

Net Insight Year-end Report

January – December 2021



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

October – December 2021

- Net sales amounted to SEK 107.9 (90.6) million, an increase of 19.0% year-on-year. In comparable currencies net sales increased by 17.9%.
- Operating earnings amounted to SEK 3.3 (-14.4) million, corresponding to an operating margin of 3.0% (-15.9%). Excluding foreign exchange rate differences of SEK -1.6 (-18.0) million, operating earnings were SEK 4.9 (3.5) million.
- Net income for the period for continuing operations was SEK 2.8 (-11.9) million and for the Group, including discontinued operations, SEK 2.8 (-6.8) million.
- Earnings per share diluted for the Group was SEK 0.01 (-0.02).
- Total cash flow for the Group was SEK 15.2 (18.7) million. Excluding the cash impact of the divestment of operations and repurchase of own shares, cash flow was SEK 24.9 (18.7) million.

January – December 2021

- Net sales amounted to SEK 380.7 (332.1) million, an increase of 14.6% year-on-year. In comparable currencies net sales increased by 19.1%.
- Operating earnings amounted to SEK 26.8 (-15.3) million, corresponding to an operating margin of 7.0% (-4.6%). Excluding foreign exchange rate differences of SEK 6.6 (-16.0) million, operating earnings were SEK 20.2 (0.7) million.
- Net income for the period for continuing operations was SEK 23.8 (-14.7) million. Net Income for the Group, including discontinued operations, was SEK -13.1 (237.4) million. This includes capital loss on disposal of discontinued operations of SEK -35.9 (246.4) million.
- Earnings per share diluted for the Group was SEK -0.03 (0.62).
- Total cash flow for the Group was SEK 71.0 (232.6) million. Excluding the cash impact of the divestment of operations and repurchase of own shares, cash flow was SEK 34.1 (-69.7) million.

Positive growth trend
in the year

Crister Fritzson, CEO, Net Insight

Significant events:

- Historical agreement in 5G synchronization
- JPEG XS: Important launch in our IP portfolio

FINANCIAL HIGHLIGHTS

SEK millions	Oct-Dec			Jan-Dec		
	2021	2020	Change	2021	2020	Change
Continuing operations						
Net sales	107.9	90.6	19.0%	380.7	332.1	14.6%
Operating earnings	3.3	-14.4		26.8	-15.3	
Operating margin	3.0%	-15.9%		7.0%	-4.6%	
Net income	2.8	-11.9		23.8	-14.7	
EBITDA	-0.2	-15.6		28.1	-19.0	
EBITDA margin	-0.2%	-17.2%		7.4%	-5.7%	
Total Group, including discontinued operations						
Net Income	2.8	-6.8		-13.1	237.4	
Total cash flow	15.2	18.7		71.0	232.6	

Business area Resource Optimization was divested in 2021 and Business area Streaming Solutions was divested in 2020. The divested business areas are reported separately as discontinued operations in this report.

For definitions and calculation of KPI's, see pages 16-20.

CEO's Statement

Strong close to an eventful year



Our focus on profitable growth, development of the core operations and expansion on adjacent market segments has paid off.

Crister Fritzson, CEO Net Insight



The year was characterized by a positive growth trend that continued into the fourth quarter, with revenue up by 19% year-on-year. This was due to the strategic measures we have implemented which have generated strong sales in Europe, as well as the first delivery of synchronization products for Türk Telekom, within the framework of the agreement signed at the end of 2021.

Operating earnings were up significantly in Q4 compared to the corresponding period in the previous year, but down on the preceding quarter. This was largely due to costs associated with the establishment of the collaboration with Türk Telekom and the start-up of the new synch product, which meant that we started to strengthen our resources in development, support, marketing and sales in the quarter.

Looking back on the year, growth was higher compared to the target of average annual growth of at least 10%. This was due to strong progress in the media business, where sales increased with 8 of 10 of our strategic customers, plus the Türk Telekom agreement. The operating margin did not reach the long-term target of at least 10% on average over the period. Margins were affected by our ambitious investment in IP and cloud, and our focus in synchronization, which will contribute to reaching our target margin.

The repurchase program of own shares, which was decided at the 2021 Annual General Meeting, commenced in November and will last until the 2022 Annual General Meeting. Until the end of the year, shares amounting to a total amount of SEK 33.4 million have been repurchased.

Strategic measures implemented according to plan

The agreement with Türk Telekom is part of our strategy of increasing the growth potential through expansion on new and adjacent markets. This includes the development of an entirely new product based on our existing synchronization technology. Net Insight is once again demonstrating the company's strong ability to commercialize its leading-edge technology. The agreement represents a milestone that opens up new opportunities in the rapidly expanding 5G segment.

Another cornerstone of Net Insight's strategy is the expansion of its core media operations. Accordingly, we have divided the portfolio into three areas: IP Gateways, Nimbra MSR and Cloud. Within IP Gateways, we are continuing to invest in the Nimbra 1000 series, which has strengthened our position and where we, alongside Aperi, are now seeing increased sales volumes.

The other product area Nimbra MSR is standing up well with its robust transport solutions for live events with demanding standards and where we help customers upgrade with important new functionality. One of these products was launched in Q4, the JPEG XS solution for simple video compression with low latency and high quality.

In the third area, Cloud, Nimbra Edge has taken the lead in cloudbased media solutions, also a sector undergoing rapid development. We currently have around 10 active Nimbra Edge customers: service provider The Switch with its production platform MIMiC; LinkedIn with video production; and Swiss TV company SRF with productions such as the Alpine World Ski Championships.

New pricing model for stable revenue streams

We have actively sought to increase the share of recurring revenue streams, and introduced user-based license models in the spring. The new pricing model provides Net Insight with stable revenue streams over time, and offers our customers more choice. We are now starting to see an increase in the number of Nimbra Edge customers.

Components shortages continue to generate uncertainty

Components shortages continue to generate uncertainty, and while this has previously only affected our customer deliveries marginally, in Q4 we started to see a more significant impact. We expect increased uncertainty in the first half of 2022. We foresee continued price increases for some component categories in 2022, and have adjusted prices from 1 February to offset this.

Stable foundation for growth

We consider that we have outgrown the market. During a time shaped by uncertainty, I am proud that our sales curves are pointing upwards for both IP and cloudbased solutions, particularly because we have signed a historic agreement relating to the development of an entirely new synchronization product for 5G on the global market. We are looking back at an eventful and promising year.

I want to thank all our employees for their amazing endurance and commitment, which has led us to end the year on such a great note.

Solna Sweden, February 22, 2022

Crister Fritzson, CEO



EXTRAORDINARY EVENTS

Divested operations

The business area Resource Optimization (ScheduALL) was divested on March 31, 2021, and is reported as discontinued operations in this report. For more information on discontinued operations, including the in 2020 divested business Streaming Solutions, see tables on page 11.

Comments in this report have reference to continuing operations, business area Media Networks, unless otherwise specified.

REVENUES

On November 1, Net Insight signed an agreement with Turkish telecom operator Türk Telekom relating to 5G synchronization. The agreement is the first of its kind for Net Insight, and opens up a big new market, worth some SEK 220 million. In the initial phase, Net Insight receives an initial order worth SEK 25 million for existing products and approximately SEK 55 million in NRE (non-recurring engineering) fee, which gives Türk Telekom royalties on future sales of the new 5G synchronization product to other customers. The NRE fee is non-refundable and will be recognized at a pace with development over the two-year development period. SEK 8.5 million of the initial order and SEK 4.7 million of the NRE fee was recognized in the quarter, totaling SEK 13.1 million. The remaining two thirds of the initial order are expected to be delivered in 2022. The remaining order for an entirely new product for 5G will be delivered towards the end of 2023, with delivery completed in 2026.

Net sales in the fourth quarter of 2021 were SEK 107.9 (90.6) million, an increase of 19.0%. In comparable currencies, sales increased by 17.9%.

Net sales for the twelve-months period were SEK 308.7 (332.1) million, an increase of 14.6%. In comparable currencies, sales increased by 19.1%.

During Q4, we noted a revenue increase primarily driven by continued strong development in Europe and the above-mentioned large 5G sync business (see section above). We are also seeing a modest increase in revenue from our cloud-based solution Nimbra Edge. Revenues for the quarter also consists to some extent of revenues related to the Winter Games in Beijing, but in general it is the customers long-term investments to meet their customers increased demand and quality expectations that drive our long-term growth.

In 2021, we have seen a recovery among our customers after a weak 2020, largely affected by the pandemic. In combination with our efforts in a stronger offering to our customers, this has resulted in a strong revenue development. Q4 2021 is the fifth quarter in a row with growth compared with the corresponding period last year.

EARNINGS

Gross profit for the fourth quarter was SEK 65.1 (54.6) million, an increase by 19.2%. The increase is primarily driven by the sharp increase in revenue compared to last year, but is also affected by the partly recognition of the NRE-fee from the above-mentioned 5G sync transaction. Gross profit included amortization of capitalized development expenditure of SEK -10.5 (-9.0) million. Gross margin excluding and including amortization of capitalized development expenditure was 70.1% (70.2%) and 60.4% (60.3%) respectively.

Operating expenses in the third quarter of SEK -60.0 (-51.0) million, an increase by 17.6% compared to last year. The increased operating costs relates to higher sales and marketing costs linked to the sharp increase in revenue, non-recurring costs due to the restructuring of the sales organization and costs linked to the start-up of the Türk Telekom business. For the comparing period the operating expenses was positively affected with SEK 0.9 million related to governmental Covid-19 relief support, no corresponding grants during this period.

Sales and marketing expenses were SEK -31.5 (-23.6) million, and administration expenses to SEK -13.5 (-12.9). Development expenses were SEK -14.9 (-14.6) million and the total development expenditure, i.e. before capitalization, were SEK -32.4 (-28.7) million.

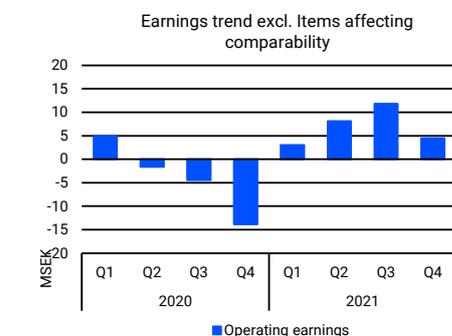
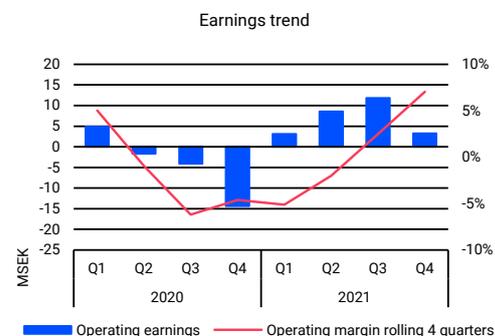
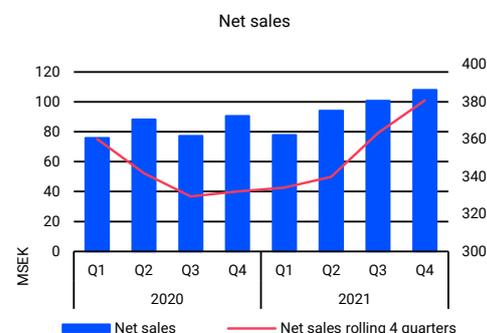
Other operating income and expenses were SEK -1.9 (-18.1) million, of which foreign exchange rate differences of SEK -1.6 (-18.0) million.

Operating earnings were SEK 3.3 (-14.4) million, corresponding to an operating margin of 3.0% (-15.9%). Excluding foreign exchange rate differences of SEK -1.6 (-18.0) million, operating profit amounted to SEK 4.9 (3.5) million. See also table Material profit and loss items on page 20.

EBITDA was SEK -0.2 (-15.6) million, corresponding to an EBITDA margin of -0.2% (-17.2%). The improvement is primary attributable to the higher revenue.

In the fourth quarter, net financial items amounted to SEK 0.6 (-2.4) million, of which foreign exchange rate differences of SEK 1.0 (-2.2) million.

Profit before tax was SEK 3.8 (-16.8) million, and net income was SEK 2.8 (-11.9) million, corresponding to a net margin of 2.6% (-13.1%). Including Discontinued operations, net income was SEK 2.8 (-6.8) million.



Gross earnings for the twelve-months period were SEK 228.5 (202.2) million. Gross profit included amortization of capitalized development expenditure of SEK -42.9 (-31.4) million. Gross margin excluding and including amortization of capitalized development expenditure was 71.3% (70.3%) and 60.0% (60.9%) respectively.

Operating expenses of SEK -209.1 (-202.5) million, the increase is largely attributable to the fourth quarter for the reasons described above. Operating expenses was positively affected with SEK 0.8 (3.4) million related to governmental Covid-19 relief support.

Operating earnings were SEK 26.8 (-15.3). Excluding foreign exchange rate differences of SEK 6.6 (-16.0) million, operating earnings was SEK 20.3 (0.7) million. See also table Material profit and loss items on page 20.

EBITDA was SEK 28.1 (-19.0) million, corresponding to an EBITDA margin of 7.4% (-5.7%).

Profit before tax was SEK 28.7 (-20.0) million, and net income was SEK 23.8 (-14.7) million, corresponding to a net margin of 6.3% (-4.4%). Including discontinued operations, net income was SEK -13.1 (237.4) million, including capital loss on disposal of discontinued operations of SEK -35.9 (246.4) million.

Key Ratios continuing operations	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net sales, SEK millions	107.9	90.6	380.7	332.1
Net sales YoY, change in %	19.0%	3.0%	14.6%	-12.1%
Gross earnings	65.1	54.6	228.4	202.2
Gross margin	60.4%	60.3%	60.0%	60.9%
Operating earnings	3.3	-14.4	26.8	-15.3
Operating margin	3.0%	-15.9%	7.0%	-4.6%
EBITDA	-0.2	-15.6	28.1	-19.0
EBITDA margin	-0.2%	-17.2%	7.4%	-5.7%

INVESTMENTS INCLUDING DIVESTED OPERATIONS

Fourth quarter investments were SEK 18.1 (18.1) million, of which SEK 17.4 (18.0) million related to capitalization of expenditure for development. Depreciation and amortization in the fourth quarter totaled SEK -14.0 (-16.4) million, of which SEK -10.5 (-11.3) million related to amortization of capitalized expenditure for development.

Investments for the twelve-months period were SEK 61.7 (77.4) million, of which SEK 59.6 (71.9) million related to capitalization of expenditure for development. Depreciation and amortization for the twelve-months totaled SEK -60.1 (-59.9) million, of which SEK -44.3 (-38.5) million related to amortization of capitalized expenditure for development.

At the end of the period, net value of capitalized expenditure for development was SEK 158.3 million, against SEK 208.9 million as of December 31, 2020.

For continuing operations (Media Networks), capitalized expenditure for development in the fourth quarter amounted to SEK 17.4 (14.1) million, and amortization to SEK -10.5 (-9.0) million. For the twelve-month period, capitalized expenditure for development amounted to SEK 56.4 (50.5) million, and amortization to SEK -42.9 (-31.4) million.

At the end of the period, net value of capitalized expenditure for development was SEK 158.3 million, against SEK 144.8 million as of December 31, 2020.

CASH FLOW AND FINANCIAL POSITION INCLUDING DISCONTINUED OPERATIONS

From April 2021, only the continued operations (Media Networks business area) are included in the cash flow. The impact of discontinued operations on cash flow in previous periods is presented in table on page 11.

Cash flow from operating activities in the fourth quarter was SEK 45.0 (38.9) million. Total cash flow was SEK 15.2 (18.7) million. During the quarter, SEK 28.2 million (-) was received for half the NRE-fee from the 5G sync business mentioned in Revenue, a prepaid revenue that is recognized as revenue during the development of the new products for 5G synchronization. Payment of the second half of the NRE-fee was received at the beginning of 2022. During the quarter, the parent company also received the final payment from the divestment of the Resource Optimization business area of SEK 23.7 million (-) and started a major repurchase program of own shares, which negatively affected cash flow by -33.4 MSEK (-). More information about discontinued operations can be found in tables on page 11 and more information about the repurchase program can be found on page 13.

Excluding the cash impact of the divestment of operations and repurchase of own shares, cash flow was SEK 24.9 (18.7) million. The improvement is primarily driven by improved earnings.

Cash flow from operating activities for the twelve-month period was SEK 103.7 (15.9) million, and total cash flow was 71.0 (232.6). The divestments of Business Areas Resource Optimization and Streaming Solutions had cash impact of SEK 70.3 (302.3) million. The parent company also started a major repurchase program of own shares during the fourth quarter, which negatively affected cash flow by -33.4 MSEK (-). For information about share repurchase program, see the section Contributed equity on page 13. Excluding the cash impact of the divestment of operations and repurchase of own shares, cash flow was SEK 34.1 (-69.7) million. The improvement is primarily driven by improved earnings, received NRE-fee (see above) and reduced tied-up capital. Last year also includes SEK -12.7 million of assets acquired from Aperi.

Cash and cash equivalents were SEK 354.9 million at the end of the period, against SEK 283.2 million as of 31 December 2020.

Remaining tax loss carry-forwards for group companies amounted to SEK 79.4 million at the end of the period, compared to SEK 101.6 million for continuing business as of December 31, 2020. Deferred tax has been recognized for the tax loss carry-forwards. For more information, see the section Tax on page 13.

Equity was SEK 646.5 million at the end of the period, against SEK 692.6 million as of 31 December 2020. The equity/assets ratio was 78.0%, against 80.3% as of 31 December 2020. For information about warrants, share repurchases and share structure, see the section Contributed equity on page 13.

EMPLOYEES

The average number of employees and consultants at Net Insight during the fourth quarter and the twelve-month period was 162 (155) and 154 (152) respectively, of which 132 (129) and 125 (127) respectively in the parent company Net Insight AB (publ).

PARENT COMPANY

Parent company net sales were SEK 107.8 (93.0) million in the fourth quarter, and net income was SEK 2.2 (-19.5) million. The net financials include result from participation in group companies of SEK 0.0 (2.9) million, attributable to dividend SEK 0.0 (2.2) and capital gains from an intra-group restructuring SEK 0 (0.7) million. In the fourth quarter, intra-group sales totaled SEK 0.0 (0.9) million, and intra-group purchases SEK -14.0 (-25.0) million.

For the twelve-month period, parent company net sales were SEK 308.5 (340.7) million, and net income was SEK -53.7 (174.3) million. The net financials include result from participation in group companies of SEK -69.8 (199.5) million, attributable capital gains from divestment of subsidiaries of SEK -69.8 (197.2) million and to dividend SEK 0.0 (2.2). For the twelve-month period, intra-group sales totaled SEK 0.0 (8.0) million, and intra-group purchases SEK -51.3 (-62.8) million.

Progress in the parent company in the fourth quarter and for the full year largely shadowed Group progress as indicated above (except for the effect of the sale of operations/subsidiaries).

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.

At the end of 2021, the current situation of component shortages has meant increased uncertainty. In 2021, we do not see any significant negative effects of this, but we do see increased uncertainty ahead of 2022. Except for this, no additional critical risks and uncertainty factors, other than those reviewed in the Annual Report for 2020, arose during the period or are anticipated in 2022.

For a complete review of the company's risk and sensitivity analysis, and its risk management process, see pages 26-28 and 45-46 of the Annual Report for 2020.

SEASONALITY

In the past three calendar years, average seasonality has been fairly modest.

CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK thousands	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Continuing operations				
Net sales	107,894	90,648	380,687	332,091
Cost of sales	-42,763	-36,009	-152,303	-129,924
Gross earnings	65,131	54,639	228,384	202,167
Sales and marketing expenses	-31,535	-23,595	-104,308	-92,716
Administration expenses	-13,494	-12,853	-51,877	-53,935
Development expenses	-14,926	-14,554	-52,963	-55,857
Other operating income and expenses	-1,919	-18,056	7,538	-15,001
Operating earnings	3,257	-14,419	26,774	-15,342
Net financial items	550	-2,420	1,934	-4,623
Profit/loss before tax	3,807	-16,839	28,708	-19,965
Tax	-963	4,965	-4,906	5,288
Net income continuing operations	2,844	-11,874	23,802	-14,677
Discontinued operations, net after tax	-	5,043	-36,926	252,060
Net Income	2,844	-6,831	-13,124	237,383
Net income for the period attributable to the shareholders of the parent company	2,844	-6,831	-13,124	237,383

Earnings per share, based on net income attributable to the parent company's shareholders during the period	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Earnings per share from continuing operations				
-Basic, SEK	0.01	-0.03	0.06	-0.04
-Diluted, SEK	0.01	-0.03	0.06	-0.04
Earnings per share including discontinuing operations				
-Basic, SEK	0.01	-0.02	-0.03	0.62
-Diluted, SEK	0.01	-0.02	-0.03	0.62

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net income	2,844	-6,831	-13,124	237,383
Other comprehensive income				
<i>Items that may be reclassified subsequently to the income statement</i>				
Translation differences	248	-7,182	450	-9,740
Total other comprehensive income, after tax	248	-7,182	450	-9,740
Total other comprehensive income for the period	3,092	-14,013	-12,674	227,643
Total comprehensive income for the period attributable to the shareholders of the parent company	3,092	-14,013	-12,674	227,643

CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	31 Dec 2021	30 Sep 2021	31 Dec 2020
ASSETS			
Non-current assets			
Capitalized expenditure for development	158,263	151,305	208,938
Goodwill	38,751	38,751	58,166
Other intangible assets	1,950	2,203	7,830
Right-of-use assets	33,614	35,516	45,231
Equipment	19,293	19,937	24,989
Deferred tax asset	16,888	17,903	27,428
Deposits	4,784	5,022	5,400
Total non-current assets	273,543	270,637	377,982
Current assets			
Inventories	53,712	54,507	52,470
Accounts receivable	106,069	84,972	98,116
Other receivables	40,436	57,708	50,620
Cash and cash equivalents	354,863	339,550	283,184
Total current assets	555,080	536,737	484,390
TOTAL ASSETS	828,623	807,374	862,372
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	183	-65	-267
Accumulated deficit	-561,979	-531,409	-515,441
Total shareholders' equity	646,528	676,850	692,616
Non-current liabilities			
Lease liabilities	24,914	26,888	35,498
Other liabilities	11,378	10,552	18,230
Total non-current liabilities	36,292	37,440	53,728
Current liabilities			
Lease liabilities	9,286	9,225	10,231
Accounts payable	36,588	23,099	17,093
Other liabilities	99,929	60,760	88,704
Total current liabilities	145,803	93,084	116,028
TOTAL EQUITY AND LIABILITIES	828,623	807,374	862,372

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, 2020	15,597	1,192,727	9,473	-754,052	463,745
Warrants issued	-	-	-	1,228	1,228
Total comprehensive income	-	-	-9,740	237,383	227,643
December 31, 2020	15,597	1,192,727	-267	-515,441	692,616
January 1, 2021	15,597	1,192,727	-267	-515,441	692,616
Repurchase of own shares	-	-	-	-33,414	-33,414
Total comprehensive income	-	-	450	-13,124	-12,674
December 31, 2021	15,597	1,192,727	183	-561,979	646,528

CONSOLIDATED STATEMENT OF CASH FLOWS INCLUDING DISCONTINUED OPERATIONS

SEK thousands	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Ongoing activities				
Profit/loss before tax	3,807	-6,670	-8,286	236,897
Income tax paid	-	-266	-782	-313
Depreciation & amortization	13,957	16,393	60,061	59,887
Other items not affecting liquidity	4,165	5,911	34,599	-229,893
Cash flow from operating activities before changes in working capital	21,929	15,368	85,592	66,578
Changes in working capital				
Increase-/decrease+ in inventories	-1,627	5,461	-4,617	-13,669
Increase-/decrease+ in receivables	-27,455	24,054	-38,667	7,014
Increase+/decrease- in liabilities	52,136	-5,943	61,408	-44,056
Cash flow from operating activities	44,983	38,940	103,716	15,867
Investment activities				
Investment in intangible assets	-17,447	-17,971	-59,585	-74,346
Investment in tangible assets	-702	-122	-2,125	-3,062
Disposal of subsidiary, net effect on cash	23,660	-	70,342	302,348
Increase-/decrease+ in financial assets, net	-	-278	-	-278
Cash flow from investment activities	5,511	-18,371	8,632	224,662
Financing activities				
Amortization leasing	-1,913	-2,181	-7,891	-9,134
Warrant premiums paid	-	278	-	1,228
Repurchase of own shares	-33,414	-	-33,414	-
Cash flow from financing activities	-35,327	-1,903	-41,305	-7,906
Net change in cash and cash equivalents	15,167	18,666	71,043	232,623
Exchange differences in cash and cash equivalents	146	-791	636	-1,769
Cash and cash equivalents at the beginning of the period	339,550	265,309	283,184	52,330
Cash and cash equivalents at the end of the period	354,863	283,184	354,863	283,184

DISAGGREGATION OF REVENUE

SEK thousands	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net sales by product group				
Hardware	45,165	37,907	167,424	137,458
Software licenses	21,930	23,702	76,930	80,926
Support and Services*	40,799	29,039	136,333	113,707
Total	107,894	90,648	380,687	332,091
Net sales by region				
WE	51,905	46,390	194,758	157,975
AM	27,985	31,379	116,846	117,206
RoW	28,004	12,879	69,083	56,910
Total	107,894	90,648	380,687	332,091
Timing of revenue recognition				
Products and services transferred at a point in time	67,110	61,613	244,415	218,411
Services transferred over time*	40,784	29,035	136,272	113,680
Total	107,894	90,648	380,687	332,091

*) Of which 4.7MSEK refers to the NRE fee in both the quarter and the full year.

FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category - Assets	Dec 31, 2021			31 Dec 2020		
	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss
SEK thousands						
Assets in Balance Sheet						
Derivative instruments	2		-	2		-
Accounts receivable and other receivables, excluding non-financial assets		91,669			130,667	
Cash and cash equivalents		354,863			283,184	
Total		446,532	-		413,851	-

Group's financial instruments by category - Liabilities	Dec 31, 2021			31 Dec 2020		
	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss	Value-tier	Measured at amortized cost	Measured at fair value through profit or loss
SEK thousands						
Liabilities in Balance Sheet						
Synthetic options	2		-	2		-
Derivative instruments	2		2,104	2		-
Accounts payable and other liabilities, excluding non-financial liabilities		41,964			22,763	
Lease liabilities		34,200			45,729	
Total		76,164	2,104		68,492	-

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.

INCOME FROM DISCONTINUED OPERATIONS

SEK thousands	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Revenues	-	16,844	15,101	66,482
Expenses	-	-6,675	-16,176	-55,970
Capital gain/loss on disposal of discontinued operations	-	-	-35,919	246,350
Profit/loss before tax	-	10,169	-36,994	256,862
Tax	-	-5,126	68	-4,802
Net income discontinuing operations	-	5,043	-36,926	252,060

ASSETS HELD FOR SALE

SEK thousands	Mar 2021	Jan 2020
Disposed assets and liabilities		
Capitalized expenditure for development	70,198	79,756
Goodwill	22,932	-
Other intangible assets	3,642	-
Right-of-use assets	3,617	-
Equipment	2,688	250
Deferred tax asset	6,261	13,598
Deposits	407	-
Accounts receivable	7,916	-
Other receivables	1,859	186
Cash and cash equivalents	2,274	1,533
Lease liabilities, non-current	-2,593	-
Other liabilities, non-current	-5,862	-
Lease liabilities	-1,291	-
Accounts payable	-1,702	-
Other liabilities	-32,596	-2,875
Net assets and liabilities	77,750	92,448
Cash consideration	49,538	348,002
Less: Escrow	-24,428	-34,917
Less: Cash and cash equivalents in discontinued operations	-2,274	-1,533
Less: Transaction costs	-7,707	-9,204
Effect on group's cash and cash equivalents	15,129	302,348

CASHFLOW FROM DISCONTINUED OPERATIONS

SEK thousands	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Cash flow from discontinued operations, net				
Cash flow from operating activities	-	4,273	899	21,455
Cash flow from investment activities	23,660	-3,872	67,173	280,938
Cash flow from financing activities	-	-	-	-
Cash flow from discontinued operations, net	23,660	401	68,072	302,393

PARENT COMPANY INCOME STATEMENT, IN SUMMARY

SEK thousands	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net sales	107,836	92,972	380,453	340,663
Cost of sales	-45,766	-36,693	-152,014	-131,448
Gross earnings	62,070	56,279	228,439	209,215
Sales and marketing expenses	-18,344	-35,903	-107,202	-109,835
Administration expenses	-13,320	-13,584	-51,479	-55,771
Development expenses	-26,214	-14,827	-54,138	-56,102
Other income expenses	-2,054	-17,486	1,910	-15,190
Operating earnings	2,138	-25,521	17,530	-27,683
Net financial items	837	822	-66,615	196,201
Profit/loss before tax	2,975	-24,699	-49,085	168,518
Tax	-791	5,213	-4,568	5,774
Net income	2,184	-19,486	-53,653	174,292

PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	31 Dec 2021	30 Sep 2021	31 Dec 2020
ASSETS			
Non-current assets			
Capitalized expenditure for development	158,263	151,305	144,776
Other intangible assets	1,950	2,203	3,981
Equipment	17,686	18,247	20,407
Participations in group companies	174,895	174,895	246,400
Deferred tax asset	16,350	17,141	20,919
Deposits	4,686	4,927	4,927
Total non-current assets	373,830	368,718	441,410
Current assets			
Inventories	53,712	54,507	52,470
Accounts receivable	106,676	85,493	90,453
Other receivables	42,680	59,675	50,520
Cash and cash equivalents	350,422	332,741	263,558
Total current assets	553,490	532,416	457,001
TOTAL ASSETS	927,320	901,134	898,411
EQUITY AND LIABILITIES			
Equity			
Restricted equity	221,277	210,038	186,525
Non-restricted equity	388,394	430,863	510,213
Total equity	609,671	640,901	696,738
Non-current liabilities			
Other liabilities	11,190	10,504	11,357
Total non-current liabilities	11,190	10,504	11,357
Current liabilities			
Accounts payable	36,376	23,099	15,557
Liabilities to group companies	173,810	169,447	120,390
Other liabilities	96,273	57,183	54,369
Total current liabilities	306,459	249,729	190,316
TOTAL EQUITY AND LIABILITIES	927,320	901,134	898,411

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.

IFRS Interpretations Committee (IFRIC) has issued a new final agenda decision on cloud computing arrangements. This update discusses how an entity which incurs cloud computing arrangement costs, including implementation costs, may account for those costs – i.e. capitalize or expense. An entity should evaluate whether the rights granted in a cloud computing arrangement are within the scope of IAS 38 Intangible Assets or IFRS 16 Leases. Otherwise, the arrangement is likely to be a service contract.

After evaluation, the company found that 0,2 MSEK of what according to previous assessments had been capitalized should have been expensed when applying the new IFRIC. Since this is not considered significant, everything was expensed in June 2021 without retrospective adjustments. The new IFRIC has also resulted in the company expensing implementation costs for ongoing implementations of cloud computing arrangements during the period, which according to the previous assessments should have been capitalized.

There are no other new or amended International Financial Reporting Standards (IFRS) that have had a material impact on the Company's financial reporting.

Business area Resource Optimization (ScheduALL) was divested on March 31, 2021, and business area Streaming Solutions (Sye) was divested on January 3, 2020. Hence, Net Insight has now only one business area and segment. The divested business areas are presented in the report as discontinued operations. As a result of the divestment, certain costs for central functions have been reallocated between the various business areas. Most of these costs are fixed and do not accompany the divested operations.

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 2020.

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. For a description of these estimates and assumptions, please refer to the Annual Report for 2020.

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.

The division of shares	31 Dec, 2021			31 Dec, 2020		
	A-shares	B-shares	Total	A-shares	B-shares	Total
Outstanding shares	1,000,000	377,308,009	378,308,009	1,000,000	381,758,009	382,758,009
Repurchased own shares	-	12,625,000	12,625,000	-	7,175,000	7,175,000
Issued shares	1,000,000	389,933,009	390,933,009	1,000,000	388,933,009	389,933,009

TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties during the period.

TAX

The group reported tax of total SEK -5.2 (0.5) million for the period January–December 2021, of which SEK -4.9 (5.0) million relates to continuing operations. Reported tax corresponds to an effective tax rate of 58.3 (0.2) percent and -17.1 (-26.5) percent, respectively. The group recognized a capital loss/gain from discontinued operations of SEK -35.9 (246.4) million, which is a non-taxable income. 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 79.4 million at the end of the period, compared to SEK 101.6 million for continuing business as of December 31, 2020. Deferred tax has been recognized for the tax loss carry-forwards.

CONTRIBUTED EQUITY

The AGM resolved to authorize the board of directors to resolve to repurchase, on one or several occasions until the next annual general meeting, as many own shares as may be purchased without the company's holding at any time exceeding ten per cent of the total number of shares in the company. Further, the AGM resolved to authorize the board of directors to resolve on one or several occasions until the next annual general meeting, to transfer (sell) own shares.

At the Board meeting on November 8, the board of Directors of Net Insight AB decided to utilize the repurchase mandate given at the AGM and begin to repurchase own shares. The repurchase commenced on November 11, 2021, and will last until the AGM on May 13, 2022, and will amount to at most 16 million shares or SEK 70 million.

During the period November-December, the parent company acquired 5,450,000 of its own class B shares through purchases on Nasdaq Stockholm for a total amount of SEK 33.4 million, corresponding to the total purchases during 2021. At the end of the reporting period, the parent company had a total of 12,625,000 of its own class B shares, at an average cost of SEK 5.17 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 Company has two warrant programs where management and key personnel acquired a total of 3,055,000 warrants for a market premium. The warrants have a vesting period of three years, after which the holder has the right to exercise the warrants for subscription of B shares in the parent company for a period of three months at an exercise price of SEK 2.80 and SEK 2.00 respectively. When calculating earnings per share, a dilution effect arises when the average price for the period exceeds the exercise price for the warrants. For more information about the programs and the accounting principles, see Note 7 in the 2020 Annual Report.

AUDITORS' REVIEW

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

THIS IS NET INSIGHT

Business concept and model

Net Insight is defining new ways to deliver media. Net Insight is driving the transformation of video networks with open IP, virtualized and cloud solutions that enable our customers to simply and cost-effectively create live experiences.

With the product area Media Networks, Net Insight is opening up new routes for customers to produce and deliver content to viewers anywhere. Revenues are generated through sales of hardware and software solutions and services.

Strategy

Net Insight wants to set the benchmark for media transport and help broadcasters, production companies, service providers and enterprises to transform their media businesses – enabling them to benefit from new software defined, virtual and distributed media workflows, without discarding their existing hardware investments. Net Insight wants to empower customers to work smarter through remote/distributed production and flexible networks.

Net Insight is technology agnostic and has built the market's most open and cloud-ready video centric media delivery platform, allowing customers to deliver content on any network, their way.

The main strategic objective is to accelerate growth, in both existing and closely related market and customer segments. This will be achieved through a combination of leveraging our unique portfolio and our industry expertise, strengthened solutions competitiveness, and improved internal execution.

VALUE CREATORS

The solutions are deployed by the world's leading media brands to keep their mission-critical media networks running smoothly. New technology is enabling these players to adopt new, more cost efficient and flexible ways to produce and deliver content. Net Insight can play an important role to support our customers making this gradual transition.

Net Insight benefits from underlying market trends like the general increase in video traffic, live streaming and file-based transfers. Other trends supporting the company's growth prospects include the broader coverage of live events, move towards remote production and increased use of Internet and cloud for media production and transport.

REPORTING DATES

Publish of Annual Report 2021	April 22, 2022
Interim report January – March	April 29, 2022
Annual General Meeting	May 13, 2022
Interim report January – June	July 20, 2022
Interim report January – September	November 8, 2022

Solna, Sweden, February 22, 2022

Crister Fritzson
CEO

This interim report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish interim report and the English translation the former shall have precedence.

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This information is information that Net Insight AB 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 CET on February 22, 2022.

FINANCIAL INFORMATION

SEK millions (if not defined differently)	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Earnings continuing operations				
Net sales	107.9	90.6	380.7	332.1
Gross earnings	65.1	54.6	228.4	202.2
Operating expenses	60.0	51.0	209.1	202.5
Total development expenditure	32.4	28.7	109.4	106.4
EBITDA	-0.2	-15.6	28.1	-19.0
Operating earnings	3.3	-14.4	26.8	-15.3
Profit/loss before tax	3.8	-16.8	28.7	-20.0
Net income	2.8	-11.9	23.8	-14.7
Balance sheet and cash flow including discontinued operations				
Cash and cash equivalents	354.9	283.2	354.9	283.2
Working capital	76.8	78.3	73.1	57.8
Total cash flow	15.2	18.7	71.0	232.6
The share				
Dividend per share, SEK	-	-	-	-
Earnings per share, basic continuing operations, SEK	0.01	-0.03	0.06	-0.04
Earnings per share, diluted continuing operations, SEK	0.01	-0.03	0.06	-0.04
Earnings per share including discontinuing operations, basic, SEK	0.01	-0.02	-0.03	0.62
Earnings per share including discontinuing operations, diluted, SEK	0.01	-0.02	-0.03	0.62
Cash flow per share, basic, SEK	0.04	0.05	0.19	0.61
Cash flow per share, diluted, SEK	0.04	0.05	0.18	0.61
Equity per share basic, SEK	1.70	1.81	1.69	1.81
Equity per share diluted, SEK	1.68	1.81	1.68	1.81
Average number of outstanding shares basic, thousands	380,821	382,758	382,162	382,758
Average number of outstanding shares diluted, thousands	383,876	382,758	384,174	382,758
Number of outstanding shares at the end of the period, basic, thousands	377,308	382,758	377,308	382,758
Number of outstanding shares at the end of the period, diluted, thousands	380,363	382,758	380,363	382,758
Share price at end of period, SEK	6.62	1.58	6.62	1.58
Employees and consultants continuing operations				
Average number of employees and consultants	162	155	154	152
KPI continuing operations				
Net sales YoY, change in %	19.0%	3.0%	14.6%	-12.1%
Gross margin	60.4%	60.3%	60.0%	60.9%
Total development expenditure/Net sales	30.0%	31.6%	28.7%	32.0%
Operating margin	3.0%	-15.9%	7.0%	-4.6%
EBITDA margin	-0.2%	-17.2%	7.4%	-5.7%
Net margin	2.6%	-13.1%	6.3%	-4.4%
KPI Group including discontinued operations				
Return on capital employed	4.0%	-0.6%	3.9%	-0.6%
Equity/asset ratio	78.0%	80.3%	78.0%	80.3%
Return on equity	-2.0%	36.0%	-2.0%	36.0%

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. APMs regarding to the income statement are calculated on continuing operations unless otherwise stated. APMs regarding the balance sheet are calculated on the whole group including discontinuing operations, unless otherwise stated.

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 has 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 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. 				

Change in net sales in comparable currencies SEK millions (if not defined differently)	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net sales	107.9	90.6	380.7	332.1
Net currency effect of comparable currencies	-1.0	6.0	14.9	5.7
Net sales in comparable currencies	106.9	96.6	395.6	337.7
Change in net sales in comparable currencies	17.9%	9.8%	19.1%	-10.6%

KPI Income Statement SEK millions (if not defined differently)	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Continuing operations				
Net sales	107.9	90.6	380.7	332.1
Net sales YoY, change in %	19.0%	3.0%	14.6%	-12.1%
Cost of sales ex. amortization of capitalized development	-32.3	-27.0	-109.4	-98.5
Gross earnings ex. amortization of capitalized development	75.6	63.6	271.3	233.6
Gross margin ex. amortization of capitalized development	70.1%	70.2%	71.3%	70.3%
Cost of sales amortization of capitalized development	-10.5	-9.0	-42.9	-31.4
Gross earnings	65.1	54.6	228.4	202.2
Gross margin	60.4%	60.3%	60.0%	60.9%
Sales and marketing expenses	-31.5	-23.6	-104.3	-92.7
Administration expenses	-13.5	-12.9	-51.9	-53.9
Development expenses	-14.9	-14.6	-53.0	-55.9
Operating expenses	-60.0	-51.0	-209.1	-202.5
Operating expenses/net sales	55.6%	56.3%	54.9%	61.0%
Other operating income and expenses	-1.9	-18.1	7.5	-15.0
Operating earnings	3.3	-14.4	26.8	-15.3
Operating margin	3.0%	-15.9%	7.0%	-4.6%
Net financial items	0.6	-2.4	1.9	-4.6
Profit/loss before tax	3.8	-16.8	28.7	-20.0
Tax	-1.0	5.0	-4.9	5.3
Net income continuing operations	2.8	-11.9	23.8	-14.7
Net margin continuing operations	2.6%	-13.1%	6.3%	-4.4%
Discontinued operations, net after tax	-	5.0	-36.9	252.1
Net Income	2.8	-6.8	-13.1	237.4

EBITDA margin continuing operations SEK millions (if not defined differently)	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Operating earnings	3.3	-14.4	26.8	-15.3
Amortization of capitalized development expenditure	10.5	9.0	42.9	31.4
Other depreciation, amortization & impairment	3.5	3.9	14.8	15.4
Capitalization of development expenditure	-17.4	-14.1	-56.4	-50.5
EBITDA	-0.2	-15.6	28.1	-19.0
Net sales	107.9	90.6	380.7	332.1
EBITDA margin	-0.2%	-17.2%	7.4%	-5.7%

Development expenditure continuing operations SEK millions (if not defined differently)	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Development expenses	14.9	14.6	53.0	55.9
Capitalization of development expenditure	17.4	14.1	56.4	50.5
Total development expenditure	32.4	28.7	109.4	106.4
Capitalization rate	53.9%	49.2%	51.6%	47.5%
Net Sales	107.9	90.6	380.7	332.1
Total development expenditure/net sales	30.0%	31.6%	28.7%	32.0%

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 (R4Q).	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	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Current assets	534.2	458.3	491.7	424.3
Cash and cash equivalents	-347.2	-274.2	-318.1	-237.1
No interest-bearing short term liabilities	-110.2	-105.7	-100.5	-129.4
Working capital	76.8	78.3	73.1	57.8

In current assets, assets held for sale of December 31, 2019, are excluded as, as they mainly relate to capitalized development expenses.

Return on capital employed including discontinued operations SEK millions (if not defined differently)	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
<i>Capital employed</i>				
Total balance	817.8	873.6	820.1	856.6
No interest-bearing liabilities	-121.2	-122.8	-112.9	-148.8
Capital employed	696.7	750.8	707.1	707.8
<i>Operating earnings less interest income R4Q</i>				
Operating earnings R4Q	28.7	-4.3	28.7	-4.3
Interest income R4Q	1.1	0.2	1.1	0.2
Operating earnings less interest income R4Q	27.6	-4.5	27.6	-4.5
Return on capital employed	4.0%	-0.6%	3.9%	-0.6%

Equity/asset ratio SEK millions (if not defined differently)	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Equity	646.5	692.6	646.5	692.6
Total equity and liabilities	828.6	862.4	828.6	862.4
Equity/asset ratio	78.0%	80.3%	78.0%	80.3%

Return on equity including discontinued operations SEK millions (if not defined differently)	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net income - R4Q	-13.1	237.4	-13.1	237.4
Average equity - R4Q	668.5	659.0	668.5	659.0
Return on equity	-2.0%	36.0%	-2.0%	36.0%

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 do not 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	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Average number of employees	129	170	138	168
Average number of consultants	33	29	27	30
Total average number of employees and consultants	162	199	165	198
Average number of employees and consultants discontinued operations	-	-44	-11	-46
Net Average number of employees and consultants continuing operations	162	155	154	152

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:

Material profit and loss items, continued operations		Oct-Dec		Jan-Dec	
SEK millions	Note	2021	2020	2021	2020
Effects of the Net Insight share price development during the period					
Share-based benefits	(a)	-0.2	-0.1	-0.4	-0.0
Synthetic options, change in value	(b)	-0.5	0.0	-0.6	0.1
Total		-0.7	-0.1	-1.1	0.0
Exchange rate differences					
Part of Other operating income & expenses		-1.6	-18.0	6.6	-16.0
Part of Net Financial Items		1.0	-2.2	2.7	-3.5
Total Exchange rate differences		-0.6	-20.2	9.3	-19.5
Government grants Covid-19					
Reduction of employee expenses		-	0.9	0.8	3.4
Other operating income		-0.4	-0.0	-0.2	0.7
Total		-0.4	0.9	0.6	4.1
Items affecting comparability					
Restructuring	(c)	-0.8	-0.5	-0.8	-0.9
Government grants Covid-19, other operating income	(d)	-0.4	-0.0	-0.2	0.7
Adjustment cost for advisory services disposal of discontinued operations	(e)	-	-	0.4	-
Total		-1.2	-0.5	-0.7	-0.3
Operating earnings excluding items affecting comparability					
Operating earnings		3.3	-14.4	26.8	-15.3
Items affecting comparability, as per above		1.2	0.5	0.7	0.3
Total		4.5	-13.9	27.4	-15.1
Operating earnings excluding exchange rate differences					
Operating earnings		3.3	-14.4	26.8	-15.3
Exchange rate differences, as per above		1.6	18.0	-6.6	16.0
Total		4.9	3.5	20.2	0.7
Operating earnings excluding exchange rate differences & items affecting comparability					
Operating earnings		3.3	-14.4	26.8	-15.3
Exchange rate differences, as per above		1.6	18.0	-6.6	16.0
Items affecting comparability, as per above		1.2	0.5	0.7	0.3
Total		6.1	4.1	20.8	1.0
Cash Flow excluding disposal of subsidiary, net effect on cash, and repurchase of own shares					
Net change in cash and cash equivalents	(f)	15.2	18.7	71.0	232.6
Disposal of subsidiary, net effect on cash		-23.7	-	-70.3	-302.3
Repurchase of own shares		33.4	-	33.4	-
Total		24.9	18.7	34.1	-69.7

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

- (a) Share-based benefits are value changes in amounts held in escrow for participation in the synthetic share program.
- (b) During 2015-2019, Net Insight issued 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, 3 years, 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) Severance pay in due to structural changes.
- (d) Covid-19 related government grants for personnel and other resources that still contribute to creating value for the Company.
- (e) During the second quarter of 2021, the final costs for advisory services in connection with the divestment of business area Resource Optimization (ScheduALL), which is presented as other operating income.
- (f) Presenting the cash flow without effects from divestments of the Resource Optimization (ScheduALL operations) and Streaming Solutions (Sye operations) business areas and the repurchase program of own shares provides a better understanding and comparison of the underlying operations' cash flow.

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