

Net Insight Interim Report January – March 2020



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

January – March 2020

- Net sales amounted to SEK 94.0 (108.7) million, a decrease of -13.5% year. In comparable currencies net sales decreased by -17.6%.
- Operating earnings amounted to SEK 8.3 (-4.5) million, corresponding to an operating margin of 8.8% (-4.1%). Excluding foreign exchange rate differences of SEK 13.0 (0.4) million, operating earnings were SEK -4.7 (-4.9) million.
- Excluding items affecting comparability of SEK -0.9 (-3.4) million, operating earnings amounted to SEK 9.3 (-1.1) million.
- Net income for the period for the Group, including divested operations, was SEK 250.5 (-8.5) million. This includes capital gains on disposal of discontinued operations of SEK 246.4 million (-).
- Earnings per share, basic and diluted, for the Group was SEK 0.65 (-0.02).
- Total cash flow for the Group was SEK 245.4 million (-32.0). Excluding the cash impact of the divestment of subsidiary, cash flow was SEK -57.0 million (-32.0).

”Continuing to build the future, despite turbulent times

Crister Fritzson, CEO, Net Insight

Significant events:

- Acquisition of innovative product portfolio
- Accelerated product development
- First Nimbra Edge order

Significant events after the period:

- Actions to minimize Covid-19 impact
- Crister Fritzson assumes the CEO position April 1

FINANCIAL HIGHLIGHTS

SEK millions	Jan-Mar		Change	Apr 2019-	Jan-Dec	Change
	2020	2019		Mar 2020	2019	
Continuing operations						
Netsales per business area						
Media Networks	76.0	93.6	-18.8%	360.2	377.8	-4.7%
Resource Optimization	18.0	15.1	19.5%	73.7	70.8	4.2%
Net sales	94.0	108.7	-13.5%	433.9	448.6	-3.3%
Operating earnings	8.3	-4.5		9.2	-3.6	
Operating margin	8.8%	-4.1%		2.1%	-0.8%	
Net income	3.9	-2.7		2.0	-4.6	
EBITDA	1.0	2.5		-8.2	-6.6	
EBITDA margin	1.0%	2.3%		-1.9%	-1.5%	
Total group including discontinued operations						
Net Income	250.5	-8.5		226.8	-32.2	
Total cash flow	245.4	-32.0		236.1	-41.2	

Streaming Solutions was divested in 2020 and is reported separately as discontinuing operations in this report.

CEO's Statement



Continuing to build the future, despite turbulent times

Several positive steps, despite external challenges

At the start of the quarter we saw a positive trend, and we implemented a number of measures aimed at strengthening the Media Networks business. We acquired Aperi's product portfolio, won our first deal for the Nimbra Edge cloud-based solution, and product development accelerated further according to plan. Towards the end of the quarter, the world's focus shifted towards the global outbreak of the Covid-19. The market disruption had a negative impact on revenue towards the end of the quarter, which settled at SEK 94 million, down -14% on Q1 2019. Operating earnings were SEK 8 million and was positively affected by currency effects.

Covid-19 negatively impacted Net Insight's business in Asia for most of the quarter, and in the US and Europe towards the end of the period. Thanks to active cost-management, a good result was achieved despite the challenging conditions. The impact on our ability to deliver products and services was limited, and our accelerated product development was largely unchanged in the quarter. We plan to retain the same level of activity and investments in Q2.

Continue to strengthen the portfolio

As part of the strategy to strengthen the Media Networks business, Net Insight acquired Aperi Corporation's IP product portfolio for SEK 13 million. The transaction included the full product portfolio, brand, inventory, and accounts receivable. The new products and some unique tech solutions complement and strengthen Net Insight's existing media transport portfolio. This means that we can cover more use cases and increase sales to new and existing customers. Aperi's R&D team and offices in California also strengthen Net Insight's presence on the important US market. The open, flexible products built on a virtualized software architecture will help realize Net Insight's strategy of an open and complete media transport portfolio. The first smaller Aperi deal was won after the close of the quarter.

During the quarter, we won our first commercial deal for Nimbra Edge with a larger customer in North America. For this customer, Net Insight's cloud solution will be used for primary distribution for a SVOD service (Subscription Video On Demand), at substantially lower cost compared to the existing distribution solution. The development and commercialization of Nimbra Edge remains a strategic priority. Virtualized cloud-based solutions are increasingly adapted, for both cost and flexibility reasons, and this is an attractive emerging market for Net Insight. Particularly in these times, with travel restrictions, our customers are increasingly focusing on cloud-based solutions, also because of the

challenges of testing, installing, and upgrading physical products.

The modernization of ScheduALL is proceeding largely according to plan and the commercial launch of the cloud-based SaaS solution is scheduled in the first half of the year.

Covid-19 and business implications

Towards the end of the first quarter, the spread of the Covid-19 accelerated on a global scale. Generally high uncertainty, combined with canceled and / or postponed live events and leagues, has affected customers and the business sentiment in all our main markets. Travel restrictions have also contributed to difficulties in working with new customers. Our assessment is that the revenue decrease in the quarter was due to Covid-19 effects.

Net Insight actively monitors developments and has implemented measures to mitigate the effects on our staff, customer operations and earnings. Our main scenario assumes continued restrictions with related business impact during the second quarter, followed by a gradual recovery. Future predictions are difficult, and the company continuously evaluates the situation. Net Insight's strategy is to prioritize R&D and strategic development projects, protect the company's financial position through active cost management and prepare to rapidly increase activity level when we see signs of recovery. For more information about the Covid-19 situation, see the section on extraordinary events.

Immediate priorities

I am confident about working with our employees and management to build a successful and growing company. The first step is to ensure internal efficiency and clarify priorities and drive growth on existing core markets. Over time, we will identify and evaluate the potential for expansion in adjacent segments.

Solna, Sweden, April 29, 2020
Crister Fritzson, CEO

EXTRAORDINARY EVENTS

Divested operations

The business area Streaming Solutions (the Sye consumer streaming business) was divested on January 3, 2020 and is reported as discontinued operations in this report. The consideration amounted to SEK 348.0 million, whereof 10% will be paid in the beginning of July 2021. The divestment generated a capital gain of SEK 246.6 million and a cash impact (net after deduction of the withheld part of the consideration and transaction cost) of SEK 302.3 million.

Comments in this report have reference to continuing operations, business areas Media Networks and Resource Optimization, unless otherwise specified. For more information on discontinued operations, see tables on page 11.

Acquisition of Aperi product portfolio

As part of the strategy to grow the core Media Networks business, Net Insight acquired assets from Aperi Corporation for SEK 12.7 million, including transaction costs of SEK 1.4 million. The acquisition includes the full Aperi product portfolio, intellectual property rights, trademarks, fixed assets, inventory and accounts receivable. The purchase price has been allocated to the following balance sheet items: fixed assets SEK 2.9 million, inventories SEK 7.9 million and accounts receivable SEK 2.3 million. Following the acquisition, Net Insight hired seven previous Aperi employees in the USA. Consequently, operating cost for the first quarter was affected with SEK -0.9 (-) million.

Covid-19 and business impact

At the end of the first quarter, the global spread of Covid-19 accelerated, which has affected customers on all our main markets. This had a negative impact on earnings for the first quarter. It is not possible to determine the exact impact, but the revenue decrease can largely be attributed to Covid-19 effects.

Net Insight is monitoring the development closely and has initiated actions to mitigate the impact on staff, customer operations and financial result. We are observing the directives from local authorities, including travel restrictions, work from home and general health advice. Staff in Sweden will from mid-April temporarily reduce working time with 20% with the possibility to rapidly return to full working time as soon as the market situation improves. We prioritize to drive strategic development projects with as little disruption as possible. We have also taken actions to reduce non staff cost and to secure the supply chain to ensure deliveries to our customers. Ongoing and planned actions are not expected to materially affect Net Insights ability to deliver products and services.

The Covid-19 situation will as previously communicated likely have a significant negative impact on earnings for the second quarter. Our main scenario assumes continued restrictions with related business impact during the second quarter, followed by a gradual recovery from the third quarter. At the time of this report, we estimate that Covid-19 does not have any material impact on the company's assets. However, the large uncertainty makes predictions on future development difficult, and the company continuously evaluates the situation and need for measures. Net Insights overall strategy for this extraordinary situation is to weather the storm – prioritizing R&D and continue to drive strategic development projects, protect the financial position through active cost control and prepare a rapid activity level increase when we see signs of recovery in the market.

REVENUES

Net sales in the first quarter of 2020 were SEK 94.0 (108.7) million, a decrease of -13.5%. In comparable currencies, sales decreased by -17.6%.

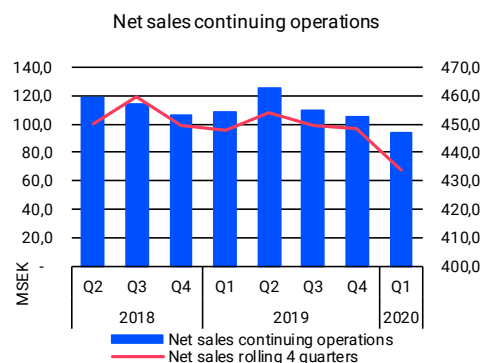
Net Insight's solutions are sold all over the world and we have customers in around 70 countries. Many customers are global, with central purchasing functions for subsidiaries. Revenue per region for Media Networks, our largest Business Area, varies over time depending on where events take place. Revenue per region is therefore less relevant. We report revenue by region separately (see table on page 11) but without comments.

Revenues by Business Area

Net Insight has the following Business Areas: Media Networks and Resource Optimization.

Media Networks

Media Networks encompasses the Nimbra portfolio. A Nimbra solution normally consists of software as well as hardware and support. Customers with existing software licenses sometimes purchases only hardware, which means the mix between software and hardware revenues may vary over time. Revenues are mainly driven by events and specific larger deals can have a significant impact on quarterly revenue. There is no clear seasonality, why



revenue on a rolling 12-month basis is a better indicator than a single quarter. Revenue on a rolling 12-month basis has been largely unchanged during the last year.

Revenues for the first quarter were SEK 76.0 (93.6) million, a decrease of -18.8%. The decrease is largely attributable to the Covid-19 pandemic's impact on business. Revenue decreased for all revenue types.

Resource Optimization

Resources Optimization encompasses ScheduALL, a pure software solution. Revenues are derived from software licenses sales, support and professional services. The business model for the coming solution is SaaS, Software as a Service.

Revenues for the first quarter were SEK 18.0 (15.1) million, an increase of 19.5%. The increase is attributable both to software licenses and maintenance.

EARNINGS

Gross profit for the first quarter was SEK 58.2 (65.9) million, a decrease by -11.7%. The decrease is explained by the lower revenue for Media Networks, partially offset by lower amortization of R&D expenditure. Gross profit included amortization of capitalized development expenditure of SEK -8.4 (-11.7) million. Gross margin excluding and including amortization of capitalized development expenditure was 70.9% (71.5%) and 61.9% (60.7%) respectively.

Operating expenses in the first quarter of SEK -63.2 (-70.9) million were SEK 7.7 million lower compared to the corresponding period of the previous year because of the cost saving program initiated during the first quarter of 2019 and a higher capitalization rate for development expenditures.

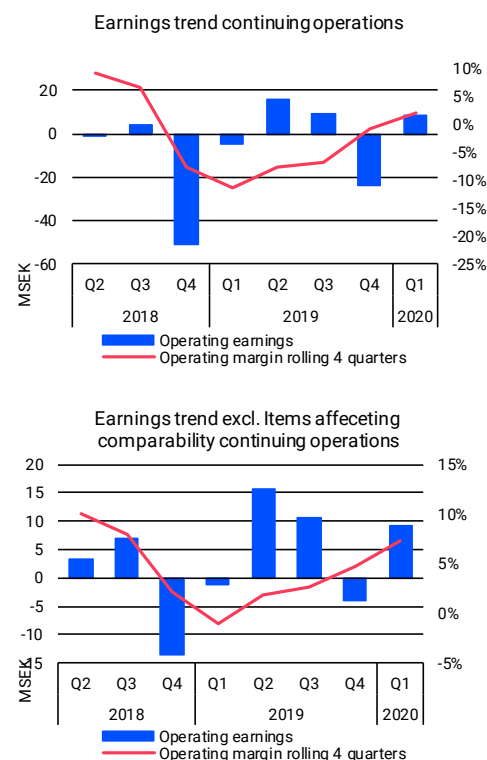
Sales and marketing expenses were SEK -28.6 (-32.2) million, and administration expenses to SEK -15.8 (-18.2). Development expenses were SEK -18.9 (-20.4) million. The decrease was due to a higher capitalization rate. Total development expenditure, i.e. before capitalization, increased to SEK -40.1 (-30.2) million, primarily because of increased efforts for the Nimbra portfolio. Other operating income and expenses were SEK 13.3 (0.4) million, related to foreign exchange rate gains.

Operating earnings were SEK 8.3 (-4.5) million, corresponding to an operating margin of 8.8% (-4.1%). Excluding foreign exchange rate differences of SEK 13.0 (0.4) million, operating earnings were unchanged at SEK -5.0 (-4.9) million despite the lower revenue, because of the above-mentioned cost saving program.

EBITDA was SEK 1.0 (2.5) million, corresponding to an EBITDA margin of 1.0% (2.3%).

In the first quarter, net financial items were positively affected by SEK 0.1 (0.2) million for the revaluation of synthetic options programs due to a lower share price at the end of the quarter. Net interest expenses were SEK -0.8 (-0.4) million, and net foreign exchange rate differences were SEK -2.1 (1.4) million. Net financial items amounted to SEK -2.8 (1.2) million.

Profit before tax for the first quarter was SEK 5.5 (-3.3) million, and net income was SEK 3.9 (-2.7) million, corresponding to a net margin of 4.2% (-2.5%). Including Discontinued operations, net income was SEK 250.5 (-8.5) million, including capital gain on disposal of discontinued operations of SEK 246.4 million (-).



Key Ratios continuing operations	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Net sales, SEK millions	94.0	108.7	433.9	448.6
Net sales YoY, change in %	-13.5%	-1.6%	-3.1%	-0.2%
Gross earnings	58.2	65.9	274.6	282.3
Gross margin	61.9%	60.7%	63.3%	62.9%
Operating earnings	8.3	-4.5	9.2	-3.6
Operating margin	8.8%	-4.1%	2.1%	-0.8%
EBITDA	1.0	2.5	-8.2	-6.6
EBITDA margin	1.0%	2.3%	-1.9%	-1.5%

Earnings per Business Area

Media Networks

Operating earnings for Media Networks for the first quarter decreased and amounted to SEK -3.3 (5.9) million, corresponding to an operating margin of -4.3% (6.3%). The earnings decrease is attributable to Covid-19 impact on revenue. Total development expenditure increased because of further portfolio efforts including the Aperi acquisition and amounted to SEK -29.4 (-21.1) million.

Resource Optimization

For Resource Optimization, operating earnings for the first quarter of SEK -1.9 (-11.0) were clearly improved versus the corresponding period. This is due to higher revenue and gross earnings as well as to lower operating expenses. Total development expenditure increased somewhat and amounted to SEK -10.8 (-9.2).

INVESTMENTS INCLUDING DIVESTED OPERATIONS

First quarter investments were SEK 24.4 (17.5) million, of which SEK 21.3 (17.2) million related to capitalization of expenditure for development and SEK 2.9 (-) million of fixed assets acquired from Aperi.

Depreciation and amortization in the first quarter totaled SEK 13.9 (19.8) million, of which SEK 8.4 (11.7) million related to amortization of capitalized expenditure for development.

At the end of the period, net value of capitalized expenditure for development was SEK 202.5 million. Net value of capitalized expenditure for development was SEK 184.6 million as of December 31, 2019.

Investments per Business Area

Investments per Business Area only reflects capitalized expenditure for development.

Media Networks

Capitalized expenditure for development in the first quarter amounted to SEK 14.6 (5.9) million, and amortization to SEK -7.3 (-10.2) million.

At the end of the period, net value of capitalized expenditure for development was SEK 133.4 million, against SEK 126.0 million as of December 31, 2019.

Resource Optimization

Capitalized expenditure for development in the first quarter amounted to SEK 6.7 (3.9) million, and amortization to SEK -1.1 (1.6) million.

At the end of the period, net value of capitalized expenditure for development was SEK 69.1 million, against SEK 58.5 million as of December 31, 2019.

CASH FLOW AND FINANCIAL POSITION INCLUDING DISCONTINUED OPERATIONS

Cash flow from operating activities in the first quarter was SEK -30.2 (-10.7) million. Total cash flow was SEK -14.3 (-18.5) million. The divestment of Business Area Streaming Solutions had a cash impact of SEK 302.3 (-) million. Total cash flow for the period was SEK 245.4 (-32.0) million. Excluding the divestment impact, cash flow was SEK -57.0 (-32.0) million. Cash flow was affected negatively with SEK -12.7) by the acquisition of the Aperi product portfolio.

Cash and cash equivalents were SEK 298.2 million at the end of the period, against SEK 52.3 million as of 31 December 2019.

Remaining tax loss carry-forwards for group companies amounted to SEK 102.0 million at the end of the period, compared to SEK 102.8 million as of December 31, 2019. Deferred tax assets have been recognized for SEK 99.5 (102.8) million of the tax loss carry-forwards. For more information, see the section Tax on page 14.

Equity was SEK 717.0 million at the end of the period, against SEK 463.7 million as of 31 December 2019. The equity/assets ratio was 76.7%, against 67.6% as of 31 December 2019. For more information about share repurchases and share structure, see the section Contributed equity on page 14.

EMPLOYEES

The average number of employees and consultants at Net Insight during the first quarter was 198 (193) of which 128 (139) in the parent company Net Insight AB (publ).

Crister Fritzson assumed the CEO position on April 1.

Filippa Hasselström, Vice President of Streaming Solutions, left the management team in connection with the divestment of the business area on January 3, 2020.

PARENT COMPANY

Parent company net sales were SEK 80.2 (129.5) million in the first quarter, and net income was SEK 199.4 (5.7) million. The financial net includes result from participation in group companies of SEK 193.8 (1.8) million, which for 2020 relates to capital gains from divestment of subsidiary, and for 2019 from dividend from subsidiary. In the first quarter, intra-group sales totaled SEK 4.7 (34.0) million, and intra-group purchases SEK -13.1 (-40.9) million. Intra-group sales and purchases have decreased due to the intra-group restructuring that was done during the last quarter of 2019, where the parent company acquired all immaterial rights related to Nimbra from a subsidiary.

Progress in the parent company in the first quarter and the full year largely shadowed Group progress as indicated above for the business area Media Networks.

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.

See page 4 for Covid-19 and impact on business.

No additional critical risks and uncertainty factors, other than those reviewed in the Annual Report for 2019, arose during the period or are anticipated in 2020.

For a complete review of the company's risk and sensitivity analysis, and its risk management process, see pages 28–30 and 49–50 of the Annual Report for 2019.

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		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Continuing operations				
Net sales	93,995	108,658	433,887	448,550
Cost of sales	-35,815	-42,735	-159,331	-166,251
Gross earnings	58,180	65,923	274,556	282,299
Sales and marketing expenses	-28,614	-32,234	-125,196	-128,816
Administration expenses	-15,758	-18,222	-64,891	-67,355
Development expenses	-18,835	-20,411	-69,200	-70,776
Other operating income and expenses	13,335	449	-6,066	-18,952
Operating earnings	8,308	-4,495	9,203	-3,600
Net financial items	-2,820	1,230	-7,059	-3,009
Profit/loss before tax	5,488	-3,265	2,144	-6,609
Tax	-1,574	564	-173	1,965
Net income continuing operations	3,913	-2,701	1,970	-4,644
Discontinued operations, net after tax	246,580	-5,833	224,870	-27,543
Net Income	250,493	-8,534	226,840	-32,187
Net income for the period attributable to the shareholders of the parent company	250,493	-8,534	226,840	-32,187
Earnings per share, based on net income attributable to the parent company's shareholders during the period	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Earnings per share basic and diluted continuing operations (SEK)	0.01	-0.01	0.01	-0.01
Earnings per share basic and diluted including discontinuing operations (SEK)	0.65	-0.02	0.59	-0.08
Average number of outstanding shares in thousands, basic	382,758	382,933	382,758	382,812

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousands	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Net income	250,493	-8,534	226,840	-32,187
Other comprehensive income				
<i>Items that may be reclassified subsequently to the income statement</i>				
Translation differences	2,739	2,769	3,874	3,904
Total other comprehensive income, after tax	2,739	2,769	3,874	3,904
Total other comprehensive income for the period	253,232	-5,765	230,714	-28,283
parent company	253,232	-5,765	230,714	-28,283

CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK thousands	Mar 31, 2020	31 Dec 2019
ASSETS		
Non-current assets		
Capitalized expenditure for development	202,461	184,582
Goodwill	70,575	65,582
Other intangible assets	9,939	10,560
Right-of-use assets	50,326	52,394
Equipment	31,478	29,531
Deferred tax asset	26,469	26,997
Deposits	5,224	5,186
Total non-current assets	396,472	374,832
Current assets		
Inventories	58,568	44,584
Accounts receivable	115,923	103,771
Other receivables	65,381	17,179
Cash and cash equivalents	298,178	52,280
Assets held for sale	-	93,840
Total current assets	538,050	311,654
TOTAL ASSETS	934,522	686,486
EQUITY AND LIABILITIES		
Equity attributable to parent company's shareholders		
Share capital	15,597	15,597
Other paid-in capita	1,192,727	1,192,727
Translation reserve	12,212	9,473
Accumulated deficit	-503,559	-754,052
Total shareholders' equity	716,977	463,745
Non-current liabilities		
Lease liabilities	39,721	41,517
Other liabilities	22,414	20,649
Total non-current liabilities	62,135	62,166
Current liabilities		
Lease liabilities	10,469	10,586
Accounts payable	30,319	35,821
Other liabilities	114,622	111,173
Liabilities directly associated with assets held for sale	-	2,995
Total current liabilities	155,410	160,575
TOTAL EQUITY AND LIABILITIES	934,522	686,486

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, 2019	15,597	1,192,727	5,569	-720,028	493,865
Repurchase of own shares	-	-	-	-1,837	-1,837
Total comprehensive income	-	-	3,904	-32,187	-28,283
December 31, 2019	15,597	1,192,727	9,473	-754,052	463,745
January 1, 2020	15,597	1,192,727	9,473	-754,052	463,745
Repurchase of own shares	-	-	-	-	-
Total comprehensive income	-	-	2,739	250,493	253,232
March 31, 2020	15,597	1,192,727	12,212	-503,559	716,977

CONSOLIDATED STATEMENT OF CASH FLOWS INCLUDING DISCONTINUED OPERATIONS

SEK thousands	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Ongoing activities				
Profit/loss before tax	252,130	-10,686	221,165	-41,651
Income tax paid	-	-	-371	-371
Depreciation, amortization & impairment	13,909	19,752	72,005	77,848
Other items not affecting liquidity	-254,613	-364	-239,020	15,229
Cash flow from operating activities before changes in working capital	11,426	8,702	53,779	51,055
Changes in working capital				
Increase-/decrease+ in inventories	-14,954	-6,650	-10,986	-2,682
Increase-/decrease+ in receivables	-25,548	-39,458	12,338	-1,572
Increase+/decrease- in liabilities	-1,147	26,714	-13,818	14,043
Cash flow from operating activities	-30,223	-10,692	41,313	60,844
Investment activities				
Investment in intangible assets	-21,346	-17,215	-94,290	-90,159
Investment in tangible assets	-3,026	-315	-4,641	-1,930
Disposal of subsidiary, net effect on cash	302,348	-	302,348	-
Increase-/decrease+ in financial assets, net	-	-	46	46
Cash flow from investment activities	277,976	-17,530	203,463	-92,043
Financing activities				
Amortization leasing	-2,381	-1,908	-8,627	-8,154
Repurchase of own shares	-	-1,837	-	-1,837
Cash flow from financing activities	-2,381	-3,745	-8,627	-9,991
Net change in cash and cash equivalents	245,372	-31,967	236,149	-41,190
Exchange differences in cash and cash equivalents	476	466	637	627
Cash and cash equivalents at the beginning of the period	52,330	92,893	61,392	92,893
Cash and cash equivalents at the end of the period	298,178	61,392	298,178	52,330

SEGMENTS

The company's segments are the business areas Media Networks and Resource Optimization. The business area Streaming Solutions was divested in 2020, hence the business area is reported separately as discontinuing operations and are excluded from the segment reporting.

SEK thousands	Jan-Mar 2020				Jan-Mar 2019			
	Media Networks	Resource Optimization	Unallocated items & eliminations	Total	Media Networks	Resource Optimization	Unallocated items & eliminations	Total
Net Sales	75,971	18,024	-	93,995	93,579	15,079	-	108,658
Gross earnings	46,751	11,408	21	58,180	59,668	6,234	21	65,923
Net margin	61.5%	63.3%		61.9%	63.8%	41.3%		60.7%
Operating earnings	-3,297	-1,887	13,493	8,308	5,862	-10,957	600	-4,495
Gross margin	-4.3%	-10.5%		8.8%	6.3%	-72.7%		-4.1%
Net financial items			-2,820	-2,820			1,230	1,230
Profit/loss before tax continuing operations				5,488				-3,265

SEK thousands	Apr 2019-Mar 2020				Jan-Dec 2019			
	Media Networks	Resource Optimization	Unallocated items & eliminations	Total	Media Networks	Resource Optimization	Unallocated items & eliminations	Total
Net Sales	360,156	73,731	-	433,887	377,764	70,786	-	448,550
Gross earnings	229,440	45,024	92	274,556	242,357	39,850	92	282,299
Gross margin	63.7%	61.1%		63.3%	64.2%	56.3%		62.9%
Operating earnings	37,320	-22,689	-5,428	9,203	46,479	-31,759	-18,320	-3,600
Gross margin	10.4%	-30.8%		2.1%	12.3%	-44.9%		-0.8%
Net financial items			-7,059	-7,059			-3,009	-3,009
Profit/loss before tax continuing operations				2,144				-6,609

DISAGGREGATION OF REVENUE

SEK thousands	Jan-Mar 2020			Jan-Mar 2019			Apr 2019-Mar 2020			Jan-Dec 2019		
	Media Networks	Resource Optimization	Total	Media Networks	Resource Optimization	Total	Media Networks	Resource Optimization	Total	Media Networks	Resource Optimization	Total
Net sales by product group												
Hardware	32,379	-	32,379	42,297	-	42,297	161,821	-	161,821	171,739	-	171,739
Software licenses	15,585	1,232	16,817	19,230	-	19,230	83,489	7,514	91,003	87,134	6,282	93,416
Support and Services	28,007	16,792	44,799	32,052	15,079	47,131	114,846	66,217	181,063	118,891	64,504	183,395
Total	75,971	18,024	93,995	93,579	15,079	108,658	360,156	73,731	433,887	377,764	70,786	448,550
Net sales by region												
WE	39,098	4,996	44,094	38,543	3,936	42,479	168,855	18,966	187,821	168,300	17,906	186,206
AM	24,221	9,482	33,703	40,087	9,739	49,826	121,685	41,751	163,436	137,551	42,008	179,559
RoW	12,652	3,546	16,198	14,949	1,404	16,353	69,616	13,014	82,630	71,913	10,872	82,785
Total	75,971	18,024	93,995	93,579	15,079	108,658	360,156	73,731	433,887	377,764	70,786	448,550
Timing of revenue recognition												
Products and services transferred at a point in time	47,976	1,232	49,208	61,542	-	61,542	245,356	7,514	252,870	258,922	6,282	265,204
Services transferred over time	27,995	16,792	44,787	32,037	15,079	47,116	114,800	66,217	181,017	118,842	64,504	183,346
Total	75,971	18,024	93,995	93,579	15,079	108,658	360,156	73,731	433,887	377,764	70,786	448,550

INCOME FROM DISCONTINUED OPERATIONS

SEK thousands	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Revenues	-376	2,666	6,469	9,510
Expenses	668	-10,087	-33,797	-44,552
Capital gain on disposal of discontinued operations	246,350	-	246,350	-
Profit before tax	246,643	-7,421	219,022	-35,042
Tax	-63	1,588	5,848	7,499
Net income discontinuing operations	246,580	-5,833	224,870	-27,543

ASSETS HELD FOR SALE

SEK thousands	Jan 2020	31 Dec 2019
Disposed assets and liabilities		
Capitalized expenditure for development	79,756	79,756
Equipment	250	250
Deferred tax asset	13,598	13,598
Other receivables	186	186
Cash and cash equivalents	1,533	50
Other liabilities	-2,875	-2,995
Net assets and liabilities	92,448	90,845
Cash consideration	348,002	-
Less: Escrow	-34,917	-
Less: Cash and cash equivalents in discontinued operations	-1,533	-
Less: Transaction costs	-9,204	-
Effect on group's cash and cash equivalents	302,348	-

CASHFLOW FROM DISCONTIUED OPERATIONS

SEK thousands	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Cash flow from discontinued operations, net				
Cash flow from operating activities	293	-4,500	-12,632	-17,424
Cash flow from investment activities	302,348	-7,394	283,635	-26,109
Cash flow from financing activities	-	-	-	-
Cash flow from discontinued operations, net	302,641	-11,894	271,004	-43,533

FINANCIAL ASSETS AND LIABILITIES

Group's financial instruments by category - Assets		Mar 31, 2020			31 Dec 2019		
SEK thousands	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	
Assets in Balance Sheet							
Derivative instruments	2		-	2		-	
Accounts receivable and other receivables, excluding non-financial assets		167,441			110,147		
Cash and cash equivalents		52,280			52,280		
Total		219,721	-		162,427	-	

Group's financial instruments by category - Liabilities		Mar 31, 2020			31 Dec 2019		
SEK thousands	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	
Liabilities in Balance Sheet							
Synthetic options	2		12	2		68	
Derivative instruments	2		1,691	2		-	
Accounts payable and other liabilities, excluding non-financial liabilities		48,258			42,955		
Lease liabilities		50,189			52,103		
Total		98,447	1,703		95,058	68	

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		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Net sales	80,195	129,543	437,971	487,319
Cost of sales	-29,124	-53,297	-183,176	-207,349
Gross earnings	51,071	76,246	254,795	279,970
Sales and marketing expenses	-24,846	-29,145	-115,287	-119,586
Administration expenses	-13,916	-14,951	-54,456	-55,491
Development expenses	-15,073	-28,557	-90,649	-104,133
Other income expenses	12,224	545	-6,727	-18,406
Operating earnings	9,460	4,138	-12,324	-17,646
Net financial items	191,558	3,151	107,901	-80,506
Profit/loss before tax	201,018	7,290	95,576	-98,152
Tax	-1,580	-1,604	10,137	10,113
Net income	199,438	5,686	105,713	-88,039

PARENT COMPANY BALANCE SHEET, IN SUMMARY

SEK thousands	Mar 31, 2020	Dec 31, 2019	31 Dec 2019
ASSETS			
Non-current assets			
Capitalized expenditure for development	133,375		126,049
Other intangible assets	2,812		3,234
Equipment	24,414		25,576
Participations in group companies	246,630		243,777
Deferred tax asset	13,565		15,144
Deposits	4,649		4,649
Total non-current assets	425,445		418,429
Current assets			
Inventories	58,568		44,584
Accounts receivable	101,722		98,100
Receivables from group companies	-		20,826
Other receivables	65,324		15,055
Cash and cash equivalents	282,405		40,849
Total current assets	508,019		219,414
TOTAL ASSETS	933,464		637,843
EQUITY AND LIABILITIES			
Equity			
Restricted equity	156,698		142,075
Non-restricted equity	563,958		379,143
Total equity	720,656		521,218
Non-current liabilities			
Other liabilities	12,157		12,611
Total non-current liabilities	12,157		12,611
Current liabilities			
Accounts payable	22,156		32,381
Liabilities to group companies	104,658		-
Other liabilities	73,837		71,633
Total current liabilities	200,651		104,014
TOTAL EQUITY AND LIABILITIES	933,464		637,843

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.

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

Accounting of government grants

In connection with the Covid-19 outbreak, the reporting of government grants has become relevant, as the Group may receive state support from countries around the world linked to the measures introduced due to the outbreak. A government grant is reported in the Group's balance sheet and the Group's report on comprehensive income when there is reasonable assurance that the Group fulfills the conditions associated with the grants and that the grants will be received. Contributions attributable to expenses are reported as other income or reduction of expenses in the Group's report on comprehensive income, depending on the nature of the grant, and are reported during the same period as the costs the contributions are intended to offset.

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 2019.

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 2019.

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.

TAX

The group reported tax of total SEK -1.6 (2.2) million for the period January–March 2020, of which SEK -1.6 (0.6) million relates to continuing operations. Reported tax corresponds to an effective tax rate of 1 (20) percent and 29 (17) percent respectively. The group recognized a capital gain from discontinued operations of SEK 246.4 million, which is a none taxable income. During 2020, no capitalization of deferred tax assets on tax loss carry-forwards of SEK 0.6 (-) million has been recognized for a subsidiary in US. These two items have had a big impact on the effective tax rate during 2020. The effective tax rate is also affected by the relative effects of foreign tax rates and temporary differences, which had a big impact on the effective tax rate during 2019.

Remaining tax loss carry-forwards for group companies amounted to SEK 102.0 million at the end of the period, compared to SEK 102.8 million as of December 31, 2019. Deferred tax assets have been recognized for SEK 99.5 (102.8) of the tax loss carry-forwards.

CONTRIBUTED EQUITY

No own shares have been repurchased during January-March 2020.

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	31 Mar, 2020			31 Dec, 2019		
	A-shares	B-shares	Total	A-shares	B-shares	Total
Outstanding shares	1,000,000	381,758,009	382,758,009	1,000,000	381,758,009	382,758,009
Repurchased own shares	-	7,175,000	7,175,000	-	7,175,000	7,175,000
Issued shares	1,000,000	388,933,009	389,933,009	1,000,000	388,933,009	389,933,009

TRANSACTIONS WITH RELATED PARTIES

The Board of Directors appointed the Board member Anders Harrysson, through his company GEB Rand AB, as interim CEO of the parent company Net Insight AB during the transition period between the leaving and the appointed new CEO (November 2019 - April 2020). During January-March 2020, fees from GEB Rand AB of SEK 0.9 (-) million were expensed.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

To reduce the financial impact of Covid-19, from April 14, the Swedish staff is on a short-term layoff, where the staff temporarily reduce their working time by 20% with the possibility to rapidly return to full working time as soon as the market situation improves. We prioritize to drive strategic development projects with as little disruption as possible. We have also taken actions to reduce non staff cost and to secure the supply chain to ensure deliveries to our customers. Ongoing and planned actions are not expected to materially affect Net Insights ability to deliver products and services.

Crister Fritzson assumed the role as CEO on April 1, 2020.

AUDITORS' REVIEW

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

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 media content in a simpler and more effective way.

With the two business areas Media Networks and Resource Optimization, 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
Interim report January – June
Interim report January – September

May 8, 2020
July 21, 2020
November 4, 2020

Solna, April 29, 2020

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 CEST on April 29, 2020.

FINANCIAL INFORMATION

SEK millions (if not defined differently)	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Earnings continuing operations				
<i>Netsales per business area</i>				
Media Networks	76.0	93.6	360.2	377.8
Resource Optimization	18.0	15.1	73.7	70.8
Net sales	94.0	108.7	433.9	448.6
Gross earnings	58.2	65.9	274.6	282.3
Operating expenses	63.2	70.9	259.3	266.9
Total development expenditure	40.1	30.2	143.9	134.0
EBITDA	1.0	2.5	-8.2	-6.6
Operating earnings	8.3	-4.5	9.2	-3.6
Profit/loss before tax	5.5	-3.3	2.1	-6.6
Net income	3.9	-2.7	2.0	-4.6
Balance sheet and cash flow including discontinued operations				
Cash and cash equivalents	298.2	61.4	298.2	52.3
Working capital	56.7	49.2	58.7	46.8
Total cash flow	245.4	-32.0	236.1	-41.2
The share				
Dividend per share, SEK	-	-	-	-
Earnings per share basic and diluted continuing operations, SEK	0.01	-0.01	0.01	-0.01
Earnings per share basic and diluted discontinuing operations, SEK	0.65	-0.02	0.59	-0.08
Earnings per share basic and diluted total, SEK	0.66	-0.03	0.60	-0.10
Cash flow per share, SEK	0.64	-0.08	0.62	-0.11
Equity per share basic and diluted, SEK	1.87	1.27	1.87	1.21
Average number of outstanding shares basic and diluted, thousands	382,758	382,933	382,758	382,812
Number of outstanding shares at the end of the period basic and diluted, thousands	382,758	382,758	382,758	382,758
Share price at end of period, SEK	1.75	2.06	1.75	2.30
Employees and consultants discontinued operations				
Average number of employees and consultants	198	193	190	189
KPI continuing operations				
Net sales YoY, change in %	-13.5%	-1.6%	-3.1%	-0.2%
Gross margin	61.9%	60.7%	63.3%	62.9%
Total development expenditure/Net sales	42.7%	27.8%	33.2%	29.9%
Operating margin	8.8%	-4.1%	2.1%	-0.8%
EBITDA margin	1.0%	2.3%	-1.9%	-1.5%
Net margin	4.2%	-2.5%	0.5%	-1.0%
KPI Group including discontinued operations				
Return on capital employed	-2.9%	-17.3%	-11.4%	-7.4%
Equity/asset ratio	76.7%	66.9%	76.7%	67.6%
Return on equity	42.8%	-13.3%	42.8%	-6.6%

ALTERNATIVE PERFORMANCE MEASURES AND OTHER DEFINITIONS

Non-IFRS financial measures are presented to enhance an investors and management possibility to evaluate the ongoing operating results, to aid in forecasting future periods and to facilitate meaningful comparison of result between periods. The APMs in this report may differ from similar-titled measures used by other companies. 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)	Jan-Mar		Jan-Dec
	2020	2019	2019
Net sales	94.0	108.7	448.6
Net currency effect of comparable currencies	-4.4	-8.4	-24.4
Net sales in comparable currencies	89.6	103.0	424.2
Change in net sales in comparable currencies	-17.6%	-6.8%	-5.6%

KPI Income Statement SEK millions (if not defined differently)	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Continuing operations				
Net sales	94.0	108.7	433.9	448.6
Net sales YoY, change in %	-13.5%	-1.6%	-3.1%	-0.2%
Cost of sales ex. amortization of capitalized development	-27.4	-31.0	-123.0	-126.6
Gross earnings ex. amortization of capitalized development	66.6	77.7	310.9	321.9
Gross margin ex. amortization of capitalized development	70.9%	71.5%	71.7%	71.8%
Cost of sales amortization of capitalized development	-8.4	-11.7	-36.3	-39.6
Gross earnings	58.2	65.9	274.6	282.3
Gross margin	61.9%	60.7%	63.3%	62.9%
Sales and marketing expenses	-28.6	-32.2	-125.2	-128.8
Administration expenses	-15.8	-18.2	-64.9	-67.4
Development expenses	-18.8	-20.4	-69.2	-70.8
Operating expenses	-63.2	-70.9	-259.3	-266.9
Operating expenses/net sales	67.2%	65.2%	-59.8%	59.5%
Other operating income and expenses	13.3	0.4	-6.1	-19.0
Operating earnings	8.3	-4.5	9.2	-3.6
Operating margin	8.8%	-4.1%	2.1%	-0.8%
Net financial items	-2.8	1.2	-7.1	-3.0
Profit/loss before tax	5.5	-3.3	2.1	-6.6
Tax	-1.6	0.6	-0.2	2.0
Net income continuing operations	3.9	-2.7	2.0	-4.6
Net margin continuing operations	4.2%	-2.5%	0.5%	-1.0%
Discontinued operations, net after tax	246.6	-5.8	224.9	-27.5
Net Income	250.5	-8.5	226.8	-32.2

EBITDA margin continuing operations SEK millions (if not defined differently)	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Operating earnings	8.3	-4.5	9.2	-3.6
Amortization of capitalized development expenditure	8.4	11.7	36.3	39.6
Other depreciation, amortization & impairment	5.5	5.1	21.0	20.6
Capitalization of development expenditure	-21.3	-9.8	-74.7	-63.2
EBITDA	1.0	2.5	-8.2	-6.6
Net sales	94.0	108.7	433.9	448.6
EBITDA margin	1.0%	2.3%	-1.9%	-1.5%

Development expenditure continuing operations SEK millions (if not defined differently)	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Development expenses	18.8	20.4	69.2	70.8
Capitalization of development expenditure	21.3	9.8	74.7	63.2
Total development expenditure	40.1	30.2	143.9	134.0
Capitalization rate	53.1%	32.5%	51.9%	47.2%
Net Sales	94.0	108.7	433.9	448.6
Total development expenditure/net sales	42.7%	27.8%	33.2%	29.9%

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		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Current assets	377.9	275.2	308.8	255.0
Cash and cash equivalents	-175.3	-77.1	-105.5	-64.5
No interest-bearing short term liabilities	-146.0	-148.9	-144.6	-143.8
Working capital	56.7	49.2	58.7	46.8

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

Return on capital employed including discontinued operations SEK millions (if not defined differently)	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
<i>Capital employed</i>				
Total balance	810.5	688.3	751.9	695.0
No interest-bearing liabilities	-167.5	-169.1	-167.0	-165.3
Capital employed	643.0	519.2	584.9	529.7
<i>Operating earnings less interest income R4Q</i>				
Operating earnings R4Q	-18.1	-89.5	-18.1	-38.6
Interest income R4Q	0.6	0.4	0.6	0.7
<i>Operating earnings less interest income R4Q</i>	<i>-18.7</i>	<i>-89.8</i>	<i>-66.5</i>	<i>-39.3</i>
Return on capital employed	-2.9%	-17.3%	-11.4%	-7.4%
Equity/asset ratio SEK millions (if not defined differently)	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Equity	717.0	486.3	717.0	463.7
Total equity and liabilities	934.5	726.7	934.5	686.5
Equity/asset ratio	76.7%	66.9%	76.7%	67.6%

Return on equity including discontinued operations SEK millions (if not defined differently)	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Net income - R4Q	226.8	-69.7	226.8	-32.2
Average equity - R4Q	530.0	523.2	530.0	485.4
Return on equity	42.8%	-13.3%	42.8%	-6.6%

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

Employees	Measures related to employees.	
Non-IFRS performance measure	Description	Reason for use of the measure
Average number of employees and consultants/co-workers	The average number of employees and consultants for non-temporary positions (longer than nine months) and who 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	Jan-Mar		Apr 2019-	Jan-Dec
	2020	2019	Mar 2020	2019
Average number of employees	166	192	177	183
Average number of consultants	32	30	35	34
Total average number of employees and consultants	198	222	211	217
Average number of employees and consultants continuing operations	-	-29	-21	-28
Net Average number of employees and consultants continuing operations	198	193	190	189

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		Jan-Mar		Apr 2019-	Jan-Dec
SEK millions	Note	2020	2019	Mar 2020	2019
Effects of the Net Insight share price development during the period					
Share-based benefits	(a)	0.1	0.0	0.1	0.0
Synthetic options, change in value	(b)	0.1	0.2	0.0	0.2
Total		0.1	0.3	0.1	0.3
Items affecting comparability					
Restructuring	(c)	-0.9	-5.5	-7.5	-12.0
Strategic advisory services and preparation for capital injection	(d)	-	-	-15.8	-15.8
Total		-0.9	-5.5	-23.2	-27.8
Operating earnings excluding items affecting comparability continuing operations					
Operating earnings		8.3	-4.5	9.2	-3.6
Items affecting comparability, as per above		0.9	5.5	23.2	27.8
Items affecting comparability discontinuing operations		-	-2.1	-0.8	-2.9
Operating earnings excluding items affecting comparability		9.3	-1.1	31.7	21.3

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) Severance pay in due to structural changes.
- (d) Costs for strategic advisory services and preparation for capital injection, which were interrupted as a result of the divestment of the Syc business.

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