIABILITIES		
Equity		
Restricted equity	128,419	128,419
Non-restricted equity	482,167	482,676
Total equity	610,586	611,095
Non-current liabilities		
Other liabilities	18,787	9,362
Total non-current liabilities	18,787	9,362
Current liabilities		
Accounts payable	22,608	31,806
Other liabilities	78,152	60,488
Total current liabilities	100,760	92,294
TOTAL EQUITY AND LIABILITIES	730,133	712,751

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, 2019, Net Insight applies the following new or amended International Financial Reporting Standards (IFRS):

- IFRS 16 Leases

New accounting policies from 2019

IFRS 16 Leases - transition

IFRS 16 Leases will replace *IAS 17 Leases* and the related interpretations *IFRIC 4*, *SIC-15* and *SIC-27*. The definition of a lease is amended which impacts the accounting both from a lessee and lessor perspective. The new standard includes more specific guidance on if and when leasing is embedded in a service contract. The parent company has chosen not to apply IFRS 16 according to exceptions in RFR 2.

Accounting for lessees

The standard requires assets and liabilities arising from all leases, with some exceptions for short agreements and agreements of low value, to be recognized on the balance sheet. This model reflects that, at the start of a lease, the lessee always obtains the right to use an asset for a period of time and has an obligation to pay for that right. The main types of assets leased by the Company are real estate.

Accounting for lessors

The accounting for lessors will be based on the same classification as of an operating or finance lease under IAS 17. This means that if the Company, as a lessor, substantially retains the ownership rights and obligations of the asset, then the lease is classified as an operating lease. On the contrary, the lease is classified as a finance lease if the ownership rights and obligations of the asset are transferred to the lessee. The Company's lease arrangements are normally short in time, related to specific events.

Impact at transition

The standard is effective for annual periods beginning on or after January 1, 2019. The Company applied the new standard as from January 1, 2019. The Company elected to implement the standard using the modified retrospective method, meaning that the agreements are recalculated as of January 1, 2019, with the cumulative effect being adjusted to the opening retained earnings balance at transition date. Previous years was not restated.

At transition, the Company, as a lessee, recognized lease liabilities for leases previously classified as operating leases. The weighted average incremental borrowing rate applied to lease liabilities recognized in the balance sheet at the transition date was 34%. Right-of-use assets were recognized based on the amount equal to the related lease liability. At transition the change of right-of-use assets were an increase of SEK 62 million and for current assets a decrease of SEK -2 million, and for non-current lease liabilities an increase of SEK 50 million, current lease liabilities an increase of SEK 9 million and that equity has changed with SEK 0 million.

The income statement is affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense is replaced with interest and depreciation, so key metrics like EBITDA are changed.

The timing of the cash flows is not impacted. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The Company had no material impact on lessor accounting at transition.

Since previous years was not restated and to make the comparison easier, the current income statement, balance sheet and EBITDA has been recalculated in accordance to last year's accounting policies on page 12.

IFRS 16 Leases - Accounting policy

Leasing when the Company is the lessee

The main types of assets leased by the Company are, in the order of materiality, real estate, IT- and office equipment.

The Company recognizes right-of-use assets and lease liabilities arising from all leases in the balance sheet, with some exceptions. This model reflects that, at the start of a lease, the lessee always obtains the right to use an asset for a period of time and has an obligation to pay for that right.

In the assessment of a lease contract the lease components are separated from non-lease components and the lease term is defined considering any extension or termination options.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate.

Lease payments included in the liability are fixed payments, variable payments depending on an index or rate, residual values and penalties for termination of contracts.

The right-of-use asset is initially measured at cost, which equals the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received plus any initial direct costs, and restoration costs.

The Company applies the recognition exemption for short-term leases and leases for which the underlying asset is of low-value recognizing the lease payments for those leases as an expense on a straight-line basis over the lease term.

Leasing when the Company is the lessor

Leasing contracts with the Company as lessor are classified as finance leases when the majority of risks and rewards are transferred to the lessee, and otherwise as operating leases. Under a finance lease, a receivable is recognized at an amount equal to the net investment in the lease and revenue is recognized in accordance with the revenue recognition principles.

Under operating leases the equipment is recorded as property, plant and equipment and revenue as well as depreciation is recognized on a straight-line basis over the lease term.

The Company's lease arrangements are normally short in time, related to specific events.

Segment information

As of January 1, 2019, the CEO no longer follows the business by geographical regions, hence the segment information from January 1, 2019 will be presented as one segment.

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 2018.

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. The transition to IFRS 16 has led to new estimates and judgements, such as criteria for assessing which agreements meet the definition of a lease agreement, and determining lease periods and discount rates.

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.

CONSOLIDATED BALANCE SHEET, OPENING BALANCE RESTATED IN ACCORDANCE TO IFRS 16*

SEK thousands	Opening balance		Jan 1, 2019
	Dec 31, 2018	Impact of IFRS 16	
ASSETS			
Capitalized expenditure for development	234 064		234 064
Goodwill	63 307		63 307
Other intangible assets	14 246		14 246
Right-of-use assets	0	62 041	62 041
Equipment	33 580		33 580
Deferred tax asset	30 247	0	30 247
Deposits	5 211		5 211
Total non-current assets	380 655	62 041	442 696
Current assets			
Inventories	46 388		46 388
Accounts receivable	106 067		106 067
Other receivables	23 924	-2 144	21 780
Cash and cash equivalents	92 893		92 893
Total current assets	269 272	-2 144	267 128
TOTAL ASSETS	649 927	59 897	709 824
EQUITY AND LIABILITIES			
Equity attributable to parent company's shareholders	493 865	0	493 865
Non-current liabilities			
Lease liabilities	0	50 456	50 456
Other liabilities	17 906	0	17 906
Total non-current liabilities	17 906	50 456	68 362
Current liabilities			
Lease liabilities	0	9 441	9 441
Accounts payable	36 009		36 009
Other liabilities	102 147		102 147
Total current liabilities	138 156	9 441	147 597
TOTAL EQUITY AND LIABILITIES	649 927	59 897	709 824

*) For more information see Accounting policies on page 10.

CONSOLIDATED FINANCIALS, RECALCULATED EXCLUDING THE IMPACT OF IFRS 16*

Recalculated consolidated income statement		Jan-Mar 2019		
SEK thousands	Income statement as reported	Impact of IFRS 16	Income statement recalculated	
Net sales	111 324			111 324
Cost of sales	-46 404	-21		-46 425
Gross earnings	64 920	-21		64 899
Sales and marketing expenses	-38 874	-38		-38 912
Administration expenses	-18 222	-21		-18 243
Development expenses	-20 189	-71		-20 260
Other operating income & expenses	449			449
Operating earnings	-11 916	-151		-12 067
Net financial items	1 230	503		1 733
Profit before tax	-10 686	352		-10 334
Tax	2 152	-79		2 073
Net income	-8 534	273		-8 261

EBITDA recalculated		Jan-Mar 2019		
SEK millions	EBITDA as reported	Impact of IFRS 16	EBITDA recalculated	
Operating earnings	-11,9	-0,2		-12,1
Amortization of capitalized development expenditure	14,7			14,7
Other depreciation, amortization & impairment	5,1	-2,5		2,6
Capitalization of development expenditure	-17,2			-17,2
EBITDA	-9,4	-2,6		-12,0

Recalculated consolidated balance sheet		31 Mar 2019		
SEK thousands	Balance sheet as reported	Impact of IFRS 16	Recalculated balance sheet	
ASSETS				
Capitalized expenditure for development	236 605			236 605
Goodwill	65 337			65 337
Other intangible assets	13 324			13 324
Right-of-use assets	59 867	-59 867		0
Equipment	32 585			32 585
Deferred tax asset	32 671	-79		32 592
Deposits	5 230			5 230
Total non-current assets	445 619	-59 946		385 673
Current assets				
Inventories	52 606			52 606
Accounts receivable	142 294			142 294
Other receivables	24 801	2 161		26 962
Cash and cash equivalents	61 392			61 392
Total current assets	281 093	2 161		283 254
TOTAL ASSETS	726 712	-57 785		668 927
EQUITY AND LIABILITIES				
Equity attributable to parent company's shareholders	486,263	274		486,537
Non-current liabilities				
Lease liabilities	48 308	-48 308		0
Other liabilities	22 592	234		22 826
Total non-current liabilities	70 900	-48 074		22 826
Current liabilities				
Lease liabilities	9 985	-9 985		0
Accounts payable	27 984			27 984
Other liabilities	131 580			131 580
Total current liabilities	169 549	-9 985		159 564
TOTAL EQUITY AND LIABILITIES	726 712	-57 785		668 927

*) For more information see Accounting policies on page 10.

TAX

The group reported tax of SEK 2.2 (-1.0) million for the period January–March, 2019. Reported tax corresponds to an effective tax rate of 25 (25) percent. Profit before tax of SEK –10.7 (4.0) million includes value changes on synthetic options of SEK 0.2 (1.1) 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 158.8 million at the end of the period, compared to SEK 145.4 million as of December 31, 2018. Deferred tax assets has been recognized for the tax loss carry-forwards.

CONTRIBUTED EQUITY

During the period December 21–28, the parent company repurchased an additional 470,000 B shares on Nasdaq Stockholm for a total of SEK 1.2 million. Since the company was registered as the owner of these shares in 2019, these are reported as repurchased shares in 2019. During 2019, the parent company acquired another 230,000 of its own class B shares through purchases on Nasdaq Stockholm for SEK 0.6 million. In total, the Company has purchased 700,000 of its own shares and the total amount paid to acquire the shares, net of income tax, was SEK 1.8 million.

At the end of the reporting period, the parent company had a total of 7,175,000 of its own class B shares, at an average cost of SEK 4.44 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	Mar 31, 2019			Dec 31, 2018		
	A-shares	B-shares	Total	A-shares	B-shares	Total
Outstanding shares	1 000 000	382 458 009	383 458 009	382 618 009	383 618 009	383,458,009
Repurchased own shares		6 475 000	6 475 000	6 315 000	6 315 000	6,475,000
Issued shares	1 000 000	388 933 009	389 933 009	388 933 009	389 933 009	389,933,009

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

ANNUAL GENERAL MEETING

The Annual General Meeting of Net Insight AB (publ) will be held on May 8, 2019 at 10 am at the company's office, Smidesvägen 7, Solna.

Notification

Shareholders who wish to participate in the annual general meeting must firstly be included in the shareholders' register maintained by Euroclear Sweden AB as of Thursday, May 2, 2019, and secondly notify the company of their participation in the Annual General Meeting no later than Thursday, May 2, 2019.

The notification shall be in writing to:

Net Insight AB
Attn: Pelle Bourn
P.O. Box 1200
SE-171 23 Solna,
Or via e-mail: agm@netinsight.net

The notification must state

The name, personal/corporate identity number, address, telephone number and shareholding and, when applicable, information about representatives, counsels and assistants. When applicable, complete authorization documents, such as registration certificates and powers of attorney for representatives and counsels, shall be appended the notification. Information submitted in connection with registration will be computerised and used exclusively for the annual general meeting.

Read more at: investors.netinsight.net/corporate-governance

THIS IS NET INSIGHT

Business concept and model

With its deep market knowledge and insight, genuine customer focus and world-leading innovative technology, Net Insight makes it easier to create and deliver better content in a simpler and more effective way.

With the three product areas Media Networks, Resource Optimization and Streaming Solutions, Net Insight offers solutions that enable network operators and media companies the benefit of lower costs and the potential for effective new media service launches. Revenues are generated through sales of hardware and software solutions and services.

Strategy

Net Insight is driven by the idea that everything can always be done smarter, for both its customers and their customers. Net Insight's long-term view of the media market of tomorrow is a global, fully connected world where new technology enables direct, intelligent and seamless exchange of content between producers, distributors and consumers. The strategy is to offer competitive and future-proof solutions that meet these customer demands, by continuously develop solutions that make customers even more relevant and competitive in the media landscape of tomorrow.

Value creators

The value-creating factors affect Net Insight's development and are divided into three groups: market transformation, innovative technology and global scope. Net Insight benefits from the general increase in video traffic, live streaming and file-based transfers, the use of remote production, increased distribution over the internet and broader coverage of live events.

REPORTING DATES

Annual General Meeting	May 8, 2019
Interim report January - June	July 19, 2019
Interim report January - September	October 29, 2019

Stockholm April 25, 2019

Henrik Sund
CEO

For more information, please contact:

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FINANCIAL INFORMATION

SEK millions (if not defined differently)	Jan–Mar 2019*	Jan–Mar 2018	Apr 2018– Mar 2019	Jan–Dec 2018
Income				
Net sales	111.3	110.4	452,4	451.6
Gross earnings	64.9	65.9	261,4	262.4
Operating expenses	77.3	64.4	313,9	301.0
Total development expenditure	-37.4	33.4	-144,3	-140.3
EBITDA	-9.4	-1.0	-57,4	-49.0
Operating earnings	-11.9	2.4	-89,5	-75.1
Profit/loss after financial items	-10.7	4.0	-88,4	-73.7
Net income	-8.5	3.0	-69,7	-58.2
Balance sheet and cash flow				
Cash and cash equivalents	61.4	164.6	61.4	92.9
Working capital	49.2	40.3	47.9	42.8
Total cash flow	-32.0	-13.5	-103.9	-85.5
The share				
Dividend per share, SEK	-	-	-	-
Earnings per share basic and diluted, SEK	-0.02	0.01	-0.18	-0.15
Cash flow per share, SEK	-0.08	-0.04	-0.27	-0.22
Equity per share basic and diluted, SEK	1.27	1.43	1.27	1.29
Average number of outstanding shares basic and diluted, thousands	382,933	383,538	383,296	383,478
Number of outstanding shares basic and diluted, thousands	382,758	383,458	382,758	383,458
Share price at end of period, SEK	2.06	4.43	2.06	2.68
Employees and consultants				
Average number of employees and consultants	222	248	233	239
KPI				
Net sales YoY, change in %	0,8%	0.0%	5,9%	5.8%
Gross margin	58,3%	59.6%	57,8%	58.1%
Total development expenditure/Net sales	33,6%	30.3%	31,9%	31.1%
Operating margin	-10,7%	2.2%	-19,8%	-16.6%
EBITDA margin	-8,4%	-0.9%	-12,7%	-10.9%
Net margin	-7,7%	2.7%	-15,4%	-12.9%
Return on capital employed	-17,3%	-2.2%	-16,8%	-14.1%
Equity/asset ratio	66,9%	78.8%	66,9%	76.0%
Return on equity	-13,3%	0.5%	-13,3%	-10.9%

*) Previous years was not restated at the transition to IFRS 16. To make the comparison easier, the current income statement, balance sheet and EBITDA have been recalculated in accordance to last year's accounting policies on page 12.

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.			
Gross margin excl. amortization of capitalized development	Gross earnings excl. amortization of capitalized development as a percentage of net sales.				
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. 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.			
Capitalization rate	Capitalized development expenditures as a percentage of total development expenditures.				
Total development (R&D) expenditure/net sales	Total development expenditure as percentage of net sales.				
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.				
Region	Region. <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)	Jan–Mar 2019	Jan–Mar 2018	Apr 2018– Mar 2019	Jan–Dec 2018
Operating earnings	-11.9	2.4	-89,5	-75.1
Amortization of capitalized development expenditure	14.7	15.2	57,9	58.4
Other depreciation, amortization & impairment	5.1	1.3	46,8	43.1
Capitalization of development expenditure	-17.2	-20.0	-72,6	-75.4
EBITDA	-9.4	-1.0	-57,4	-49.0
Net sales	111.3	110.5	452,4	451.6
EBITDA margin	-8.4%	-0.9%	-12,7%	-10.9%

KPI Income Statement SEK millions (if not defined differently)	Jan–Mar 2019	Jan–Mar 2018	Apr 2018– Mar 2019	Jan–Dec 2018
Net sales	111.3	110.5	452,4	451.6
<i>Net sales YoY, change in %</i>	0.8%	0.0%	5,9%	5.8%
Cost of sales excl. amortization of capitalized development	-31.7	-29.4	-133,1	-130.8
Gross earnings excl. amortization of capitalized development	79.6	81.1	319,3	320.8
<i>Gross margin excl. amortization of capitalized development</i>	71.5%	73.4%	70,6%	71.0%
Cost of sales amortization of capitalized development	-14.7	-15.2	-57,9	-58.4
Gross earnings	64.9	65.9	261,4	262.4
<i>Gross margin</i>	58.3%	59.6%	57,8%	58.1%
Sales and marketing expenses	-38.9	-40.1	-179,9	-181.1
Administration expenses	-18.2	-10.9	-62,2	-54.9
Development expenses	-20.2	-13.4	-71,7	-64.9
Operating expenses	-77.3	-64.4	-313,9	-301.0
<i>Operating expenses/net sales</i>	69.4%	58.3%	69,4%	-66.6%
Other operating income and expenses	0.4	1.0	-37,0	-36.5
Operating earnings	-11.9	2.4	-89,5	-75.1
<i>Operating margin</i>	-10.7%	2.2%	-19,8%	-16.6%
Net financial items	1.2	1.5	1,1	1.4
Profit/loss before tax	-10.7	4.0	-88,4	-73.7
Tax	2.2	-1.0	18,7	15.5
Net income	-8.5	3.0	-69,7	-58.2
<i>Net margin</i>	-7.7%	2.7%	-15,4%	-12.9%

Change in net sales in comparable currencies SEK millions (if not defined differently)	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Net sales	111.3	110.5	451.6
Net currency effect of comparable currencies	-8.4	2.9	-16.5
Net sales in comparable currencies	103.0	113.4	435.1
Change in net sales in comparable currencies	-6.8%	2.7%	1.9%

Development expenditure SEK millions (if not defined differently)	Jan–Mar 2019	Jan–Mar 2018	Apr 2018– Mar 2019	Jan–Dec 2018
Development expenses	20.2	13.4	71.7	64.9
Capitalization of development expenditure	17.2	20.0	72.6	75.4
Total development expenditure	37.4	33.4	144.3	140.3
Capitalization rate	46.0%	59.9%	50.3%	53.7%
Net Sales	111.3	110.5	452.4	451.6
Total development expenditure/net sales	33.6%	30.3%	31.9%	31.1%

*) 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, excluding lease 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, excluding lease 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 SEK millions	Jan-Mar 2019	Jan-Mar 2018	Apr 2018- Mar 2019	Jan-Dec 2018
Current assets	275.2	341.4	308.9	321.5
Cash and cash equivalents	-77.1	-171.2	-116.0	-139.2
No interest-bearing short term liabilities	-148.9	-129.9	-145.1	-139.5
Working capital	49.2	40.3	47.9	42.8

Return on capital employed SEK millions (if not defined differently)	Jan-Mar 2019	Jan-Mar 2018	Apr 2018- Mar 2019	Jan-Dec 2018
<i>Capital employed</i>				
Total balance	688.3	697.4	700.1	694.3
No interest-bearing liabilities	-169.1	-149.5	-165.2	-159.1
Capital employed	519.2	547.8	534.9	535.2
<i>Operating earnings less interest income R4Q</i>				
Operating earnings R4Q	-89,4	-11,9	-89,4	-75,1
Interest income R4Q	0,3	0,2	0,3	0,3
<i>Operating earnings less interest income R4Q</i>	<i>-89,8</i>	<i>-12,1</i>	<i>-89,8</i>	<i>-75,4</i>
Return on capital employed	-17,3%	-2,2%	-16,8%	-14,1%

Equity/asset ratio SEK millions (if not defined differently)	Jan-Mar 2019	Jan-Mar 2018	Apr 2018- Mar 2019	Jan-Dec 2018
Equity	486.3	549.6	486.3	493.9
Total equity and liabilities	726.7	697.4	726.7	649.9
Equity/asset ratio	66.9%	78.8%	66.9%	76.0%

Return on equity SEK millions (if not defined differently)	Jan-Mar 2019	Jan-Mar 2018	Apr 2018- Mar 2019	Jan-Dec 2018
Net income - R4Q	-69,7	-4,7	-69,7	-58,2
Average equity - R4Q	523,2	554,8	523,2	535,2
Return on equity	-13,3%	-0,8%	-13,3%	-10,9%

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	Jan-Mar 2019	Jan-Mar 2018	Apr 2018- Mar 2019	Jan-Dec 2018
Average number of employees	192	213	200	205
Average number of consultants	30	35	33	34
Average number of employees and consultants	222	248	233	239

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 2019	Jan-Mar 2018	Apr 2018- Mar 2019	Jan-Dec 2018
Effects of the Net Insight share price development during the period					
Share-based benefits	(a)	0.0	0.3	0.1	0.3
Synthetic options, change in value	(b)	0.2	1.1	1.8	2.6
Total		0.3	1.3	1.9	3.0
Items affecting comparability					
Restructuring	(c)	-5.5	-0.6	-15.1	-10.2
Impairment of intangible assets	(d)	-	-	-35.9	-35.9
Empty office lease	(e)	-	-	-2.2	-2.2
Total		-5.5	-0.6	-53.2	-48.3
Operating earnings excluding items affecting comparability					
Operating earnings		-11.9	2.4	-89.5	-75.1
Items affecting comparability, as per above		5.5	0.6	53.2	48.3
Operating earnings excluding items affecting comparability		-6.4	3.0	-36.3	-26.8

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

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

(b) Net Insight has 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 presented as a financial item. To financially 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.

(c) During 2018, Net Insight has initiated structural changes, which is expected to be completed during the first quarter of 2019.

(d) Impairment losses on intangible fixed assets has been recognized as a result of re-prioritization in the Nimbra portfolio, see also section Earnings.

(e) Lease for empty office refers to costs for remaining lease for the former head office after the move.

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