

ANNUAL REPORT 2014



Net Insight's products enable transport of
video, voice and data in media rich networks
without loss of quality



Net Insight in brief

Net Insight is a premier provider of innovative transport solutions for terrestrial media networks for the professional TV and media world. Our solutions deliver simplified management of networks and lower operating expenses, enabling faster launches of new media services and revenue flows that contribute to our customers' success and growth. Our customers are media network owners like broadcasters and service providers.

MISSION-CRITICAL TRANSPORT SOLUTIONS FOR MEDIA

Net Insight delivers innovative solutions for broadcasters and service providers consisting of network products and services. Net Insight's media solutions effectively transports video, voice and data via fiber over private or public IP networks with optimal quality of service (QoS). There is an array of applications. The solutions can be utilized to transmit TV content from arenas to studios—production—or between TV studios where content is processed before onward transport—contribution—or for transporting terrestrial digital TV—distribution.

The company features innovation, in-depth industry know-how, well-proven business models and partnerships with customers, skilled professionals and good market positioning.

Net Insight is a global company headquartered in Sweden, operating through three business areas: Broadcast & Media Networks (BMN), Digital Terrestrial TV (DTT) and Cable TV & IPTV.

Net Insight had 134 employees at the end of 2014. Net Insight operates on a growth market benefiting from the expanding volume of video traffic in networks, and offers an innovative technology with a strong portfolio of 28 patent families.

CONTENT

OPERATIONS	
The year in brief	1
This is Net Insight	2
CEO's statement	4
Our strategy	6
Targets and performance	7
Trends and competitors	8
Our offering	9
BMN business area	10
Case study: The Switch	11
DTT and Cable TV/IPTV business areas	12
Case study: Embratel	13
Human resources	14
Corporate social responsibility	15
The share	16
Five-year summary	18
Other news	19

ANNUAL REPORT 2014	
Administration Report	20
Group	24
Parent company	28
Notes	32
Auditor's Report	56
Board of Directors	58
The Board's Corporate Governance Report	59
Board of Directors' report on internal controls over financial reporting	62
Auditor's Report on the Corporate Governance Statement	63
Executive management	64
Glossary	66
Annual General Meeting	67

The year in brief

Net Insight outgrew the market in the year, which was its overall target. Net Insight delivered very strong growth of 35 per cent, with good profitability. This high growth was primarily sourced from the North American market. Cash flow was very positive, and Net Insight finished the year with a strong balance sheet, offering good scope for developing the company.

KEY FIGURES	2014	2013	2012
Net sales, SEK millions	379.1	280.8	280.3
EMEA	185.2	185.2	180.8
North and South America	168.4	72.0	55.3
APAC	25.5	23.6	44.2
Operating earnings, SEK millions	53.6	-9.7	2.7
Operating earnings adjusted for one-time charges, SEK millions	53.6	8.9	5.8
Net income, SEK millions	41.5	-9.2	11.9
Earnings per share, SEK	0.11	-0.02	0.03
Total cash flow, SEK millions	90.6	17.9	-10.4
Equity/assets ratio, %	86	88	89
Equity per share, SEK	1.38	1.27	1.29
Average number of employees	137	143	155

379

SEK million
Net sales

35

per cent
Growth

54

SEK million
Operating earnings

91

SEK million
Cash flow

BUSINESS HIGHLIGHTS BY QUARTER

Q1

➤ The Switch expands and upgrades its media network, offering its customers an innovative service, SwitchIT, enabled by the Nimbra platform.

➤ Net Insight wins several major orders from EBU, Arqiva and GlobeCast.

➤ Net Insight secures an order from Embratel, a major Brazilian Telecom operator.

➤ Net Insight delivers project services to SRG SSR, ZDF and VGTRK for the Sochi Winter Olympics.

Q2

➤ Net Insight secures its biggest ever order, from Zayo in the US, worth over SEK 50 million.

➤ Launch of the Nimbra VA 220, a new product for video over the Internet.

➤ Net Insight launches a new market concept for more efficient management of media networks.

Q3

➤ Pay TV operator Multi-Choice selects Net Insight for the integration of its South African operation centres.

➤ A new Latin American customer selects Net Insight for its video contribution and distribution network.

➤ Net Insight launches a solution for the Ultra HD format 8K, and a routing solution for 100G, the Nimbra OT 100, as well as its Customer Provisioned Networks concept.

➤ Net Insight wins the Multi-channel News Innovation Award for the Nimbra VA 220.

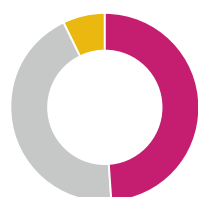
Q4

➤ Rai Way in Italy places an order with Net Insight for a nationwide video contribution network.

➤ Uruguayan telecom company Antel selects Net Insight for a nationwide digital terrestrial TV network.

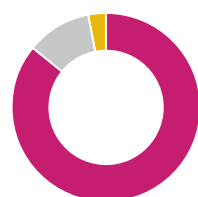
This is Net Insight

Net sales by region



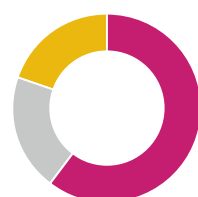
■ EMEA 49% (66)
■ North and South America 44% (26)
■ APAC 7% (8)

Net sales by business area



■ BMN 86% (80)
■ DTT 11% (17)
■ Cable TV/IPTV 3% (3)

Net sales by product group



■ Hardware 61% (69)
■ Licenses 20% (11)
■ Support and services 19% (20)

BUSINESS CONCEPT

Net Insight delivers network products and services for effective, high-quality media transport for broadcasters and service providers. Net Insight's solutions offer customers the benefit of lower cost and the potential for effective new media service launches.

BUSINESS MODEL

Revenues are generated through direct and indirect sales of products and licenses, support and maintenance, professional services and training. Revenues are primarily sourced from hardware sales, although revenues from software and services have increased in recent years. 75 per cent of Net Insight's total existing customer base placed repeat orders in 2014, and repeat revenues exceeded 16 per cent of total in 2014.

CUSTOMERS

Net Insight's customer base consists of broadcasters and service providers, such as telecom, satellite, DTT, cable TV and IPTV operators. The highest sales share is sourced from service providers. Net Insight secured over 20 new customers in 2014. At year-end 2014, Net Insight had over 200 customers in over 60 countries.

SALES AND MARKETING MODEL

Net Insight divides sales into three geographical regions: EMEA (Europe, Middle East and Africa), North and South America, and APAC (Asia-Pacific). In sales terms, EMEA is the largest region. The largest business area in 2014 was Broadcast & Media Networks, BMN, which represented 86 per cent of total sales.

Net Insight's strategy is to expand its customer base efficiently, by combining the company's sales force and Net Insight's partner network. Net Insight addresses the market in different ways depending on business segment and customer group. The company works according to the principle that all business is local, and accordingly, its partner network is important, mainly consisting of system integrators and resellers. The company currently has some 50 partners in its global partner network. To guarantee customer satisfaction, the company trains and certifies its partners, which all represent specific verticals, either geographically or in the form of specialized segment know-how. Net Insight also collaborates with a range of leading telecom equipment vendors where applicable for various customer projects. Revenues from Net Insight's partners were 34 per cent of total in 2014.

VALUE DRIVERS

Value drivers affect Net Insight's progress and can be divided into three groups: market transformation, innovative technology and global reach.

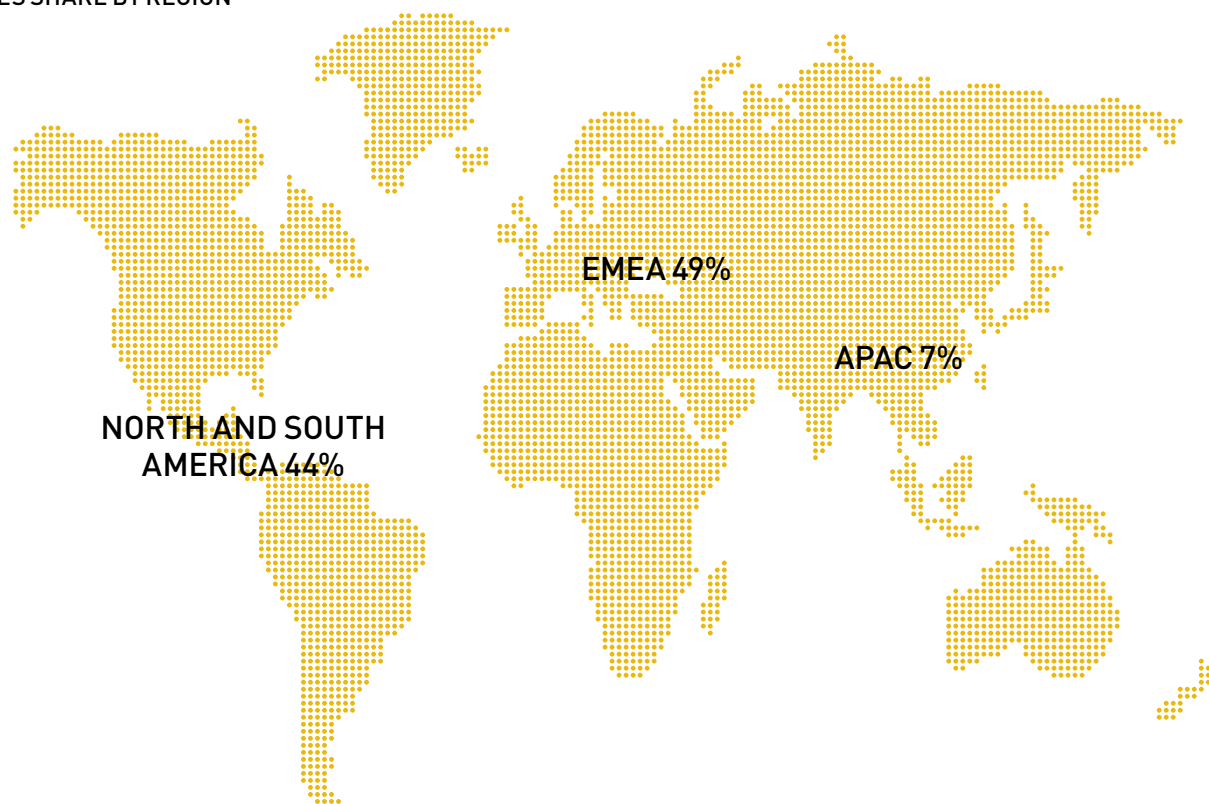
NET INSIGHT'S BRAND

The Net Insight brand is significant to its long-term growth. Net Insight commenced a strategic review of its brand in 2014 with the aim of clarifying what Net Insight represents and what it wants to achieve.

This ongoing branding process is a component of Net Insight's strategy of transforming the company into a more customer and market-oriented business. Net Insight is currently associated with values like credibility, expert know-how in media, and is recognized as a global company.

■ ■ The ongoing branding process is a component of Net Insight's strategy of transforming the company into a more customer and market-oriented business.

SALES SHARE BY REGION



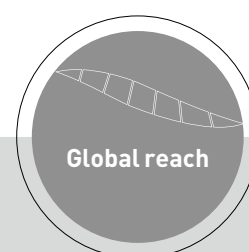
VALUE DRIVERS



- Expanding video traffic
- New TV formats necessitate network upgrades and 40-fold capacity expansion
- Centralized production demands more network capacity
- Conversion from satellite to fiber communication
- TV distribution over the Internet (OTT) driving greater production of TV content



- Improving Quality of Service over IP networks
- Reducing TCO and simplifying network management
- Optimizing bandwidth utilization
- GPS-independent time synchronization



- 200 customers
- 60 countries
- 50 resellers
- Partnerships with telecom equipment vendors
- International professional media brand

CEO's statement

When I started as CEO of Net Insight at the end of 2013, I was convinced that our market would change rapidly. This was also the challenge that attracted me the most. Despite being well prepared, progress is far faster than I had anticipated.

As a new CEO, I was also convinced that Net Insight had the potential to take the next step and become a growth company for the long term. The primary explanation for 2014 being a successful year was that we succeeded in doing a number of large customer wins on the North American market. The TV and media market is in a major transformation, and the North American market is the first place that new trends feed through. Our improved positioning in North America offers the potential for further growth in this region.



We commenced our transformation into a customer and market-oriented business in 2014.

HIGH GROWTH AND STRATEGIC DEALS

The numbers clearly demonstrate that 2014 was highly successful. Net Insight's target is profitable growth. Growth is 35 per cent, or 27 per cent currency adjusted, its operating margin is 14 per cent and its cash flow SEK 91 million. We finished 2014 with a very strong balance sheet.

The industry overall is reporting growth of 7.7 per cent, according to trade association IABM. Globally, Net Insight has far higher growth than the market generally, which is also our overall strategic target.

We secured several important customer wins in the year, the most important being with American media operators The Switch and Zayo, as well as major deals in Latin America including a large broadcaster, and a win with Antel of Uruguay for digital terrestrial TV. Growth in the North & South America region was as high as 134 per cent. We secured new strategic customers including Rai Way of Italy and MultiChoice of South Africa in the year.

A BUSINESS MODEL THAT BUILDS REPEAT REVENUES

We commenced our transformation into a customer and market-oriented business in 2014, which is critical on a market in fundamental change. This transformation of the company is one of the success factors for achieving long-term growth.

Our business model clarifies the fact that we are a partner for our customers, that not only delivers technologically advanced products, but also helps them to create better offerings for their customers, resulting in concrete business benefit. As a component of our strategy, from 2014, we

put a sharper focus on service sales. In 2014, we started developing our services portfolio based on customer requests to take greater business responsibility during the implementation of new media networks. In very simple terms, you might say that we have evolved from shipping products to delivering functions.

For our part, this should bring longer-term collaborations and repeat revenues, creating stability and less variation between months and quarters, depending on when business are done. In 2015, I hope that we will succeed in increasing our total service sales and that our repeat sales share is higher than in 2014.

INNOVATIVE SOLUTIONS THAT CREATE EFFICIENCY

In our everyday lives, at home or work, we have become accustomed to doing things online, and this is now also being implemented in our industry. Ordering network capacity for live TV from the US West Coast to East Coast used to be time consuming and required a lot of administration and media network configuration. It might seem surprising that a high-tech industry like the media industry had such antiquated working methods, but that's the way it was. Our solutions mean this can now be done over the Internet in a few seconds. This offers customers enormous business benefits in terms of greater flexibility and simplified operations.

The way TV is produced is also undergoing major change. Demands for speed and flexibility are increasing. Being able to transmit and edit content quickly is now mission critical for many broadcasters, and enabled by the solutions we offer. As competition intensifies and broadcasters need to

create better and more TV content, centralized production is becoming more relevant. By centralizing staff and TV equipment, companies can create more productions than before, when resources needed to be located at every recording site.

NEW TV FORMATS DRIVING WILLINGNESS TO INVEST

New formats are influencing the markets of our customers, and their consumers. The most notable transition is to ultra-high resolution transmission, 4K technology. This applies still higher standards on transmission with zero quality losses, and in 2014, we were involved in several successful pilot projects on 4K technology. In order for 4K to have its full impact and be economically viable, centralized production will be an important factor, especially on those markets where there is good access to high bandwidth.

TRANSFORMATION

Our industry has been, and largely still is, technology driven, and technology departments have had a big say in purchasing decisions. But we are noting a clear shift, with progress now driven more by the requirements of professional end-users and consumers. Accordingly, it is critical that we become more customer and market oriented so that we understand the future requirements of media transport solutions.

In the year, we started transforming into a company driven by customer needs, from previously being technology driven. I'm pleased to conclude that we are becoming more important to customers, and are developing new solutions with them to generate more business benefit for them. This year, we mapped our customers' journey with us to identify improvements in our customer interaction. We trained our salespeople and started strategic work on our brand. The purpose of this transformation is to position the company for the long term. I hope to be able to see the first, more lasting results in the coming years.

CHALLENGES AND OPPORTUNITIES AHEAD

We all know that the way we consume media has altered fundamentally. Nowadays, it's self-evident that we can watch TV on our computers, tablets or smartphones. But whatever device the consumer uses, the demands for quality are rising dramatically. Just a few years ago, people accepted poor-quality video clips on YouTube, but not any more. Now, HD is a requirement on all devices and channels.



The big growth on the market ahead will primarily be in the distribution of TV. Distribution over the Internet (over-the-top, OTT) will transform the market, and is now a challenge to network owners in digital terrestrial TV as well as telecom operators. The competition for TV consumers has accentuated in the past few years, and broadcasters are focusing sharply on differentiating and creating new, competitive TV content. The more TV content produced, the greater the network capacity required. Market progress obviously offers potential for us since Net Insight delivers efficient production and transmission of TV content, and new, innovative solutions for our customers' customers, who in turn, are increasing their consumption of new network services.

Going forward, Net Insight will need to attract new customers to grow, and as we are not universally recognized in the industry, we need to clarify what we stand for and where we want to go. We will be investing in our brand, and we hope that this will pay off as early as in 2015, but it's a long-term investment in our future.

For those of us that work close to customers, rapid and fundamental change always present great business opportunities. The company that succeeds in adapting and evolving alongside its customers will win more market share. I am convinced that with its innovation, Net Insight possesses what is necessary to be able to continue on the successful journey we've started.

Fredrik Tumegård, CEO
Stockholm, Sweden, March 2015



Whatever device the consumer uses, the demands for quality are rising dramatically.

Our strategy

Our ambition is to be a growth company, and our target is to create profitable growth. On a market in fundamental transformation, we create growth and profitability through close and strategic partnerships with customers. We create innovative solutions together that make our customers successful and generate business benefits. To grow for the long term, we need to transform Net Insight into a customer and market-oriented company.



Our main target is to win market share through our existing business areas of Broadcast & Media Networks (BMN) and Digital Terrestrial TV (DTT). We are creating growth with new, innovative solutions on the market based on new business and pricing models for transporting media services. We are focusing on expanding our offering of services, and thus securing closer partnerships with our customers, and creating high customer loyalty. Our product offering is being expanded, based on customer needs.

In DTT, we have strong market positioning and a competitive solution. We are carefully prioritizing our business opportunities to maximize revenues.

Net Insight wants to increase its addressable market and expand into adjacent market segments.

Acquisitions of businesses, technologies or solutions may play an important role in developing and complementing our offering, which in turn, is designed to increase growth.

Targets and performance

WE HAVE THREE OVERALL TARGETS

- Outgrow the market with good profitability
- Generate return on equity and earnings per share to make Net Insight an attractive investment
- Be perceived as a leading vendor of high-quality media transport networks

OVERALL TARGETS	MEASURABLE KEY FIGURES	OUTCOME 2014	OUTCOME 2013	OUTCOME 2012
Outgrow the market with good profitability	Sales increase, %	35.0	0.2	-4.8
	Sales increase, currency-adjusted, %	26.9	1.5	-3.5
	Total cash flow, SEK millions	90.6	17.9	-10.4
	Operating earnings, SEK millions	53.6	-9.7	2.7
	Operating earnings adjusted for one-time charges, SEK millions	53.6	8.9	5.8
Generate return on equity and earnings per share to make Net Insight an attractive investment	Return on equity, %	8.0	-1.9	2.4
	Earnings per share, SEK	0.11	-0.02	0.03
Be perceived as a leading vendor of high-quality media transport networks	Brand recognition, %*	32	29	28
	Employee satisfaction index, %**	–	88 (Benchmark 85%)	–

PERFORMANCE MANAGEMENT

Net Insight's strategy and targets are supported and complemented by internal key performance indicators (KPIs) designed to track progress towards a number of operational objectives. Examples of these KPIs include: sales increase, cash flow from operating activities, customer satisfaction, new product sales, partner sales, brand recognition, product quality and skills improvement.

NET INSIGHT NOT PUBLISHING A FORECAST FOR 2015

As in previous years, Net Insight is not publishing a forecast for 2015. The reason is that as a supplier, Net Insight conducts business that is highly dependent on customers' internal decisions, their business results and regulatory decisions.

* Devoncroft Big Broadcast Survey

** Employee satisfaction survey, next due in 2015.

Trends and competitors

THE CHANGING HABITS OF TV VIEWERS

End-user media consumption patterns are changing rapidly. People expect to be able to watch and use media anywhere, any time and using whatever device, and with more interactivity. These new consumption patterns are drastically transforming the TV distribution landscape. Content owners are becoming their own distributors by offering web TV (OTT) services direct to subscribers via broadband links, and new players like Google, Apple and Netflix are offering the market tailored solutions that break the traditional value chain. In tandem, traditional broadcasters are investing to avoid losing customers and they need to buy films, series and live events to be able to compete. Competition for customers is driving media companies, whether in regular TV networks or on the Internet, to invest in production, contribution and distribution. Net Insight enables more efficient production of TV content over the Internet, which gives OTT operators the opportunity to compete with more TV content and more channels.

MORE EFFICIENT WORKFLOWS

As the competition for TV viewers intensifies, efficient workflows are becoming more important. For some time, Net Insight has driven the trend towards remote production and workflows, i.e. centralized production. For production companies, digitalization and the usage of media-centered networks are creating new opportunities for better productivity and lower operating expenses. Networks become an integrated part of production workflows, enabling production of any content, anywhere, in any format, which brings more virtualization and more widespread usage of cloud services. Filebased editing of large files, instead of as previously, on tape, is already a reality.

TRANSFORMATION OF MEDIA NETWORKS

The big trend in the TV and media industry is the progress towards pure IP-based networks. This is partly based on IP networks offering more flexible infrastructure for processing various types of media. This trend is also being driven by how people now consume media—an IP infrastructure enables people to consume media far more flexibly now. The migration to IP-based media networks has been happening in the TV and media industry for a number of years, but is still ongoing.

The continuously expanding volume of media content in networks, combined with the requirements of new TV formats like HDTV and 4K Ultra HD, require more bandwidth and transmission capacity on networks than at present. The aforementioned changes are increasing network complexity, and also increasing the costs of network operations. Net Insight's transport solution Nimbra improves QoS over existing IP networks, while offering simple and consistent management, protection and monitoring of networks.

Net Insight enables more efficient production of TV content over the Internet, which gives OTT operators the opportunity to compete with more TV content and more channels.

COMPETITORS

The media and TV market is fragmented, with competition sourced from different companies depending on the market where Net Insight is present. Net Insight's competitors can be divided into three categories: those from datacommunication, telecommunication and studio companies.

Cisco, Huawei and Juniper are from the datacommunication sector, Evertz, Harris, Media Links and Nexion are from the studio network sector, and Net Insight encounters telecom sector competitors such as Alcatel Lucent, Ericsson, Huawei and Tellabs.

Our offering

Processing growing volumes of media traffic has always been a major challenge for operators, which as the media industry migrates to dynamic production flows, has become even greater.

EFFICIENT MANAGEMENT OF MEDIA NETWORKS

Media operators expect media content to be readily available any time and anywhere. This transforms the demands set on networks in a way that drastically increases complexity. For network owners, this greater complexity means higher operating expenses—as much as 70 per cent of TCO (Total Cost of Ownership) over a five-year period.

To overcome these challenges, Net Insight's media solutions offers a unique way to manage media traffic in IP-based networks, simplifying underlying network complexity. The Nimbra platform is designed for simple service provisioning, monitoring and troubleshooting. This saves time and money by minimizing the operating expenses and time taken to manage services and network operations, and thus provide higher service quality. In turn, it generates a raft of benefits:

- Simple and fast new service launches
- The potential to offer better service level agreements (SLAs) with higher availability

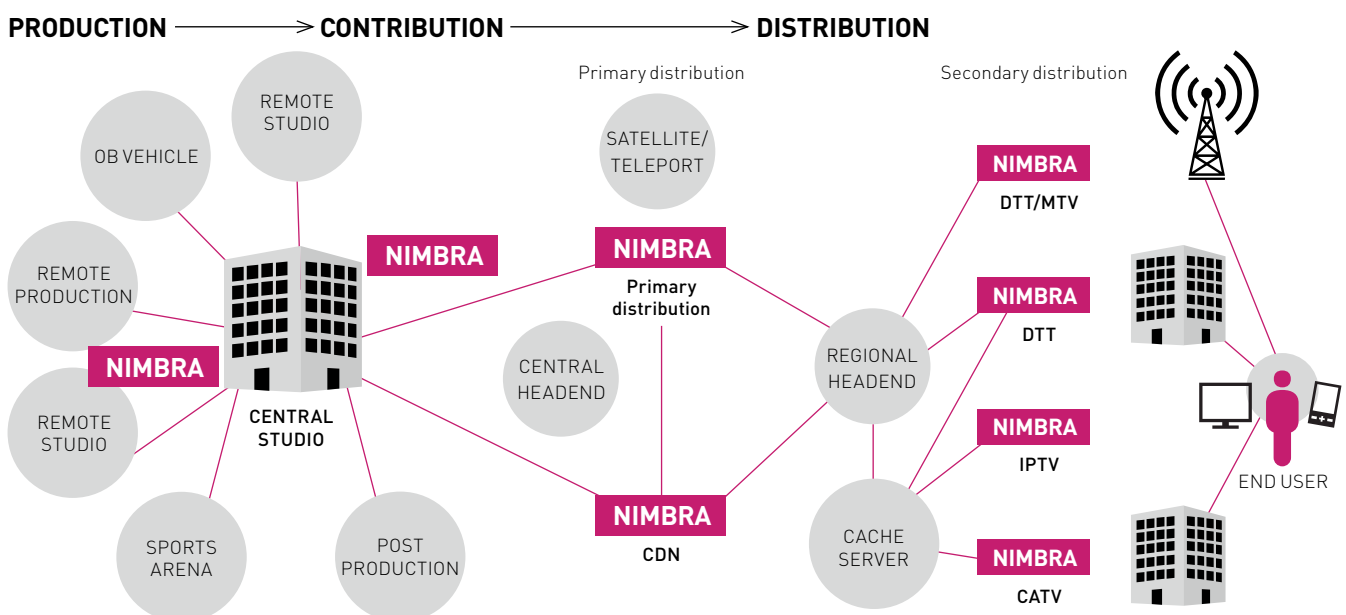
- Faster response to customer demands, and thus, more satisfied customers
- Reduced implementation risks

SUPERIOR QUALITY OVER ALL TYPES OF IP NETWORK

Net Insight delivers complete solutions for all types of IP network for multiple applications such as virtual workflows, for studio, arena, contribution and distribution networks. We ensure quality over all IP networks, whether private or public and Net Insight's solutions improves the performance of underlying IP infrastructure.

THE NIMBRA PORTFOLIO

Net Insight has the capacity to manage all media services individually in an IP network. This means that the operator can deliver, monitor and protect individual media services throughout the IP network. The benefit of a service-aware media network is quality-assurance of the most critical media services.



Business areas

BROADCAST & MEDIA NETWORKS (BMN)

86%

Business area share of total sales

The Broadcast & Media Networks business area (BMN) delivers network solutions for the production and contribution of media services. Net Insight's products are used to transmit TV images and sound from sports arenas, concerts and other events to broadcasters' and media companies' studios. They are also used to interlink studios and media companies to simplify and streamline content production and delivery. BMN was Net Insight's largest business area in 2014, with a sales share of 86 per cent of total. The estimated addressable market for this business area is estimated at EUR 300 million, and its estimated total yearly growth rate is 5-8 per cent.

SOLUTIONS

Terrestrial solutions enable TV and production companies to exchange high-quality TV content in real time at a low cost and regardless of geographical distance. Net Insight helps service providers to become competitive in segments like B2B media contribution and production, as well as cloud-based offerings like coding, transcoding and storage hosting. New TV formats are driving the market forwards, and Net Insight conducted several tests of live 4K Ultra HD transport with its customers in the year.

EFFICIENCY AND SHORTER PRODUCTION LEAD-TIMES

Selecting Net Insight network solutions means greater utilization of network capacity and smooth transition from standard resolution to high resolution HD, 3D and 4K Ultra HD. The Nimbra platform delivers cost-efficient transport of compressed and uncompressed video signals, and deals with broadcasters' production, contribution and distribution. Venue equipment and data servers can be directly connected to standard video and sound interfaces in the platform. Minimal latency and high transmission quality confer producers with a remote environment with a live feel. Overall, this enables better utilization of venue resources and shorter production schedules for broadcasters. Centralizing production offers significant savings potential. For example, in large-scale sports events, the only equipment required in campuses is for transmitting the event. No OB vehicles, vehicle crews or uplinks to the event site, which brings substantial cost savings.



Centralizing production offers significant savings potential.

New BMN customer in 2014—Zayo

Zayo, a multinational provider of network capacity, invested in a new media network in the US, based on Net Insight transport solutions in 2014, to offer its customers compressed and uncompressed video services. This company is a relatively new player in the fiber market, and has expanded its European network in the year by acquiring Geo in the UK and Ireland, and in France, through its

acquisition of Neo Telecoms. The order from Zayo is the single biggest customer win in Net Insight's history, worth over SEK 50 million.

CASE STUDY: THE SWITCH



An all-new way to work on video production and distribution

»We had been searching for a platform that could grow with us for a long time, that would enable us to offer high-quality video and Ethernet services to customers, and that could simultaneously satisfy demanding quality and reliability standards. Net Insight proved to be the best choice for our needs, and we now have a close partnership to improve media transport services over fiber for the whole industry.«

David Anderson, Chief Technology Officer, The Switch

The Switch is a pioneer in customer-initiated video services and provides services to media markets in the US and major international sites.

SOLUTION

In its pursuit of fast, automated provisioning of media services, and to support new workflows, The Switch selected Net Insight's Nimbra platform, which is designed to transport advanced video services over large-scale telecom infrastructure.

The Switch utilizes Net Insight's open provisioning functionality to offer its customers self-provisioning, i.e. ordering network capacity via a web portal. Their customer portal SwitchIT and service provisioning are conducted through Net Insight's solution partner ScheduALL's management system ScheduLINK.

RESULT

The Switch's network has been in production since 2011 and serves most of the leading media corporations in the US. The network also transmits many US Major League broadcasts, and is continuously expanding to new customers and sites. Each customer has a tailored portal enabling them to book and schedule national and international connections without needing to contact customer support or technical staff.

This revolutionary combination of technology and a business model offers the media market an all-new way to work on production and distribution, as well as rapid network connections.

KEY FACTS

- The Switch's international network, which builds on Net Insight's Nimbra platform, covers nearly 100 sites
- An all-new way for broadcasters to order network capacity
- This network is currently the largest offering JPEG2000-compressed services

DIGITAL TERRESTRIAL TV (DTT)

11%

Business area share of total sales

The Digital Terrestrial TV (DTT) business area covers the distribution of TV broadcasts from a head end to transmission towers in a country or region. DTT complements OTT, offering a low-cost universally available live TV platform. Net Insight's sales in the DTT business area were 11 per cent of total. Going forward, its addressable market will primarily consist of upgrades of existing networks and new implementations of DTT networks, primarily in developing countries. DTT's sales share is reducing, but will be significant to total sales through the coming years. The total market is worth EUR 50-100 million, and the growth rate in any given year is difficult to specify because the market is highly changeable between years due to it being project driven.

SOLUTIONS

Digital TV offers superior image and sound quality, while offering viewers more alternatives than analog technology. The migration to digital terrestrial networks also frees up more frequencies for mobile applications like wireless broadband. For operators, this new technology means lower operating expenses and the potential to offer more TV channels and new services. DTT networks based on Net Insight's solutions not only offer access to nationwide TV distribution but also support supplementary services like contribution for TV and radio, radio broadcasting, and mobile backhaul. Net Insight can facilitate DTT operators in delivering more services.

PRECISION AND SECURITY WITH GPS-INDEPENDENT TIME SYNCHRONIZATION

The Nimbra platform's time transfer function is an attractive product benefit that has sharpened Net Insight's competitiveness as a provider of equipment for terrestrial digital TV networks. It offers an integrated time synchronization solution between transmission towers without utilizing expensive and vulnerable GPS receivers. The Nimbra platform's technology enables high-precision and secure synchronization direct over TV networks.

New DTT customer in 2014—Antel

Antel, the state-owned Uruguayan telecom company, is building a nationwide Nimbra-based DTT network, which will transport 19 channels for the country's nationwide broadcasters. The DTT network will include 44 transmitters and 28 studios.

CABLE TV & IPTV

3%

Business area share of total sales

Cable and IPTV operators address households and the entertainment market with bundled services within TV, broadband and telephony. Net Insight has approached the cable TV and IPTV segment selectively, and in total, this segment represented 3 per cent of sales in 2014. While it has great potential, this segment is more competitive than Net Insight's other business areas. The total addressable cable and IPTV market is worth EUR 2 billion, with Net Insight's share being EUR 100-300 million. The estimated annual growth rate of cable TV is 5 per cent. The yearly growth rate for IPTV is hard to predict, considering competition from OTT.

SOLUTIONS

The biggest advantage of Net Insight's media transport solution for cable TV and IPTV players is the enhanced image quality for TV viewers, and more efficient utilization of bandwidth. The capacity freed up can be allocated to other business-driving services like broadband, which is now a significant income source for cable TV operators. Apart from offering end customers superior image quality, cable TV and IPTV providers can become more competitive by offering consumers more TV content. Net Insight enables the cost for capturing content to be radically reduced compared to satellite, for example, because video can now be transmitted reliably over the Internet.



Large-scale nationwide media network in Brazil based on IP/MPLS

»We see infinite possibilities for expanding our services portfolio based on the advanced Nimbra platform and its functionality, which means we can offer the highest quality to our customers.«

Claudio Zylberman, Head of Claro hdtv/Embratel

Embratel, the leading telecom company in Brazil, was faced with a challenge when it decided to consolidate video services on its existing IP/MPLS network so it could offer more value-added solutions to the market, like high-quality contribution and remote production. Implementing high-quality services on an MPLS network is sophisticated and requires a lot of configuration to ensure the right quality and drive operating expenses and complexity.

SOLUTION

Embratel wanted to be able to offer more flexibility and cut the cost of delivering video services. After considering a number of alternatives, it finally settled on Net Insight's video transport solution.

Net Insight offered a complete solution for these needs, QoS standards and demand-based provisioning. Embratel has now consolidated its video services using Net Insight's Nimbra solution on top of its IP/MPLS network.

RESULT

The new media network with integrated monitoring systems is a superb tool for verifying that Embratel is delivering the agreed QoS to customers. The network also simplifies troubleshooting when locating and identifying problems in the services delivered on customer interfaces, and in the IP/MPLS network, and rectifying them quickly.

Creating new media services now is far easier. The time to configure networks has reduced due to simplified bandwidth calculation and monitoring.

Going forward, Embratel intends to expand its service portfolio to cover other segments such as distribution services, contribution over low bandwidth and datacommunication services.

KEY FACTS

- Media network on top of IP/MPLS network
- Easier to configure and monitor the network
- Ready for future media services

Human resources

The media industry is in continuous evolution, and a dynamic, adaptable corporate culture is necessary to satisfy new customer needs. To stay at the leading edge, Net Insight endeavors to be in attractive workplace with values that all its people share. Net Insight encourages creativity and commitment, because that's how innovation is created. Net Insight's organizational structure is flat to increase individual influence and enable individual engagement, commitment and competence to make a real difference.

70%

of staff are university graduates

FOUR CORE VALUES

Net Insight's core values; Value creation, Innovation, Personal commitment and Continuous improvement, characterize our business. Our conduct, our culture and our view of challenges create Net Insight's identity. Customers, partners and other stakeholders should recognize us regardless of where they encounter us in the world. The company's core values permeate all processes such as appraisal interviews and the search and selection process.

FOCUSING ON LEADERSHIP

Committed and skilled managers are one of Net Insight's critical success factors. The mission as a manager means driving Net Insight's operations from the company's vision, strategy and targets. A leadership program building on the company's values, involving the formulation and implementation of Net Insight's leadership competencies, commenced in early-2014. This leadership program also put a focus on leadership in a company in transformation.

COMMITTED AND SKILLED PROFESSIONALS

Net Insight is characterized by the high educational standards of its staff—over 70 per cent of them are university graduates. Because Net Insight's unique solutions challenge many established industry concepts, the company needs people with pioneering ability that creates solutions with significant value-added for customers. Nearly half of our staff have worked with Net Insight for over five years, and many have been with us since the company was founded. There is a generally very high sense of loyalty, and the company strives to create a working environment where everyone feels they are participating. The competition for talented people will intensify through the coming years, and the focus will re-

main on being an attractive employer. Net Insight conducts regular employee satisfaction surveys to measure these actions long-term, and thus enhance employee commitment. At year-end 2014, Net Insight had 134 employees.

TRANSFORMATION INTO A CUSTOMER AND MARKET-ORIENTED BUSINESS

Net Insight conducted a number of projects to become a more customer and market-oriented business in 2014, where its people participated in various ways. One project involves mapping a customer journey, the journey a customer takes from the first time they are in contact with Net Insight and the contact interface they have throughout the collaboration. This customer journey is a tool that provides an overview and potential to engineer effective processes for customer behavior and customer care, with the aim of achieving satisfied, loyal customers.

In the year, we conducted a rigorous sales program to support and develop our salespeople. We also commenced a strategic branding project where we will focus on clarifying Net Insight's brand to facilitate sales, win market shares, gain perception as an important provider on the market, and not least, an attractive employer.

WELCOMING DIVERSITY

The organizational resources of a global company must reflect its customers, with an understanding of local markets and different cultures. Diversity brings a range of perspectives and contributes to creativity, spawning innovation, which in turn, is a prerequisite for success. This is why Net Insight endeavors to achieve diversity in its management team and workforce in terms of background and experience.

Corporate social responsibility

Corporate social responsibility means the company and its employees assuming social and environmental responsibility. Net Insight's CSR Code of Conduct deals with managing environmental, ethical and social considerations in a manner that creates value-added for customers, shareholders and wider society. Management arranges strategic initiatives for CSR and sets guidelines and directives for the environmental, social, ethical and accounting controls.

Net Insight's operation is characterized by respect for the company's customers, business partners and employees. Operations should always be conducted in accordance with applicable legislation in each country and be consistent with accepted principles of fair competition and good business practice. In all parts of Net Insight, the company supports fair and open competition for bids, tenders, contracts and procurement.

EQUAL OPPORTUNITIES AND DIVERSITY

Net Insight guarantees the same employment terms and opportunities without prejudice or discrimination due to age, race, skin color, national origin, religion, sex or disability.

NET INSIGHT'S ANTI-CORRUPTION POLICY

Net Insight has a zero-tolerance approach to undue advantage, improper influence and other types of corruption. As part of reinforcing anticorruption work, Net Insight has implemented an anti-corruption policy. This detailed policy, which applies to all employees and partners, is consistent with applicable legislation.

NET INSIGHT'S WHISTLEBLOWER POLICY

As a supplement to regular reporting paths, all Net Insight employees can report serious impropriety involving senior executives or key individuals anonymously through a whistleblower function.

SUSTAINABLE DEVELOPMENT

All manufacture is contracted to external business, Net Insight exerts minimal environmental impact. The company's main suppliers are subject to the requirement of ISO 14001 environmental certification, and compliance with the EU RoHS directive limiting the usage of certain hazardous substances in electrical and electronic products. Net Insight sets standards for its whole manufacturing chain, so its main suppliers' subcontractors also comply with this directive.

Net Insight also complies with the WEEE directive, designed to encourage better environmental performance, and sustainable production and consumption by designing products for very long life cycles, upgraded on site throughout their useful lives, that are designed for easy recycling. The company has a highly developed product return and repair organization, and for recycling scrapped equipment.

The Nimbra platform supports wider usage of digital communication. Net Insight's solution for centralizing production and workflows enables broadcasters to reduce the numbers of technical staff that travel to various news and sports events by a factor of 5 to 10. For customers, the Nimbra solution cuts power consumption by over 50 per cent compared to other available network equipment on the market.



The Nimbra solution cuts customers' power consumption by over 50 per cent.



Our solution for centralizing production and workflows means our customers can cut travel expenses and usage of OB vehicles significantly.

Fredrik Tumegård, CEO

The share

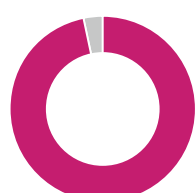
AS OF DECEMBER 31, 2014

Ownership structure (capital, %)



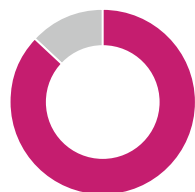
- Swedish institutions and banks, 36.9%
- Others Swedish legal entities, 19.4%
- Swedish physical persons, 30.8%
- Foreign shareholders, 12.9%

Number of shareholders (concentration, %)



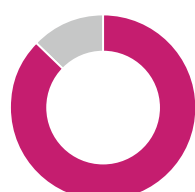
- Sweden, 96.9%
- Other, 3.1%

Number of shareholders (capital, %)



- Sweden, 87.1%
- Other, 12.9%

Number of shareholders (votes, %)



- Sweden, 87.4%
- Other, 12.6%

Net Insight had its initial public offering in 1999 and has been listed on the NASDAQ OMX Stockholm Stock Exchange (NETI B) since July 1, 2007.

OWNERSHIP

The company had 9,221 shareholders on December 31, 2014, compared to 9,210 in the previous year. Net Insight's three co-founders remain as shareholders with 1.5 per cent (1.5) of the capital and 4.0 per cent (4.0) of the votes. As of December 31, 2014, the 20 largest shareholders account for 60.7 per cent of the capital and 61.4 per cent of the votes. The major shareholders are mainly secure financial institutions and mutual fund managers. Foreign ownership represented 12.9 per cent of capital, compared to 23.7 per cent in the previous year. Foreign shareholder Constellation Growth Capital, previously the largest owner, sold all its holdings to Briban Invest AB of Sweden in the year.

PRICE MOVEMENTS

The share price increased by 115 per cent in the year. The high in the financial year, of SEK 3.35, was set on October 27, 2014, and the low, of SEK 1.42, was set on January 2 and 3, 2014. Net Insight's total market capitalization was SEK 1,209 million on December 31, 2014, up on the previous year, when market capitalization was SEK 560 million.

TRADING VOLUME—NASDAQ OMX

A total of 277 million shares were turned over for a total value of almost SEK 650 million, corresponding to a turnover rate of 71 per cent, in 2014. An average of some 1,100,000 shares were traded per trading day in the financial year, up 129 per cent on the previous year.

ing to a turnover rate of 71 per cent, in 2014. An average of some 1,100,000 shares were traded per trading day in the financial year, up 129 per cent on the previous year.

TRADING VOLUME—OTHER

NETI B was traded on a total of two market-places apart from NASDAQ OMX: Burgundy and Turquoise. A total of 0.2 million shares were traded with a total value of nearly SEK 0.4 million on Burgundy, and 0.6 million shares with a total value of nearly SEK 1.6 million on Turquoise.

EMPLOYEE STOCK OPTIONS

The company has no outstanding employee stock option programs.

SHARE CAPITAL

Share capital was SEK 15,597,320 as of December 31, 2014. There were 1,150,000 class A shares and 388,783,009 class B shares, a total of 389,933,009 shares.

DIVIDEND POLICY

A secure cash position is important for enabling the company to demonstrate long-term financial sustainability to customers, and partly for enabling initiatives in growth segments. The Board proposes that the AGM does not pay any dividend for the financial year 2014.

SHARE CAPITAL HISTORY

Year	Transaction	Class A shares	Class B shares	No. of shares	Par value (SEK)	Share capital (SEK)
2002	New share issue	3,600,000	65,155,020	68,755,020	0.04	2,750,201
2002	New share issue	3,600,000	133,910,040	137,510,040	0.04	5,500,402
2003	New share issue	3,600,000	179,746,720	183,346,720	0.04	7,333,869
2003	New share issue	3,600,000	225,583,400	229,183,400	0.04	9,167,336
2003	New share issue	3,600,000	253,083,400	256,683,400	0.04	10,267,336
2004	New share issue	3,600,000	284,083,400	287,683,400	0.04	11,507,336
2004	New share issue	3,600,000	286,583,400	290,183,400	0.04	11,607,336
2004	Options redeemed	3,600,000	287,405,345	291,005,345	0.04	11,640,214
2005	New share issue	3,600,000	360,332,660	363,932,660	0.04	14,557,306
2005	Options redeemed	3,600,000	364,157,010	367,757,010	0.04	14,710,280
2007	Options redeemed	3,600,000	367,002,820	370,602,820	0.04	14,824,113
2007	Conversion of class A shares to class B shares	1,900,000	368,702,820	370,602,820	0.04	14,824,113
2008	Options redeemed	1,900,000	377,990,569	379,890,569	0.04	15,195,623
2009	Conversion of class A shares to class B shares	1,300,000	378,590,569	379,890,569	0.04	15,195,623
2009	Options redeemed	1,300,000	388,633,009	389,933,009	0.04	15,597,320
2010	Conversion of class A shares to class B shares	1,150,000	388,783,009	389,933,009	0.04	15,597,320
2011		1,150,000	388,783,009	389,933,009	0.04	15,597,320
2012		1,150,000	388,783,009	389,933,009	0.04	15,597,320
2013		1,150,000	388,783,009	389,933,009	0.04	15,597,320
2014		1,150,000	388,783,009	389,933,009	0.04	15,597,320

SHARE CLASSES

As of December 31, 2014

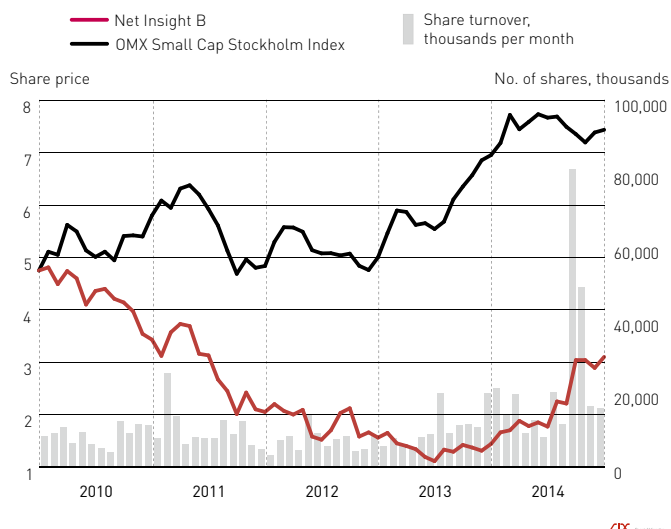
Share class	Shares	Votes	Equity, %	Votes, %
A	1,150,000	11,500,000	0.29	2.87
B	388,783,009	388,783,009	99.71	97.13
	389,933,009	400,283,009	100.00	100.00

OWNERSHIP STRUCTURE, CLASS B SHARE

As of December 31, 2014

Shareholding, no. of shares	Percentage of shareholders	Percentage of share capital
1-1,000	42.5	0.4
1,001-10,000	39.0	3.8
10,001-15,000	3.8	1.1
15,001-20,000	3.1	1.4
20,001+	11.5	93.3
Total	100.0	100.0

SHARE PRICE MOVEMENTS 2010-2014



20 LARGEST SHAREHOLDERS, DECEMBER 31, 2014

Name	Class A shares	Class B shares	Holdings (%)	Votes (%)	Market value SEK thousands
1 Briban Invest AB	0	48,052,491	12.3	12.0	148,963
2 Lannebo fonder	0	39,994,472	10.3	10.0	123,983
3 Alecia Pensionsförsäkring	0	24,000,000	6.2	6.0	74,400
4 Swedbank Robur fonder	0	20,138,776	5.2	5.0	62,430
5 Försäkringsaktiebolaget, Avanza Pension	0	18,379,586	4.7	4.6	56,977
6 Nordnet Pensionsförsäkring AB	0	13,264,554	3.4	3.3	41,120
7 Banque Internationale A Lux	0	13,263,998	3.4	3.3	41,118
8 AMF - Försäkring och fonder	0	9,892,357	2.5	2.5	30,666
9 Lars Gauffin	600,000	2,579,930	0.8	2.1	9,858
10 JP Morgan Bank	0	8,071,621	2.1	2.0	25,022
11 Styrelsen och ledningsgruppen	400,000	3,981,526	1.1	2.0	13,583
12 Apoteket AB:s Pensionstiftelse	0	6,704,558	1.7	1.7	20,784
13 Nordhus, Otto	0	5,005,000	1.3	1.2	15,516
14 Limhamn Förvaltning AB	0	4,370,000	1.1	1.1	13,547
15 Barsum, Rafi	0	4,002,117	1.0	1.0	12,407
16 Robur Försäkring	0	3,330,318	0.8	0.8	10,324
17 Karl Otto Wikander m Bolag	0	3,322,915	0.8	0.8	10,301
18 Länsförsäkringar Skåne	0	2,884,332	0.7	0.7	8,941
19 Vob & T Trading AB	0	2,500,000	0.6	0.6	7,750
20 Handelsbanken Fonder AB Re Jpmel	0	1,892,591	0.5	0.5	5,867
Total, 20 largest shareholders	1,000,000	235,631,142	60.7	61.4	733,557
Total, other shareholders	150,000	153,151,867	39.3	38.6	475,236
Total	1,150,000	388,783,009	100.0	100.0	1,208,792
Total, no. of shares		389,933,009			
Total, no. of votes		400,283,009			

Five-year summary

	2014	2013	2012	2011	2010
Income statement, SEK millions					
Net sales	379.1	280.8	280.3	294.5	287.7
EMEA	185.2	185.2	180.8	203.9	229.2
Americas	168.4	72.0	55.3	70.1	43.8
APAC	25.5	23.6	44.2	20.5	14.7
Operating earnings	53.6	-9.7	2.7	42.8	43.1
Operating earnings, adjusted for one-time charges	53.6	8.9	5.8	42.8	43.1
Profit/loss after financial items	55.1	-7.6	5.1	47.0	43.6
Net Income	41.5	-9.2	11.9	49.9	102.8
Balance sheet, SEK millions					
Non-current assets	205.8	231.5	233.8	200.9	159.2
Current assets	417.7	327.5	333.3	368.0	371.6
Total assets	623.5	559.0	567.1	568.9	530.8
Shareholder's equity	536.9	494.2	503.4	491.7	440.6
Liabilities	86.6	63.1	63.7	77.2	90.2
Total equity and liabilities	623.5	559.0	567.1	568.9	530.8
Key ratios					
Total cash flow, SEK millions	90.6	17.9	-10.4	-39.6	83.9
Gross margin (%)	61	56	60	62	63
EBITDA, SEK millions	67.1	-8.6	-21.2	6.3	15.7
EBITDA margin (%)	18	-3	-8	2	5
Capital expenditures, SEK millions	42.2	48.6	70.3	69.5	53.8
Return on capital employed (%)	11	-2	1	10	11
Return on equity (%)	8	-2	2	11	27
Operating margin (%)	14	-3	1	15	15
Earnings per share					
- basic, SEK	0.11	-0.02	0.03	0.13	0.26
- diluted, SEK	0.11	-0.02	0.03	0.13	0.26
Dividend per share, SEK	0	0	0	0	0
Cash flow per share, SEK	0.23	0.05	-0.03	-0.10	0.06
Equity/asset ratio (%)	86	88	89	86	83
Equity per share, SEK					
- basic, SEK	1.38	1.27	1.29	1.26	1.13
- diluted, SEK	1.38	1.27	1.29	1.26	1.13
Number of employees as of December 31	134	142	156	150	133
Added value per employee, SEK thousands	1,547	1,039	1,072	1,361	1,385
Share price as of December 31, SEK	3.10	1.44	1.56	2.05	3.43
Number of shares as of December 31	389,933,009	389,933,009	389,933,009	389,933,009	379,890,569

DEFINITIONS

EMEA Region Europe, Middle East and Africa.

APAC Region Asia-Pacific.

Total cash flow Change in cash and cash equivalents in the year.

Gross margin Gross profit as a percentage of net sales.

EBITDA Operating earnings before depreciation, amortization and capitalization of development expenditures.

EBITDA-margin EBITDA as a percentage of net sales.

Return on capital employed Operating earnings after financial items plus financial expenses in relation to average capital employed. Capital employed is the balance sheet total less non-interest bearing liabilities including deferred tax liabilities.

Return on equity Net profit as a percentage of average shareholders' equity.

Operating margin Calculated on profit before net financial items and before taxes, as a percentage of net sales.

Earnings per share, basic Profit/loss for the year divided by the average number of shares during the year.

Earnings per share, diluted Profit for the year divided by average number of shares issued during the year (for more information please see under accounting principles).

Cash flow per share Cash flow divided by average number of shares issued.

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

Equity per share before dilution Shareholders' equity plus undisclosed reserves in assets with an objective market value less deferred tax divided by number of shares during the year.

Equity per share after dilution Shareholders' equity plus undisclosed reserves in assets with an objective market value less deferred tax divided by number of shares during the year.

Value-added per employee Operating earnings plus salaries and fringe benefits relative to the average number of employees.

Other news

JANUARY 1, 2014

Rostelecom in Russia new Customer of Net Insight

The largest telecom operator in Russia has selected Net Insight's solution for transporting live video transport feeds from the Sochi Winter Olympics for a major national broadcaster. The telecom operator selected Net Insight for its compact and highly versatile platform that is especially suited for occasional use services and meeting demands for fast time to market.

JUNE 17, 2014

Net Insight Selected by Hibernia Networks for Swedish Hockey League Build-out

Hibernia Networks is building out its media contribution network based on Net Insight's Nimbra platform to transmit live broadcasts from 14 arenas in the Swedish Ice Hockey League (SHL) starting in September 2014. Hibernia Networks owns and operates a global Nimbra-based media network connecting North America, Europe and Asia with over 190 Points of Presence (PoP) on 89 markets and in 25 countries.

The SHL will be using Net Insight's video transport solution featuring visually lossless JPEG2000 compression for transmitting live broadcasts from all arenas. The arenas are connected to a Nimbra-based media network, offering very low latency and zero data loss. Net Insight will also simplify the installation and start-up phase, which will save time and reduce Hibernia Network's costs.

SEPTEMBER 2, 2014

Net Insight Selected by South African Pay TV Operator MultiChoice for Campus Network Expansion

MultiChoice is expanding its current campus network with fully redundant communication between its operation centers across South Africa. MultiChoice will be using Net Insight's Nimbra solution to interconnect a newly created back-up facility with its primary transmission site in Randburg to deliver services to more regions. The network will be integrated into MultiChoice's current Nimbra-based network, enabling the interconnection of its operation centers for pay TV with lossless compression when transporting HD TV services in real time. The solution will also manage back-up services and create the potential to offer services at more locations in the future.

SEPTEMBER 9, 2014

Net Insight Wins Order from New Customer in Latin America

A Latin American broadcaster has selected Net Insight's Nimbra solution to integrate a number of communication services onto a single platform, including video contribution and distribution, data services and management of media traffic for centralized control.

To introduce digital TV, the broadcaster needed a new contribution and distribution network for video with its target of integrating all content with the greatest flexibility and the minimum TCO.

The broadcaster will cut its OPEX to reach various TV stations by using the service provider offering the lowest cost per connection. Net Insight's Nimbra solution enables it to manage networks with centralized monitoring and control. This facilitates troubleshooting and verifying the SLA of each service provider's link. The broadcaster can also control activation and deactivation of video connections utilizing Net Insight's user-friendly interface with its Touch&Switch provisioning system.

OCTOBER 24, 2014

Italy's Rai Way Selects Net Insight for Nationwide Video Contribution Network

Rai Way, which provides network services for public broadcaster Radiotelevisione Italiana (RAI), has selected Net Insight's media transport solution as part of its project to build a nationwide fiber contribution network over IP/MPLS.

Rai Way's network will span a total of 22 sites for video contribution in a nationwide infrastructure interconnecting 17 regional TV sites with five central sites in Milan, Turin, Naples, Teulada and Saxa Rubra. Net Insight's fully redundant solution will be utilized to transport all video services including compressed video over JPEG2000.

Rai Way will benefit from functionality inherent in Net Insight's solutions that enhances the performance of IP networks for media traffic and creates fully service-aware media networks, delivering 100 per cent QoS and end-to-end service integrity.

Administration Report

Net Insight AB (publ) corporate identity number 556533-4397

The Board of Directors and Chief Executive Officer of Net Insight AB (publ), corporate ID no. 556533-4397, with registered office in Stockholm, Sweden, hereby present the annual accounts of the parent company and group for the financial year 2014. Numerical information stated in brackets in these annual accounts are comparative figures with the financial year 2013, or the reporting date of December 31, 2013. Rounding deviations may occur in these annual accounts.

The company

Net Insight develops, markets, and sells media-rich routing solutions for media networks, digital terrestrial TV and IP TV/cable TV networks. Net Insight's network equipment and services allow service providers and network owners to deliver video and media services with 100 per cent quality of service (QoS) and optimum network utilization. Apart from helping to attract and retain customers, the Nimbra platform reduces network complexity, offering network operators lower capital and operating expenditure. Net Insight's customer base includes broadcast and media companies, network owners, telecom operators and cable TV providers. Net Insight has more than 200 customers in 60 countries. Founded in 1997, Net Insight had 134 (142) employees at year-end, primarily stationed in Stockholm, Singapore, and the US. Net Insight sells its products and services through its own sales force and the company's partner network. Sales via the partner network vary between years, and in 2014, were 34 (39) per cent. The company is listed (NETI B) on the NASDAQ OMX Stockholm Stock Exchange.

Significant events in 2014

Customers and market

Net Insight's sales increased by 35.0 per cent to SEK 379.1 (280.8) million, a record year for the company. In comparable currencies, the increase was 26.9 per cent. The IABM (International Association of Broadcast Manufacturers) estimated the global growth rate for 2014 at 7.7 per cent, and accordingly, Net Insight outgrew the market. A number of important deals were announced in the year, with customers including Zayo and The Switch in the US, Rai Way in Italy, MultiChoice in South Africa and Antel in Uruguay. Additionally, the company continued to deliver to major customers for expansion and upgrades. Net Insight significantly advanced its positioning in North America. The company also consolidated its positioning in South Africa and on the Latin American markets.

According to research conducted by market researcher Devoncroft, market awareness of Net Insight increased on

2013, which is a precondition for continued growth. With its concept of "Simplifying Network Complexities," Net Insight has addressed how the company can help reduce TCO for operators, while it also participated at all the major trade events in the year. Additionally, the company commenced work on its brand with the aim of clarifying Net Insight's offering and position.

Solutions, products and services

Net Insight launched several new, innovative solutions, products and services in 2014. These include a solution enabling end-customers to book a service on operator networks themselves, without the operator needing to utilize resources for administration or configuring networks. This creates a superior and faster customer experience, while simultaneously enabling operators to reduce the costs of order processing and engineering resources. It also paves the way for operators to launch new services cost-efficiently. Solutions for transmitting Ultra HD (4K) also became commercially available in the year, and several successful customer tests were conducted. 4K gives TV viewers four times higher resolution than current HDTV. The trend towards a greater need for network capacity is continuing and the company also launched a product, the Nimbra OT 100 for 100 gigabit image and data transmission. The greater need for network capacity is being driven by a higher volume of content, programming, and the need for greater bandwidth associated with protocols including the 4K format. Net Insight also released additional products, platform enhancements and services.

Human resources and organization

In 2014, Net Insight conducted a number of initiatives in parallel to become a still more customer-focused business. This is a central component in the company's growth strategy and includes mapping customer relations company wide, with an action plan to push through improvements, stronger product management and altered sales methodology. At the beginning of the year, Net Insight appointed a partially new management team to support these changes. Martin Karlsson was appointed as CTO in the second half-year and Maria Hellström was hired from Cap Gemini to reinforce the company's initiatives on the services side. At year-end, the company had 134 employees, against 142 in the previous year.

Shareholders and the share

The company's major shareholders are listed on page 17.

Research and development

Primarily, Net Insight's research and development focuses on the following strategic segments: i) greater capacity on our platform for secure, high-quality video and data transport, ii) systems for network monitoring and automated services provision, and iii) future media transport technologies that require real time and high reliability. Net Insight has concentrated R&D activities at its head office in Stockholm, Sweden.

In 2014, Net Insight's research and development expenditures were SEK 81.9 (86.1) million, which is 21.6 (30.7) per cent of sales. In the year, expenditure of SEK 40.9 (47.6) million was capitalized. Note 2 states the principles for capitalization in more detail.

Much of Net Insight's competitiveness lies in its innovative technology. This technology offers unique benefits in segments including real-time image processing, secure data transmission and GPS-independent time synchronization. The company filed another 2 patent applications in 2014, and now has a total of 28 patents granted and 4 patent applications.

Net sales and results of operations

In 2014, the group's net sales were SEK 379.1 (280.8) million, equating to growth of 35.0 per cent, which is 26.9 per cent in comparable currencies.

The EMEA (Europe, Middle East and Africa) region represented SEK 185.2 (185.2) million of total sales. The North and South America region achieved very high growth in the year, primarily driven by major shipments to Zayo and The Switch in the US, but also for shipments to Brazil, and this region's net sales were SEK 168.4 (72.0) million. The APAC (Asia-Pacific) region reported an increase of 8.1 per cent to SEK 25.5 (23.6) million.

Net sales in the Broadcast & Media Networks (BMN) business area were 86 (80) per cent of total sales, net sales in Digital Terrestrial TV (DTT) were 11 (17) per cent and net sales in Cable TV & IP TV were 3 (3) per cent.

Net Insight's gross margin remains high at 61.2 (55.8) per cent, as stated in the group's key ratios on page 18. Net Insight took one-time impairment losses in 2013, which exerted an SEK 11.4 million negative impact on gross margin. Adjusted for this, the gross margin for 2013 was 59.8 per cent.

Operating expenses for the year were SEK 178.4 (166.2) million. Primarily, the increase relates to higher staff costs and marketing.

Operating earnings were SEK 53.6 (-9.7) million, equating to an operating margin of 14.1 (-3.4) per cent. The increase primarily relates to higher sales volumes and

operating earnings in 2013 being charged with one-time expenses of SEK 18.6 million net.

EBITDA, as stated in the group's key ratios on page 18, was SEK 67.1 (-8.6) million. Here too, the increase relates to higher sales volumes and one-time expenses charged to operating earnings in 2013.

Net income was SEK 41.5 (-9.2) million, equating to a profit margin of 10.9 (-3.3) per cent.

Cash flow and investments

Cash flow for 2014 was SEK 90.6 (17.9) million, mainly as a result of increased sales volumes in the year and the subsequent payments received from customers, and to some extent, an increase in current liabilities.

Investments in tangible fixed assets in 2014 were SEK 1.1 (0.9) million. Investments in intangible assets were SEK 41.0 (47.6) million, and mainly consist of capitalized R&D expenditure. In the year, the amortization of capitalized R&D expenditure was SEK 51.9 (46.1) million. The net value of capitalized R&D expenditure was SEK 173.0 (184.1) million at year-end.

Cash and cash equivalents, financial position

At year-end, cash and cash equivalents at were SEK 294.3 (203.7) million. Equity was SEK 536.9 (494.2) million, with an equity/assets ratio of 86.1 (88.4) per cent. As in 2013, there were no interest-bearing liabilities.

Seasonality

In the past three calendar years, average seasonality has been fairly modest. Of annualized net sales, the first quarter represented 23 per cent, the second quarter represented 26 per cent, the third quarter 25 per cent and the fourth quarter 26 per cent.

Risk and Sensitivity Analysis

Since a number of external and internal factors influence Net Insight's operations and earnings, the company relies on a continuous process of identifying existing risks and assessing how each risk should be managed. The risks the company is exposed to include customer dependence, technology development, and financial risks. Financial risks are described under the accounting policies section and in the notes.

Market-related risks

Competition and technology development

Net Insight operates in a dynamic industry characterized by rapid technological progress and intense competition. Failing to keep pace with technological progress or making

incorrect technological investments would exert a negative impact on revenues. The risk of an unexpected forward leap in technology rendering the company's products obsolete is considered low. The risk of making erroneous technological investments is also considered low. The skills and competence of Net Insight's development staff, combined with market research, competitor monitoring, and close collaborations with large customers, help keep Net Insight well informed and up to date on relevant technology and market trends.

Political risks

The majority of Net Insight's customers are located primarily in Western Europe and the US. Net Insight does not consider the countries in which it currently does most of its business to present any significant political risks. Geographical expansion is preceded by a risk identification process that evaluates payment instruments and commercial conditions to mitigate risks as far as possible.

Risks related to operations

Product liability, intellectual property rights and litigation

Potential defects in Net Insight's products could lead to claims for compensation and damages. The company is considered to possess adequate product liability insurance cover, accordingly direct risks are considered limited. Products also undergo extensive testing and verification in the development process and in the shipping process before products are sent to customers. Since Net Insight continuously seeks to protect its corporate name, trademarks and brands, it is well prepared for any infringement litigation through insurance cover, and with the aid of internal expertise in its corporate legal department and external legal counsel. Neither Net Insight AB (publ) nor its subsidiaries are currently involved in any litigation processes, legal or arbitration procedures.

Customer dependency and contract risks

If one of Net Insight's larger customers became insolvent or changed supplier, this would have a manageable impact on Net Insight's earnings. A growing customer base and relatively high cost to customers to change suppliers limits this risk significantly. To limit customer-related risks further, Net Insight continuously endeavors to exceed customer expectation in terms of the technology performance and quality of its products, as well as its level of customer service.

Supplier risk

Net Insight is dependent on a limited number of suppliers for components and production. To mitigate the effects of potential supply chain disruptions, the company has consequential loss coverage, maintains dialogue with alternative suppliers, and ensures that the relevant preferred suppliers have prepared disruption plans.

Risk assessment summary

The following table assesses the likelihood of Net Insight being affected by the various operational risks described in this section and their impact. The assessment does not claim to be exhaustive but merely serves as an illustration.

Risk	Proba- bility	Impact
Product fault leading to product liability	Low	Low
Intellectual property dispute	Low	Low
Major customer becomes insolvent	Low	Medium
Major customer leaves Net Insight for competitor	Medium	Medium
Net Insight's technology becomes obsolete	Low	High
Net Insight makes incorrect technology investment	Low	High
Adverse political changes in politically unstable countries	Medium	Low
Long-term supply disruption	Low	Medium

Guidelines for remuneration for senior executives

The most recently adopted guidelines for remuneration of senior executives are described in note 7 and apply until the Annual General Meeting (AGM) on May 7, 2015. A new proposal will be submitted to the AGM 2015:

Senior executives' terms and remuneration, and general remuneration principles

The company offers salaries and remuneration in line with market practice, as verified by external compensation database, based on a fixed and a variable component. Remuneration to the CEO and senior executives consists of basic salary, variable remuneration and pension benefits. "Senior executives" refers to those people, including the CEO, who constitute executive management. The division between fixed and variable remuneration is in proportion to the manager's responsibility and authority. The variable

remuneration is based on a combination of revenue, results and activity targets.

For the CEO, the Global Head of Sales and the VP New Segment Sales, annual variable remuneration is capped at 100 per cent, and for other senior executives at 20-60 per cent of basic salary. 70 per cent of the variable remuneration is based on measurable financial targets. For the Global Head of Sales, a compensation model with variable remuneration 100 per cent based on financial targets is applied. For certain senior executives, half of the outcome of variable compensation is put in escrow and paid out in the fourth year following the vesting period. At the time of payment, a multiplier will be applied to the amount held in escrow to reflect share price performance during these three years. The multiplier is based on the ratio of the average share price for two eight-week periods, where the first period commences on the publication date of Net Insight's Year-end Report in the year following the first year of the vesting period, and the second period commences on publication date of the Year-end Report in the year when payment shall occur (i.e. three years between the periods). The average share price is the average of the daily closing share prices of each eight-week period. The multiplier is limited to a maximum value of 5 and minimum value of 0.5.

Where a Board member serves the company or another group company in addition to work on the Board, a consultancy fee and/or other remuneration may be payable.

Almost all staff are eligible for some form of variable remuneration. All variable remuneration and applicable social security contributions are provisioned in the accounts.

From time to time, the Board of Directors may propose share-based long-term incentive programs, which are then considered by shareholders' meetings as a dedicated item.

Pension liability

The company's pension liability towards the CEO amounts to 30 per cent of the fixed annual salary, excluding variable remuneration. For other senior executives the pension liability amounts to between 15 and 25 per cent of annual salary. All pension plans are defined contribution.

Redundancy payments

The company and the CEO have a reciprocal notice period of six months. Upon termination by the company, a redundancy payment corresponding to 12 monthly salaries is due. Any salary or other remuneration that the CEO receives from employment or other business the CEO conducts during the notice period of the following 12-month period should be deducted from redundancy payments. The

company and the other senior executives have a reciprocal notice period of 3-6 months.

The Board of Directors is entitled to depart from these guidelines in special circumstances.

Parent company

In 2014, parent company net sales were SEK 463.3 (374.3) million, and net income/loss was SEK -76.6 (-103.9) million. The loss for the period is wholly attributable to impairment of shares in a wholly owned subsidiary and had no effect on consolidated earnings. At year-end, the parent company had 120 (132) employees.

At year-end, cash and cash equivalents were SEK 267.1 (167.5) million.

Post balance sheet events

No events significant to the company occurred between the end of the reporting period on December 31, 2014 and the date of signing these annual accounts.

Dividend

Net Insight AB (publ) is currently a well-capitalized company with a positive cash flow. A strong cash position is important in contexts including the company being able to demonstrate long-term financial sustainability to customers, and partly to be able to make investments in growth segments. The Board of Directors is proposing to the AGM that no dividend is paid for the financial year 2014.

Proposed appropriation of earnings

The following funds are at the disposal of the parent company (SEK thousands):

Share premium reserve	51,296
Retained earnings	507,528
Net income	<u>-76,586</u>
Total	482,238

The Board of Directors proposes that funds be appropriated as follows:

Brought forward:	482,238
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Regarding the group's and parent company's results of operations and financial position otherwise, refer to the following Balance Sheets, Income Statements and Cash Flow Statements with the associated notes. The Corporate Governance Report is on page 59.

Consolidated Financial Statements

Consolidated Income Statement

Amounts in SEK thousands	NOTE	2014	2013
Net sales	5,30	379 110	280 798
Cost of sales	9,11	-147 155	-124 316
Gross earnings		231 955	156 482
Sales and marketing expenses	7,9,10,11	-107 869	-104 794
Administration expenses	7,9,10,11,12	-29 518	-22 934
Development expenses	7,8,9,10,11	-40 992	-38 423
Operating earnings	6	53 576	-9 669
Result from financial investments			
Financial income	13	2 981	2 618
Financial expenses	13	-1 507	-571
Result from financial investments		1 474	2 047
Profit/loss before tax		55 050	-7 622
Tax	14,15	-13 576	-1 617
Net income		41 474	-9 239
Net income for the period attributable to the stockholders of the parent company		41 474	-9 239
Earnings per share, basic	16	0,11	-0,02
Earnings per share, diluted	16	0,11	-0,02

Consolidated Statement of Comprehensive Income

Amounts in SEK thousands	NOTE	2014	2013
Net income		41 474	-9 239
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			
Translations differences		1 261	-14
Total other comprehensive income for the year, after tax		1 261	-14
Total comprehensive income for the year		42 735	-9 253
Total comprehensive income for the year attributable to the shareholders of the parent company		42 735	-9 253

Consolidated Balance Sheet

Amounts in SEK thousands	NOTE	Dec 31, 2014	Dec 31, 2013
ASSETS			
Intangible assets			
Capitalized expenditure for development	17	173 016	184 072
Goodwill	17	4 354	4 354
Other intangible assets	17	1 151	1 340
Tangible assets			
Equipment	18	3 358	4 354
Financial fixed assets			
Deferred tax asset	15	23 544	37 102
Deposits	29	378	263
Total non-current assets		205 801	231 485
Current assets			
Inventories	19	44 207	42 604
Accounts receivable	20,22	66 169	70 653
Other receivables	20,22	7 007	4 076
Prepaid expenses and accrued income	20	6 018	6 439
Cash and cash equivalents	21,22	294 318	203 731
Total current assets		417 719	327 503
Total assets		623 520	558 988
EQUITY AND LIABILITIES			
Equity attributable to parent company's shareholders			
Share capital	24	15 597	15 597
Other paid-in capital		1 192 727	1 192 727
Translation difference		-693	-1 954
Accumulated deficit		-670 745	-712 218
Total shareholders' equity		536 886	494 152
Non-current liabilities			
Other provisions	25	3 166	2 943
Total non-current liabilities		3 166	2 943
Current liabilities			
Accounts payable	22	14 550	14 535
Current tax liabilities		17	-
Other liabilities	22,26	4 309	3 222
Other provisions	25	1 337	2 273
Accrued expenses and deferred income	27	63 255	41 863
Total current liabilities		83 468	61 893
Total equity and liabilities		623 520	558 988

Pledged assets and contingent liabilities, see note 29.

Consolidated Statement of Cash Flow

Amounts in SEK thousands	NOTE	2014	2013
Ongoing activities			
Profit/loss before tax		55 050	-7 622
Depreciation and amortization	9	54 350	48 720
Other items not affecting liquidity	28	1 303	17 365
Cash flow from operating activities before changes in working capital		110 703	58 463
Changes in working capital			
Increase (-)/Decrease (+) in inventories		-1 594	-3 927
Increase (-)/Decrease (+) in receivables		1 974	8 985
Increase (+)/Decrease (-) in current liabilities		21 738	2 975
Cash flow from operating activities		132 821	66 496
Investment activities			
Investments in intangible assets	17	-41 012	-47 639
Investments in tangible assets	18	-1 107	-926
Investments in financial assets		-115	-55
Cash flow from investment activities		-42 234	-48 620
Net change in cash and cash equivalents	21	90 587	17 876
Cash and cash equivalents at the beginning of the year	21,22	203 731	185 855
Cash and cash equivalents at the end of the year		294 318	203 731

Changes in Consolidated Equity

Amounts in SEK thousands	Attributable to parent company's shareholders				Total shareholders' equity
	Share capital	Other paid-in capital	Translation differences	Accumulated deficit	
January 1, 2013	15 597	1 192 727	-1 940	-702 979	503 405
Comprehensive income					
Net income	-	-	-	-9 239	-9 239
Translation differences	-	-	-14	-	-14
Total comprehensive income	15 597	1 192 727	-1 954	-712 218	494 152
December 31, 2013	15 597	1 192 727	-1 954	-712 218	494 152
January 1, 2014	15 597	1 192 727	-1 954	-712 218	494 152
Comprehensive income					
Net income	-	-	-	41 474	41 474
Translation differences	-	-	1 261	-	1 261
Total comprehensive income	15 597	1 192 727	-693	-670 745	536 886
December 31, 2014	15 597	1 192 727	-693	-670 745	536 886

Parent Company

Parent Company Income Statement

Amounts in SEK thousands	NOTE	2014	2013
Net sales	5	463 318	374 325
Cost of sales	9,11	-192 909	-148 485
Gross earnings		270 409	225 840
Sales and marketing expenses	7,9,10,11	-103 063	-105 945
Administration expenses	7,9,10,11,12	-29 505	-22 933
Development expenses	7,8,9,10,11	-81 856	-85 438
Operating earnings	6	55 985	11 524
Result from financial investments			
Result from participation in group companies	13	-121 100	-109 743
Financial income	13	2 625	2 020
Financial expenses	13	-1 507	-571
Result from financial investments		-119 982	-108 294
Profit/loss before tax		-63 997	-96 770
Tax	14,15	-12 589	-7 170
Net income		-76 586	-103 940

Parent Company Statement of Comprehensive Income

Amounts in SEK thousands	NOTE	2014	2013
Net income		-76 586	-103 940
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			
Total comprehensive income for the year		-76 586	-103 940
Total comprehensive income for the year attributable to the shareholders of the parent company		-76 586	-103 940

Parent Company Balance Sheet

Amounts in SEK thousands	NOTE	Dec 31, 2014	Dec 31, 2013
ASSETS			
Intangible assets			
Other intangible assets	17	1 151	1 340
Tangible fixed assets			
Equipment	18	3 358	4 354
Financial assets			
Participations in group companies	23	117 427	117 427
Deferred tax asset	15	6 545	19 134
Deposits	29	289	263
Total non-current assets		128 770	142 518
Current assets			
Inventories	19	44 207	42 604
Receivables			
Accounts receivable	20,22	66 169	70 653
Receivables from group companies		190 771	331 003
Other receivables	20,22	5 853	3 542
Prepaid expenses and accrued income	20	5 782	6 364
Cash and cash equivalents	21	267 111	167 499
Total current assets		579 893	621 665
TOTAL ASSETS		708 663	764 183
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	24	15 597	15 597
Statutory reserve		112 822	112 822
Non-restricted equity			
Share premium reserve		51 296	51 296
Retained Earnings		507 528	611 467
Net Income		-76 586	-103 940
Total equity		610 657	687 242
Non-current liabilities			
Other provisions	25	3 166	2 542
Total non-current liabilities		3 166	2 542
Current liabilities			
Accounts payable		14 327	14 362
Liabilities to group companies		15 278	15 278
Other liabilities	26	4 267	3 085
Other provisions	27	1 337	2 273
Accrued expenses and deferred income	25	59 631	39 401
Total current liabilities		94 840	74 399
TOTAL EQUITY AND LIABILITIES		708 663	764 183
Pledged assets	29	289	263
Contingent liabilities		None	None

Parent Company Statement of Cash Flow

Amounts in SEK thousands	NOTE	2014	2013
Ongoing activities			
Profit/loss before tax		-63 997	-96 770
Depreciation and amortization	9	2 430	2 628
Other items not affecting liquidity	28	121 543	145 703
Cash flow from operating activities before changes in working capital		59 976	51 561
Changes in working capital			
Increase (-)/decrease (+) in inventories		-1 594	-3 927
Increase (-)/decrease (+) in receivables		21 887	-25 813
Increase (+)/decrease (-) in current liabilities		20 623	2 327
Cash flow from operating activities		100 892	24 148
Investment activities			
Investments in intangible assets	17	-147	-
Investments in tangible assets	18	-1 107	-926
Investments in financial assets		-26	-55
Cash flow from investment activities		-1 280	-981
Net change in cash and cash equivalents	21	99 612	23 167
Cash and cash equivalents at the beginning of the year	21,22	167 499	144 332
Cash and cash equivalents at the end of the year		267 111	167 499

Changes in Parent Company's Equity

Amounts in SEK thousands	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Net income	Total equity
January 1, 2013	15 597	112 822	51 296	656 793	-45 326	791 182
Comprehensive income						
Redistribution previous year net earnings	-	-	-	-45 326	45 326	-
Net income	-	-	-	-	-103 940	-103 940
Total comprehensive income	15 597	112 822	51 296	611 467	-103 940	687 242
December 31, 2013	15 597	112 822	51 296	611 467	-103 940	687 242
January 1, 2014	15 597	112 822	51 296	611 467	-103 940	687 242
Total comprehensive income						
Redistribution previous year net earnings	-	-	-	-103 940	103 940	-
Net income	-	-	-	-	-76 586	-76 586
Total comprehensive income	15 597	112 822	51 296	507 528	-76 586	610 657
December 31, 2014	15 597	112 822	51 296	507 528	-76 586	610 657

Notes

Note 1 General information

Net Insight develops, markets, and sells media-rich routing solutions for media networks, digital terrestrial TV and IP TV/cable TV networks. Net Insight's network equipment and services allow service providers and network owners to deliver video and media services with 100 per cent quality of service (QoS) and optimum network utilization. Apart from helping to attract and retain customers, the Nimbra platform reduces network complexity, offering network operators lower capital and operating expenditure. Net Insight's customer base includes broadcast and media companies, network owners, telecom operators and cable TV providers. Net Insight has more than 200 customers in 60 countries. Founded in 1997, Net Insight had 134 (142) employees at year-end, primarily stationed in Stockholm, Singapore, and the US. Net Insight sells its products and services through its own sales force and the company's partner network. Net Insight had its initial public offering on the Stockholm Stock Exchange in 1999 and has been listed on NASDAQ OMX Stockholm since July 1, 2007. Parent company Net Insight AB (publ), corporate identity number 556533-4397, is a Swedish limited liability company whose registered office is in Stockholm.

Note 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated accounts follow. These policies were consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated accounts were prepared in accordance with the Swedish Annual Accounts Act, International Financial Reporting Standards (IFRS), and interpretation statements from the International Financial Reporting Standards Interpretations Committee (IFRS IC) as endorsed by the European Commission. The Swedish Financial Accounting Standards Council's recommendation RFR 1, Supplementary Accounting Rules for groups, was also applied. The consolidated accounts have been prepared under the historical cost convention, except regarding financial assets and liabilities (including derivative instruments), which have been recognized at fair value through profit or loss.

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates and management's judgments in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated accounts are disclosed in note 4.

Changes in accounting policies and disclosures

New standards, amendments and interpretations adopted by the group

A number of new standards and amendments to interpretation statements and standards are effective for annual periods beginning after January 1, 2014, and have been applied in preparing these consolidated financial statements. None of these had a significant effect on the consolidated financial statements.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretation are effective for annual periods beginning after January 1, 2014, and have not yet been applied in preparing these consolidated financial statements. None of these had a significant effect on the consolidated financial statements of the group, except the following set out below:

IFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between hedge item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and

obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017, and earlier application is permitted. The group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRC interpretations that are not yet effective that would be expected to have a material impact on the group.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including partnerships and structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power of the entity. Subsidiaries are fully consolidated accounts from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to report the group's acquisition of subsidiaries. The purchase cost of an acquisition comprises the fair value of assets provided as payment, issued equity instruments. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed when they occur. Identifiable acquired assets, assumed liabilities, and contingent liabilities in a business combination are initially valued at fair value as of the date of acquisition.

The access that consists of the difference between the cost and fair value of the group's share of identified and acquired net assets is recognized as goodwill. If the purchase cost is less than the fair value of the acquired subsidiary's net assets, the difference is reported directly in the Income Statement.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the CEO, who is responsible for allocating resources and assessing the performance of the operating segments and making strategic decisions. Segment information is presented in three geographical regions: Europe, Middle East and Africa (EMEA), Asia-Pacific (APAC), and the North and South America (Americas, AM).

2.4 Foreign currency translation

A. Functional currency and reporting currency

Items included in the financial statements for the different units in the group are valued in the currency used in the economic environment in which the respective companies are primarily active (functional currency). In the consolidated accounts and parent company's accounts, Swedish kronor (SEK) are used, which is the parent company's functional currency and the parent company's and the group's reporting currency.

B. Transactions and balances

Foreign currency transactions are translated to the functional currency at the rates of exchange ruling on the transaction date or valuation where items are re-measured. Exchange gains and losses arising on payment of such transactions and in translation of monetary assets and liabilities in foreign currencies are reported as follows in the Income Statement:

- Translation of accounts receivable are reported as net sales.
- Translation of accounts payable are reported as cost of sales.
- Translation of monetary assets and foreign subsidiary debts to the parent company are reported as net financial items.

C. Group companies

The results of operations and financial position of foreign subsidiaries that have a different functional currency to the reporting currency are translated to the group's reporting currency as follows:

- Assets and liabilities on the Balance Sheet are translated at the closing rate on the reporting date.
- Income and expenses are translated at the average rate of exchange for the month.
- All exchange rate differences that arise are reported as a separate component of equity and in the Statement of Comprehensive Income.

2.5. Tangible fixed assets

Tangible fixed assets are recognized at cost less deductions for accumulated depreciation and impairment. All expenditure directly attributable to acquisition of the asset is included in cost. Additional costs are included in asset carrying amounts or recognized as a separate asset only when it is probable that future economic benefits will flow to the group and the cost of the item can be measured reliably. The straight-line depreciation method is applied to all types of assets over their estimated useful lives, which is three to five years for equipment. The assets' residual values and useful lives are reviewed annually and adjusted if appropriate. Gains and losses on disposal are recognized in the Income Statement within other gains/losses.

2.6. Intangible assets

A. Costs arising in development projects are recognized as intangible assets when it is likely that the project will be successful in terms of its commercial and technical potential and when the expenses can be measured reliably. Costs directly linked to the development of products to be sold are recognized as intangible assets. They are capitalized when criteria are satisfied during the development phase. Development expenses include internal employee expenses arising through the development of products and a reasonable proportion of direct and indirect costs. Other development expenses are reported as incurred. Development expenses that were previously reported as a cost are not reported as an asset in an ensuing period.

Capitalized development expenditures with a limited useful life are amortized on a straight-line basis from the time commercial manufacture commences. Amortization is over expected useful life, which is five years.

An impairment test is conducted at the end of each period, and if an asset's carrying amount exceeds its estimated recoverable amount, the asset is impaired to its recoverable amount.

B. Goodwill consists of the amount by which the purchase cost exceeds the fair value of the group's share of the acquired subsidiary's identifiable net assets at the time of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets and has an indefinite useful life. Goodwill is tested at least annually to identify any impairment requirements and is reported at cost less accumulated impairment losses. Gains or losses on disposal of a unit include residual carrying amounts of the goodwill pertaining to the disposed unit.

2.7 Impairment

Non-financial assets that have an indefinite useful life are reviewed annually for potential impairment requirement and are not subject to amortization. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment is applied in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling expenses and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 Financial assets

The group classifies financial assets in the following categories; financial assets at fair value through profit and loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise they are classified as non-current.

B. Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The group's receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Balance Sheet.

C. Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trading date—the date the group undertakes to purchase or sell the asset. These investments are initially recognized at fair value plus transaction costs for all financial assets not measured at fair value through

profit or loss. Financial assets measured through profit or loss are initially recognized at fair value and transactions expense through profit or loss.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The company does not apply hedge accounting.

Financial assets are de-recognized from the Balance Sheet when the right to receive cash flow from the investment have expired or transferred and substantive risks and rewards of ownership are transferred. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss category are presented in the Income Statement within net sales—net in the period in which they arise.

D. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.9 Accounts receivables

Accounts receivable are initially reported at fair value and subsequently measured at amortized cost using the effective interest method. A provision for impairment of accounts receivable is applied when there is objective proof and other indications that the group will not be able to recover all amounts due under the receivables' original terms. The reserved amount is recognized in the Income Statement under the *Sales and marketing expenses* item.

2.10 Accounts payable

Accounts payable are initially recognized at fair value and thereafter at amortized cost using the effective interest method.

2.11 Inventories

Inventories are reported at the lower of the purchase cost and the net selling price. The purchase cost is determined by using the first in, first out method (FIFO). The net selling price is the estimated selling price in the operating activities less applicable variable selling expenses.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash, bank balances, and other investments with maturity dates of less than three months.

2.13 Share capital

Ordinary shares are classified as equity. Transaction costs that can be directly attributed to the issue of new shares or options are reported in group equity as a deduction from the issue funds. In the parent company, this transaction cost is reported in the Income Statement.

2.14 Employee benefits

A. Bonuses

The company reports a liability and an expense for bonuses based the achievement of targets for sales and profit performance, and achieved operating and personal targets.

B. Pension obligations

The company only has defined contribution pension plans, which are expensed as needed. The company has no obligation after pension premiums are paid.

C. Share-based benefits

Certain senior executives (as invited by the board of directors) participate in a synthetic share program in which up to half of the outcome of the variable compensation is put in escrow and paid out in the fourth year following the vesting period. At the time of payment, a multiplier will be applied to the amount held in escrow to reflect the share price development during these three years. The multiplier is calculated based on the ratio of the average share price for two eight-week periods, where the first period commences on the same day as the year-end report is made public during the year following the first year of the vesting period, and the second period commences on the same day as the year-end

report is made public during the year when payment shall occur (i.e. three years between the periods). The average share price is calculated as the average of the daily closing share prices for each eight-week period. The multiplier is limited to a maximum value of five and minimum value of zero point five.

The group revalues the synthetic share program at fair value at each reporting date. To measure the fair value of the programs, the group uses the closing price of the underlying share in the period.

In the vesting period, before variable compensation and the multiplier are determined, a provision is made in accordance with the principles of the section on Bonuses (A.) above.

D. Termination benefits

Termination benefits are payable when employment is terminated prior to normal retirement age or when an employee voluntarily resigns from employment in exchange for such compensation. The group reports severance pay when it is demonstrably obliged either to terminate employees according to a formal detailed irrevocable plan, or to provide compensation upon termination resulting from offers made to encourage voluntary resignation from employment.

2.15 Provisions

Provisions are made when a legal or informal obligation arises as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The company makes provisions for warranty costs that will probably arise. The product warranty provision is based on historical outcomes and is set in relation to the company's sales. If there are several similar commitments, it is likely that an outflow of resources will probably be required upon settlement for this entire group of commitments. A provision is reported, although the probability of an outflow for a special item is insignificant.

2.16 Revenue recognition

Revenues from goods and services sold, excluding value added tax and discounts, and after elimination of intra-group sales in the group. Revenues are recognized as follows:

A. Sales of goods

Revenues mainly consist of hardware sales. The revenues relate exclusively to the parent company and are reported on delivery when risk and ownership rights transfer to the buyer. In cases where the sale involves significant installation or integration as well as final acceptance from the customer, revenues are recognized on acceptance.

B. Revenue from licenses, support and services

Service agreements are recognized as revenue on a straight-line basis over the term of the contract.

2.17 Lease arrangements

Leases in which a significant portion of the risks and benefits of ownership are retained by the lessor is classified as an operating lease. When assets are leased through operating leases, the asset is reported in the Balance Sheet in the relevant asset class. Lease revenue is recognized on a straight-line basis over the term of the lease.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the Income Statement. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company's subsidiaries and associates operate and generate taxable income.

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated accounts. Deferred income tax is determined using tax rates (and laws) that were enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be offset.

Deferred income tax and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on net basis.

2.19 Cash Flow Statement

The Cash Flow Statement has been prepared according to the indirect method. The reported cash flow only includes transactions involving deposits or payments. Cash and bank balances are classified as cash and cash equivalents, as are short-term financial investments, which are only exposed to an insignificant risk of value fluctuation and:

- are traded on the open market for known amounts, or
- have a remaining duration of less than three months from their purchase date.

2.20 Accounting policies—parent company

Investments in subsidiaries are recognized at cost less impairment. Cost is adjusted to reflect changes to compensation resulting from contingent consideration arrangements. This cost also includes direct expenses relating to the investment.

The parent company's annual accounts were prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The parent company follows the group policies stated above with the exceptions stated below. These policies were applied consistently for all years reported unless otherwise stated.

Segment reporting

Net sales are reported by geographical market.

Reporting format

The Income Statement and Balance Sheet are formatted according to the Swedish Annual Accounts Act.

Lease arrangements

All lease agreements, whether financial or operating leases, are recognized as operating leases in the parent company.

Shares and participations in subsidiaries

Shares and participations in subsidiaries are reported at historical cost after deducting for potential impairment. If there is an indication that the shares or participations are impaired, the recoverable value is calculated, and if it is below historical cost, the impairment is taken.

Group contributions and shareholders' contributions

The company reports shareholder contributions as an increase in the value of shares and participations. Shares and participations are then tested for impairment. Group contributions are recognized based on economic substance. Group contributions received that are equivalent to dividends are recognized as dividends from group companies in the Income Statement. A group contribution that is equivalent to a shareholders' contribution is reported, taking into account the current tax effect, according to the principle for shareholders' contributions stated above.

Note 3 Financial risk factors

Net Insight is exposed to various financial risks: market risk (including foreign currency risk, fair value interest risk, cash flow interest risk, and price risk), credit risk, and liquidity risk. Foreign currency risk is predominant and the Board assesses that Net Insight is primarily exposed to the following financial risks:

3.1 Foreign currency risk

Foreign currency risk is defined as the risk of decreased earnings and/or decreased monetary flows due to fluctuations in exchange rates. Changes in exchange rates affect the group's earnings and equity in different ways:

- Earnings are affected when sales and purchases are in different currencies (transaction exposure)
- Earnings are affected when assets and liabilities are in different currencies (translation exposure)
- Equity is affected when foreign subsidiaries' net assets are translated into Swedish kronor (translation exposure in the Balance Sheet).

Transaction exposure

Net Insight is highly internationalized with most of its sales denominated in EUR and USD. Purchasing of components is mainly in Swedish kronor, but is up to some 60 per cent linked to the USD. Currency risks are managed in accordance with the finance policy, as adopted by the Board of Directors.

If the average exchange rate of the EUR against the SEK had been 5 per cent higher/lower compared to the average exchange rate in 2014, with all other variables constant, the group's revenues and earnings after tax for 2014 would have been positively/negatively affected by some SEK 7.9 million and SEK 5.9 million respectively. If the average exchange rate of the USD against the SEK had been 5 per cent higher/lower compared to the average exchange rate in 2014, with all other variables constant, the group's revenues and earnings after tax for 2014 would have been positively/negatively affected by some SEK 10.4 million and SEK 5.1 million respectively. Sales in USD increased as part of net sales, and thereby currency exposure to USD increased in 2014 compared to 2013.

The risk of transaction exposure is managed by the company regularly updating its EUR and USD price lists, and as far as possible, matching incoming and outgoing transactions in the same currency, as well as hedging larger foreign currency contracts. As of December 31, 2014, Net Insight had hedged USD 2.0 (1.8) million and EUR 2.8 (3.8) million.

As of December 31, 2014, Net Insight had unhedged accounts receivable of USD 1.5 (3.7) million and EUR 1.7 (0.1) million.

Translation exposure

Average rates of exchange for the period are used for translating foreign subsidiaries' Income Statements. The most significant currency in this context is USD. To better reflect the group's currency exposure, these amounts are included in transaction exposure above.

The parent company has cash and cash equivalents, accounts receivable and accounts payable in foreign currencies, primarily EUR and USD. As of December 31, 2014, the parent company had net exposure of SEK 40.3 million and SEK 31.2 million in EUR and USD respectively for these items. The subsidiaries basically have cash and cash equivalents, accounts receivable and accounts payable in local currencies exclusively. If the exchange rate of the EUR had been 5 per cent higher/lower than the exchange rate applying on December 31, 2014, consolidated earnings after tax would have been affected positively/negatively by some SEK 1.6 million. If the exchange rate of the USD had been 5 per cent higher/lower compared to the exchange rate on December 31, 2014, consolidated earnings after tax would have been affected positively/negatively by some SEK 1.2 million.

Translation exposure in the Balance Sheet

Consolidated net assets are very largely denominated in Swedish kronor. Of the foreign currency net assets as of the reporting date of December 31, 2014, some SEK 9.4 million were in USD. If the exchange rate of the USD had been 5 per cent higher/lower than the exchange rate applying on December 31, 2014, consolidated earnings after tax would have been positively/negatively affected by some SEK 0.5 million.

3.2 Liquidity risk

Liquidity risk means that Net Insight cannot sell a financial instrument at market price or only subject to significantly increased costs. Net Insight's policy is to only invest cash and cash equivalents in banks or financial institutions with a credit rating of at least P1 or A+ (Moody's or equivalent). Liquidity may not be invested for more than 12 months, and the investment terms must at all times reflect the capital requirements of the company. All reported accounts payable are due within one year and show the undiscounted amount. As of December 31, 2014, accounts payable were SEK 14.5 million and cash and cash equivalents were SEK 294.3 million, and accordingly, this risk is low.

3.3 Management of capital

The group's capital structure objectives are to secure continuous operations, generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to keep capital down. The purpose of this is to maintain or adjust the capital structure, repay capital to shareholders, issue new shares, or sell assets to reduce liabilities. The group's target is for a minimum equity/assets ratio of 65 per cent.

3.4 Interest risk

Interest risk is the risk that the value of a financial instrument varies due to changes in market rates. Net Insight's interest risk is low because its need for external financing has been limited. Cash and cash equivalents are normally invested with a fixed-interest period from two weeks up to six months.

3.5 Credit risk

Credit risk means that a party in a transaction with a financial instrument cannot fulfill its commitment. The company's customers are generally large, well-established, highly solvent companies spread over several geographical markets. There is no significant concentration of credit risks either geographically or on any particular customer segment. To limit the risks of potential credit losses, the company's credit policy includes guidelines and regulations for credit checks on new customers, terms of payment, and procedures for handling unpaid claims. See tables in note 20.

Note 4 Critical accounting estimates and assumptions

Estimates and judgments are evaluated on an ongoing basis, based on historical experience and other factors, including expectations of future events that are considered reasonable in the prevailing circumstances.

The group makes estimates and assumptions about the future, but the resulting accounting estimates seldom equal the related actual outcomes. The estimates and assumptions that entail a significant risk of material adjustments in carrying amounts for assets and liabilities during the following financial year are discussed below.

A. Impairment testing of inventories

Estimates of future sales volumes are conducted on purchasing when purchasing inventories. Estimates of net sales value of surplus volumes are calculated when there is an inventory surplus. Net Insight AB has three different categories of inventories: finished goods inventories, component inventories and other inventories. Individual assessment for obsolescence is conducted for finished goods inventories, and standard provisioning is made for other inventories.

Net Insight estimates that its component inventory will cover needs for several years, to ensure production. This estimate may result in a greater risk of obsolescence because demand is controlled by the market and can fluctuate with technology changes. As of December 31, 2014, the total inventory reserve was SEK 25.7 (27.7) million.

B. Impairment testing of goodwill

Each year, the group examines whether goodwill is impaired, in accordance with the accounting policy reviewed in 2.7. The recoverable amount of the company's cash-generating units has been measured by computing value in use. Some estimates are necessary for these computations (note 17).

C. Impairment testing of capitalized development expenditures

Costs arising in development projects are reported as intangible fixed assets when it is probable that the project will be successful in terms of its commercial and technical potential and when the costs can be measured reliably. At each reporting period, the company assesses if capitalized development expenditures should be impaired. This means that a complete review of these products is conducted in terms of economic life and product profitability. The products' estimated useful life is five years.

D. Deferred tax

Deferred tax assets pertaining to tax loss carry-forwards are recognized to the extent that it is probable that future taxable profit will be available against which unused tax losses can be applied. In 2014, Net Insight utilize deferred tax assets of SEK 13.6 (1.6) million. The capitalization is based on expected long-term profitability.

Note 5 Net sales and segment information

Management determined the operating segments based on reports reviewed by the CEO, who makes strategic decisions. The CEO reviews the business from the geographical perspectives of Europe, Middle East and Africa (EMEA), the North and South America (Americas, AM) and Asia-Pacific (APAC). The operating segments are measured in terms of regional contributions defined as gross earnings less marketing expenses. In the regional contribution report, centralized marketing and sales expenses are allocated based on net sales. There has been no transaction between the segments and the segment report to the CEO does not contain any information on assets and liabilities. The segment information provided to the CEO for the year ended December 31, 2014, is as follows:

Segment report

Amounts in SEK millions	2014				2013			
	EMEA	AM	APAC	Total	EMEA	AM	APAC	Total
Net sales	185	168	26	379	185	72	24	281
Regional contribution	64	58	3	125	36	16	-1	51
Regional contribution, %	34%	34%	13%	33%	20%	22%	-3%	18%
Regional contribution	64	58	3	125	36	16	-1	51
Administration expenses				-30				-23
Development expenses				-41				-38
Net financial items				1				2
Profit/loss before tax				55				-8

Net sales are reported by product group, but do not qualify as a reportable operating segment (IFRS 8), as no other measures are reported.

Net sales per product group

Amounts in SEK thousands	2014	2013
Hardware	225 947	192 182
Software licenses	74 954	31 870
Support and services	72 647	55 512
Other revenue	5 562	1 234
Total	379 110	280 798

All invoicing is from the parent company, where all revenues are reported. The following table illustrates the division of net sales:

Net sales, consolidated

Amounts in SEK thousands	2014	2013
Sweden	14 610	10 391
EMEA excl. Sweden	170 606	174 830
North and South America	168 353	71 995
APAC	25 541	23 582
Total	379 110	280 798

Net sales, parent company

Amounts in SEK thousands	2014	2013
Sweden	98 819	97 680
EMEA excl. Sweden	170 606	174 830
North and South America	168 353	71 995
APAC	25 541	29 820
Total	463 319	374 325

During 2014, revenues of SEK 61 million are for a single external customer. These revenues relate to the AM and EMEA segments.
During 2013, revenues of SEK 29 million are for a single external customer. These revenues relate to the EMEA segment.

All the groups' intangible and tangible fixed assets are in Sweden.

Services received in the form of continued development of products and for administrative services to the subsidiary by the parent company have been invoiced internally since 2004. The subsidiary invoices the parent company a monthly license fee for using intellectual property.

During the year, invoices to the subsidiary amounted to SEK 83,768 (86,848) thousand. This invoicing relates to continued development of products licensed to the parent company and administrative expenses incurred by Net Insight AB on NIIP AB's behalf.

Intra group transactions

Amounts in SEK thousands	2014	2013
Sales to Q2 Labs AB	441	441
Sales to NIIP AB	83 768	86 848
Purchase from NIIP AB	-98 022	-72 454
Purchase from Net Insight Inc.	-15 654	-11 281
Purchase from Net Insight Pte. Ltd.	-7 586	-

Note 6 Exchange rate differences

Operating exchange rate gains and losses are included in operating earnings.

	Group		Parent company	
Exchange rate differences of operations, SEK thousands	2014	2013	2014	2013
Exchange rate gains	18 814	11 475	18 814	11 475
Exchange rate losses	-14 359	-13 634	-14 359	-13 634
Net exchange rate differences	4 455	-2 159	4 455	-2 159

Hedge accounting is not applied because the effect of exchange rate fluctuations has been recognized directly through profit or loss.

Note 7 Employees

Average number of employees, salaries, other benefits, and social security contributions.

	2014		2013	
	Average no. of employees	Of which men	Average no. of employees	Of which men
Parent company				
Sweden	118	86%	122	92%
Singapore	-	-	4	100%
Other countries	6	100%	7	100%
Total parent company	124	87%	133	93%
Subsidiaries				
Sweden	4	77%	5	80%
US	5	100%	5	100%
Singapore	4	100%	-	-
Total subsidiaries	13	93%	10	90%
Group	137	87%	143	93%

Number of Board members and senior executives

	Dec 31, 2014	Of which men	Dec 31, 2013	Of which men
Group (incl. subsidiaries)				
Board members	10	70%	10	70%
Chief Executive Officer and other senior executives		70%	7	71%
Parent company				
Board members	6	50%	6	50%
Chief Executive Officer and other senior executives		70%	7	71%

Compensation and other benefits

Board of Directors, SEK thousands	2014	2013
Lars Berg (Chairman)	425	400
Cecilia Beck-Friis	185	175
Crister Fritzson	185	175
Gunilla Fransson	185	175
Anders Harrysson*	243	230
Regina Nilsson	185	175
Total	1 408	1 330

* Some Board members invoiced their Director's fees to the company. This has been cost neutral to the company in accordance with an AGM resolution in 2014 (2013).

The above amounts are fees for the parent company as approved by the AGM 2014 (2013).

In addition to his Board position, Anders Harrysson, rendered consulting services to Net Insight AB (publ) in 2013, and invoiced the company SEK 120 thousand.

Group

Senior executives and other employees received the following compensation (number of senior executives is the average for the year).

2014

Amounts in SEK thousands	Basic salary	Variable remuneration *	Share-based benefits **	Other benefits***	Pension expenses	Total
Fredrik Tumegård (CEO)	2 097	1 970	95	0	612	4 774
Other senior executives (8)	8 328	4 275	-	0	1 868	14 471
Other employees	76 835	13 900	-	841	14 211	105 787
Total	87 260	20 145	95	841	16 691	125 032

2013

Amounts in SEK thousands	Basic salary	Variable remuneration *	Share-based benefits **	Other benefits***	Pension expenses	Total
Fredrik Tumegård (CEO)	500	382	-	0	151	1 033
Fredrik Trägårdh (former CEO)	1 386	-	-	0	614	2 000
Anders Persson (Executive Vice President)	1 635	491	-	0	458	2 584
Other senior executives (8)	4 703	1 451	-	0	1 133	7 287
Other employees	81 209	11 290	-	642	12 226	105 367
Total	89 433	13 614	0	642	14 582	118 271

Fredrik Trägårdh resigned as CEO on June 30, 2013.
Fredrik Tumegård became CEO on October 1, 2013.

* *Variable remuneration* is the expensed variable remuneration since 2014, comparative figures have been restated. *Variable remuneration* includes SEK 1,169 (533) thousand, which are amounts vested for participating in the synthetic share program in the year, which are held in escrow for three years. The commitments for the synthetic share program are stated in note 25.

** *Share-based benefits* are value changes in amounts held in escrow for participation in the synthetic share program. The commitments for the synthetic share program are stated in note 25.

*** *Other benefits* are essentially health insurance in the US.

2014

Amounts in SEK thousands	Basic salary	Variable remuneration *	Share-based benefits **	Other benefits***	Pension expenses	Social security contributions	Total
Parent company	76 780	14 622	95	0	15 516	31 474	138 487
Subsidiaries	10 480	5 523	-	841	1 175	1 899	19 918
Group	87 260	20 145	95	841	16 691	33 373	158 405

2013

Amounts in SEK thousands	Basic salary	Variable remuneration *	Share-based benefits **	Other benefits***	Pension expenses	Social security contributions	Total
Parent company	80 831	11 830	-	0	13 773	29 316	135 750
Subsidiaries	8 602	1 784	-	642	809	1 897	13 734
Group	89 433	13 614	0	642	14 582	31 213	149 484

* *Variable remuneration* includes SEK 1,169 (533) thousand, which are amounts vested for participating in the synthetic share program in the year, which are held in escrow for three years. The commitments for the synthetic share program are stated in note 25.

** *Share-based benefits* are value changes in amounts held in escrow for participation in the synthetic share program. The commitments for the synthetic share program are stated in note 25.

*** *Other benefits* are essentially health insurance in the US.

The following principles are valid to the AGM 2015, when the proposal on new principles will be presented for resolution.

Senior executives' terms and remuneration, and general remuneration principles

The company offers salaries and remunerations in line with market practice, as verified by external compensation database, based on a fixed and a variable component. Remuneration to the CEO and senior executives consist of base salary, variable remuneration and pension benefits. "Senior executives" refers to the ten persons, including the CEO, which constitute the group management and members of the board of directors with whom an employment or consultancy agreement has been entered into. The division between fixed and variable remuneration is in proportion to the respective manager's responsibility and authority. The variable remuneration is based on a combination of revenue, results and activity targets.

For the CEO, the Global Head of Sales and the VP New Segment Sales the annual variable remuneration is capped at 100 per cent and for other senior executives at 20-60 per cent of the base salary. 70 per cent of the variable remuneration is based on measurable financial targets. For the Global Head of Sales a compensation model where the variable remuneration is 100 per cent based on financial targets is applied. Certain senior executives (as invited by the board of directors) participate in a synthetic share program in which up to half of the outcome of the variable compensation is put in escrow and paid out in the fourth year following the vesting period. At the time of payment, a multiplier will be applied to the amount held in escrow to reflect the share price development during these three years. The multiplier is calculated based on the ratio of the average share price for two eight-week periods, where the first period commences on the same day as the year-end report is made public during the year following the first year of the vesting period, and the second period commences on the same day as the year-end report is made public during the year when payment shall occur (i.e. three years between the periods). The average share price is calculated as the average of the daily closing share prices for each eight-week period. The multiplier is limited to a maximum value of five and minimum value of zero point five.

To the extent a board member conducts work, in addition to the board work, on behalf of the company or another group company, consultancy fee and/or other remuneration could be payable.

Almost the entire personnel have some kind of variable remuneration. Reservation of all variable remuneration as well as social charges is made in the accounts.

Pension liability

The company's pension liability towards the CEO amounts to 30 per cent of the fixed annual salary, excluding variable remuneration. For other senior executives the pension liability amounts to between 15 and 25 per cent of the annual salary. All contributions to pension plans are defined.

Redundancy payment

The company and the CEO have a reciprocal notice period of six months. Upon termination by the company, a redundancy payment corresponding to 12 monthly salaries is obtained. Any salary or other remuneration that the CEO obtains from employment or other business conducted under the 12 monthly salaries. Any salary or other remuneration that the deputy-CEO obtains from employment or other business conducted under the 3 months period following the termination is set off against the redundancy payment. The company and the other group managers have a reciprocal notice period of 3-6 month.

The board shall have the right to deviate from these guidelines if special reasons exist.

Consultative and decision-making process

Remuneration to the CEO for the financial year 2014 was decided by the Board of Directors. Remuneration to other senior executives was decided by the Remuneration Committee after consultation with the CEO.

Related party transactions

In 2014, related party transactions were conducted with subsidiaries only, as specified in note 5.

Note 8 Development expenses

Development expenses mainly consist of salaries, product development, component purchases, patent applications, licenses and other expenses related to development work.

Note 9 Depreciation and amortization of tangible and intangible assets

	Group		Parent company	
Depreciation and amortization, SEK thousands	2014	2013	2014	2013
Capitalized expenditures for development work	51 920	46 092	-	-
Other intangible assets	976	1 120	976	1 120
Equipment	1 454	1 509	1 454	1 509
Total	54 350	48 720	2 430	2 628

Note 10 Operating leases

The nominal value of future leasing fees including rent for premises for non-terminable leases is allocated as follows:

SEK thousands	Group	Parent company
2015	7 459	6 420
2016	141	68
2017	20	20
2018	-	-
2019	-	-
Total	7 620	6 508

Lease expenses for the year amount to SEK 7 188 (7 076) thousand for the group and SEK 6 220 (6 866) thousand for the parent company. No individual contract has a term of three years or more.

Note 11 Expenses by nature

SEK thousands	Group		Parent company	
	2014	2013	2014	2013
Cost of goods and services	86 571	70 476	184 245	140 737
Other expenses	59 724	59 909	76 425	75 311
Employee expenses (note 7)	165 753	159 000	144 233	144 124
Capitalized expenditure for development	-40 864	-47 639	-	-
Depreciation and amortization (note 9)	54 350	48 721	2 430	2 629
Total expenses	325 534	290 467	407 333	362 801

Reconciliation with comprehensive income statement

SEK thousands	Group		Parent company	
	2014	2013	2014	2013
Cost of sales	147 155	124 316	192 909	148 485
Sales and marketing expenses	107 869	104 794	103 063	105 945
Administration expenses	29 518	22 934	29 505	22 933
Development expenses	40 992	38 423	81 856	85 438
Total expenses	325 534	290 467	407 333	362 801

By adjusting assessments, the parent company has reclassified certain intercompany expenses from Administration expenses to Sales and marketing expenses. The re-classification has also been made for the comparative periods. The re-classification has no impact on the Consolidated Income Statement.

The table below shows the effect of the re-classification by post in the Income Statement, compared with if the expenses had been recognized according to the previous classification.

SEK thousands	Parent company	
	2014	2013
Sales and marketing expenses	-23 239	-17 519
Administration expenses	23 239	17 519

Note 12 Fees and reimbursement

Audit services and other assignments, SEK thousands	Group		Parent company	
	2014	2013	2014	2013
PwC				
Auditing	330	325	330	325
Audit business in addition to audit engagement	55	50	55	50
Tax consultancy	339	21	339	21
Other	140	354	140	354
Total	864	750	864	750

Note 13 Financial income and expenses

SEK thousands	Group		Parent company	
	2014	2013	2014	2013
Financial income				
Interest income	2 309	2 612	1 953	2 014
Exchange rate differences	672	6	672	6
Group contributions received	-	-	-	18 889
Financial income	2 981	2 618	2 625	20 909
Financial expenses				
Interest expenses	-8	-161	-8	-161
Exchange rate differences	-1 323	-384	-1 323	-384
Impairment of participations in group companies (note 23)	-	-	-121 100	-128 632
Other financial expenses	-176	-26	-176	-26
Financial expenses	-1 507	-571	-122 607	-129 203
Net financial income/expense	1 474	2 047	-119 982	-108 294

Note 14 Income tax expense

SEK thousands	Group		Parent company	
	2014	2013	2014	2013
Current tax:				
Current tax on profits for the year	-17	-	-	-
Total current tax	-17	0	0	0
Deferred tax (note 15):				
Tax losses carry-forwards	-13 559	-1 617	-12 589	-7 170
Total deferred tax	-13 559	-1 617	-12 589	-7 170
Tax	-13 576	-1 617	-12 589	-7 170

Difference between reported tax expense and tax expense based on applicable tax rate, SEK thousands	Group		Parent company	
	2014	2013	2014	2013
Profit/loss before tax	55 050	-7 622	-63 997	-96 770
Tax at applicable tax rate	-12 111	1 677	14 079	21 289
Effect of foreign tax rates	45	-	-	-
Tax effect of non-deductible expenses and non-taxable revenues	-70	-3 294	-26 711	-28 459
Adjustments in respect of prior years	-1 596	-	43	-
Un-reported effect of loss carry-forwards	156	-	-	-
Tax on income according to Income Statement	-13 576	-1 617	-12 589	-7 170

Note 15 Deferred tax asset

Deferred tax assets on tax losses carry-forwards

SEK thousands	Group		Parent company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Opening balance	37 102	38 719	19 134	26 304
Direct against shareholders' equity	-	-	-	-
Reported in Income Statement	-13 559	-1 617	-12 589	-7 170
Closing balance	23 544	37 102	6 545	19 134

Deferred tax assets are essentially attributable to deferred tax on tax loss carry-forwards, for both the group and the parent company. Deferred tax assets are recognized for tax loss carry-forwards to the extent it is likely that they can be utilized through future taxable profits. In 2014, Net Insight reversed deferred income taxes recoverable of SEK 13,559 (1,617) thousand. Capitalization is based on expected long-term profitability. The tax loss carry-forwards are consisting of Swedish loss carry-forwards with indefinite useful lives.

Tax loss carry-forwards for which deferred tax is not reported

SEK thousands	Group		Parent company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Tax loss carry-forwards	6	9 499	-	-

Note 16 Earnings per share

Earnings per share have been computed by dividing net income by the weighted average number of registered shares.

	2014	2013
Net income attributable to stockholders of the parent, SEK thousands	41 474	-9 239
Average number of shares	389 933 009	389 933 009
Earnings per share before dilution, SEK	0,11	-0,02
Earnings per share after dilution, SEK	0,11	-0,02

The employee stock option program expired on May 28, 2013, and there were no employee stock option programs as of December 31, 2014. The employee stock option program had dilution effect during 2013.

Note 17 Intangible assets

SEK thousands	Group		Parent company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Accumulated cost at beginning of year	494 392	447 378	6 245	6 245
New purchases	41 012	47 639	147	-
Retirements	-	-625	-	-
Reclassification	640	-	640	-
Closing accumulated cost	536 044	494 392	7 032	6 245
Accumulated amortization at beginning of year	-308 980	-261 768	-4 905	-3 785
Amortization for the year	-52 897	-47 212	-976	-1 120
Reclassification	-	-	-	-
Closing accumulated amortization	-361 877	-308 980	-5 881	-4 905
Carrying amount	174 167	185 412	1 151	1 340
Amortization included in cost of sales	-51 921	-46 132	-	-40
Amortization included in development expenses	-142	-142	-142	-142
Amortization included in administration expenses	-834	-938	-834	-938
Total amortization	-52 897	-47 212	-976	-1 120

SEK thousands	Group	
	Dec 31, 2014	Dec 31, 2013
Accumulated cost at beginning of year	4 354	4 354
Carrying amount	4 354	4 354

Critical assumptions

Plans include assumptions on the development and forthcoming launches of current products. Development of current products and forthcoming product launches. Financial plans also include assumptions on price movements, sales growth and cost growth.

Impairment testing of goodwill and capitalized fixed assets

Goodwill of SEK 4,354 thousand arose on the acquisition of the Q2 Labs group in March 2004. The recoverable amount of the group's cash-generating unit (CGU) was set based on computations of value in use. These computations proceed from estimated future cash flows based on financial forecasts and strategies approved by management that cover a six-year period. These assumptions reflect financial targets set by the Board of Directors, market reports on future growth and technology trends. From time to time, the company applies a six-year period to reflect the long-term approach to customers' purchasing decisions. Cash flows beyond the six-year period are extrapolate using an estimated growth rate. The perpetuity growth rate applied was 2 (3) per cent. The growth rate does not exceed a long-term growth rate of the telecommunication market where the relevant CGU operates. The discount rate before tax applied is 11.4 (10.9) per cent. This reflects the specific risks that apply to the segment the company is active in. A 3 (3) percentage point change in the discount rate does not cause any impairment. A 2 (2) percentage point change in estimated EBITDA does not cause any impairment. A 3 (3) percentage point change in estimated gross margin does not cause any impairment. Based on the above, no impairment is considered necessary.

Note 18 Tangible fixed assets

SEK thousands	Group		Parent company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Accumulated cost at beginning of year	15 874	14 948	15 292	14 366
New purchases	1 107	926	1 107	926
Reclassification	-649	-	-649	-
Closing accumulated cost	16 332	15 874	15 750	15 292
Accumulated depreciation at beginning of year	-11 520	-10 011	-10 938	-9 429
Depreciation for the year	-1 454	-1 509	-1 454	-1 509
Reclassification	-	-	-	-
Closing accumulated depreciation	-12 974	-11 520	-12 392	-10 938
Carrying amount	3 358	4 354	3 358	4 354
Depreciation included in cost of sales	-	-	-	-
Depreciation included in development expenses	-1 126	-1 028	-1 126	-1 028
Depreciation included in administration expenses	-328	-481	-328	-481
Total depreciation	-1 454	-1 509	-1 454	-1 509

Note 19 Inventories

SEK thousands	Group		Parent company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Products in process	350	150	350	150
Finished goods	43 857	42 454	43 857	42 454
Total	44 207	42 604	44 207	42 604

The expensed inventories are included in cost of sales and amount to SEK 89,073 (70,476) thousand. Inventories with a value of SEK 69 886 (70 286) thousand were impaired to an estimated net realizable value of SEK 44 207 (42 604) thousand. Impairment of inventories for the year amounts to SEK 707 (11 788) thousand and is recognized in cost of sales.

Note 20 Accounts receivable and other receivables

SEK thousands	Group		Parent company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Accounts receivable	70 912	84 642	70 912	84 642
Provision for impairment of receivables	-4 743	-13 989	-4 743	-13 989
Accounts receivable, net	66 169	70 653	66 169	70 653
Receivables from group companies	-	-	190 771	331 003
Other receivables	7 007	4 076	5 853	3 542
Prepaid expenses and accrued income	6 018	6 439	5 782	6 364
Carrying amount of accounts receivable and other receivables	79 194	81 168	268 575	411 562

In 2014, the group reported SEK 10 281 (3 983) thousand as realized loss of accounts receivables, of which all were impaired in previous years. An age of analysis of the group's overdue accounts receivable and provisions for impairment of receivables follows.

Group's overdue invoices, SEK thousands	Dec 31, 2014	Dec 31, 2013
Less than a month	21 937	11 183
1-3 months	3 775	7 354
3-6 months	6 041	1 212
More than 6 months	8 280	18 746
Total	40 033	38 495

Group's movements on the provisions for impairment of accounts receivables, SEK thousands	2014	2013
As of January 1	-13 989	-10 301
Reversed unused amounts	0	0
Used reserve	10 281	3 983
Provisions for receivables impairment	-1 035	-7 671
As of December 31	-4 743	-13 989

Group's accounts receivable and other receivables, carrying amount/currency, SEK thousands	Dec 31, 2014		Dec 31, 2013	
	Amounts	Proportions	Amounts	Proportions
Accounts receivables < 1 SEK million per customer	12 487	19%	11 696	16%
Accounts receivables 1- 5 MSEK million per customer	33 710	51%	24 590	35%
Accounts receivables > 5 SEK million per customer	19 972	30%	34 367	49%
Total	66 169	100%	70 653	100%

Group's accounts receivable and other receivables, carrying amount/currency, SEK thousands	Dec 31, 2014	Dec 31, 2013
SEK	11 933	7 627
USD	27 240	36 556
EUR	39 360	36 325
SGD	304	248
AED	357	412
Total	79 194	81 168

Current receivables contain the following major items:

SEK thousands	Group		Parent company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
VAT claims	5 505	2 354	4 352	1 821
Other	1 502	1 722	1 501	1 721
Total	7 007	4 076	5 853	3 542

Accrued income and prepaid expenses include the following major items:

SEK thousands	Group		Parent company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Rent for the first quarter of 2014 (2013)	1 568	1 626	1 568	1 626
Prepaid license/service fees	1 189	1 385	1 189	1 385
Prepaid insurance fees	2 119	2 072	1 883	1 997
Prepaid trade event	280	382	280	382
Other items	862	974	862	974
Total	6 018	6 439	5 782	6 364

Note 21 Cash and cash equivalents

SEK thousands	Group		Parent company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Cash and bank balances	294 318	203 731	267 111	167 499
Total cash and cash equivalents	294 318	203 731	267 111	167 499
Of which in blocked account	-	-	-	-

Note 22 Financial assets and liabilities

Group's financial instruments by category

SEK thousands	Dec 31, 2014			Dec 31, 2013		
	Value tier	Loan receivables and accounts receivables	Assets measured at fair value through profit or loss	Value tier	Loan receivables and accounts receivables	Assets measured at fair value through profit or loss
Assets in Balance Sheet						
Derivative instruments	2	-	-	2	-	-
Accounts receivable and other receivables excluding interim receivables		73 176	-		74 729	-
Cash and cash equivalents		294 318			203 731	-
Total		367 494	0		278 460	719

Group's financial instruments by category

SEK thousands	Dec 31, 2014			Dec 31, 2013		
	Value tier	Loan receivables and accounts receivables	Assets measured at fair value through profit or loss	Value tier	Loan receivables and accounts receivables	Assets measured at fair value through profit or loss
Liabilities in Balance Sheet						
Derivative instruments	2	-	559	2	-	24
Accounts payable and other liabilities excluding non-financial liabilities		18 317	-		17 733	-
Total		18 317	559		17 733	24

Financial instruments in tier 2. The fair value of derivative instruments is measured using exchange rates of currency forwards on the reporting date where the resulting value is discounted to present value.

The change in fair value of financial assets measured at fair value through profit or loss is reported in net financial income/expense in the Income Statement.

Financial assets measured at fair value through profit or loss are included in cash flow from operating activities.

Note 23 Participations in group companies

SEK thousands	Business	Share of equity, parent company (%)	Share of equity, group (%)	Carrying amounts, parent company	Equity
Net Insight Inc., registered office: Delaware, USA	Sales	100	100	2 777	9 435
Net Insight Consulting AB (publ), corp. ID. no. 556583-7365, registered office: Stockholm, Sweden	Dormant	100	100	500	493
Ten Tech AB, corp. ID. no. 556669-4559, registered office: Stockholm, Sweden	Dormant	100	100	100	98
Net Insight Pte. Ltd., registered office: Singapore	Sales	100	100	0	222
Q2 Labs AB, corp. ID. no. 556640-8570, registered office: Stockholm, Sweden	Holding company	100	100	114 050	16 667
Net Insight Intellectual Property AB (NIIP AB), corp. ID. no. 556579-4418, registered office: Stockholm, Sweden	R&D	-	100		
Total				117 427	

The group has no participations without full control and all subsidiaries are fully consolidated. Share of equity and vote are the same in the subsidiaries.

Parent company

Accumulated cost, SEK thousands	Dec 31, 2014	Dec 31, 2013
Accumulated cost at beginning of year	117 427	117 427
Shareholders' contribution	121 100	128 632
Impairment	-121 100	-128 632
Purchase cost for the period*	0	-
Total participations in group companies	117 427	117 427

* Net Insight Pte. Ltd., Singapore, was incorporated in January 2014.

Note 24 Share capital

Share capital of SEK 15,597 thousand is divided between 389,933,009 shares, with a par value of 0.04 SEK per share. One class A share is entitled to ten (10) votes and one class B share is entitled to one (1) votes. The division between share classes is as follows:

	No. of shares	
	Dec 31, 2014	Dec 31, 2013
Unrestricted class A shares	1 150 000	1 150 000
Unrestricted class B shares	388 783 009	388 783 009
Total	389 933 009	389 933 009

Note 25 Other provisions

Group, SEK thousands	Short-term provisions		Long-term provisions		Total
	Warranty provisions*	Other provisions	Warranty provisions	Variable incentiv program**	
As of January 1, 2013					
Opening balance	2 718	408	2 517	1 095	6 738
– additional provisions	-	630	-	1 249	1 879
– used amount	-55	-796	-40	-	-891
– reversed unused amount	-632	-	-551	-1 327	-2 510
As of December 31, 2013	2 031	242	1 926	1 017	5 216
As of January 1, 2014					
Opening balance	2 031	242	1 926	1 017	5 216
– additional provisions	129	-	-	1 537	1 666
– used amount	-823	-242	-	-673	-1 738
– reversed unused amount	-	-	-589	-177	-766
– share-based remuneration	-	-	-	124	124
As of December 31, 2014	1 337	0	1 337	1 828	4 502

Parent company, SEK thousands	Short-term provisions		Long-term provisions		Total
	Warranty provisions*	Other provisions	Warranty provisions	Variable incentiv program**	
As of January 1, 2013					
Opening balance	2 718	408	2 517	916	6 559
– additional provisions	-	630	-	1 027	1 657
– used amount	-55	-796	-40	-	-891
– reversed unused amount	-632	-	-551	-1 327	-2 510
As of December 31, 2013	2 031	242	1 926	616	4 815
As of January 1, 2014					
Opening balance	2 031	242	1 926	616	4 815
– additional provisions	129	-	-	1 537	1 666
– used amount	-823	-242	-	-358	-1 423
– reversed unused amount	-	-	-589	-91	-680
– share-based remuneration	-	-	-	124	124
As of December 31, 2014	1 337	0	1 337	1 828	4 502

* Warranty provisions have been used to cover potential future expenses due to executed business transactions.

** Provisions for the variable incentive program had been made to cover likely future compensation, including social security contributions. Variable incentive program is participation in the synthetic share program. Share-based remuneration is value changes in amounts held in escrow. The terms and conditions of the synthetic share program are stated in note 7.

Note 26 Other liabilities

SEK thousands	Group		Parent company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Derivatives	559	24	559	24
Employee-related taxes	2 311	2 732	2 271	2 592
Other current liabilities	1 439	466	1 437	469
Total current liabilities	4 309	3 222	4 267	3 085

Note 27 Accrued expenses and deferred income

SEK thousands	Group		Parent company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Vacation pay liability	8 201	6 778	7 175	5 947
Social security contribution	6 228	5 958	6 032	5 695
Accrued remuneration	13 833	11 271	11 612	10 068
Prepaid revenue from customer	26 384	12 974	26 384	12 974
Other	8 609	4 883	8 428	4 717
Total accrued expenses and deferred income	63 255	41 863	59 631	39 401

Note 28 Items not affecting liquidity

SEK thousands	Group		Parent company	
	2014	2013	2014	2013
Unrealized translation differences	1 261	-14	-	-
Provisions	42	-1 878	443	-1 561
Disposals	-	625	-	-
Impairment of equities	-	-	121 100	128 632
Impairment of accounts receivable	-	7 264	-	7 264
Impairment of inventories	-	11 367	-	11 367
Other items	-	1	-	1
Total	1 303	17 365	121 543	145 703

Note 29 Pledged assets and contingent liabilities**Pledged assets**

SEK thousands	Group		Parent company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Deposits	378	263	289	263
Total	378	263	289	263

Contingent liabilities

SEK thousands	Group		Parent company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Total	None	None	None	None

Note 30 Operating leases

Operating leases where the group is lessor. Future minimum lease payments relating to non-cancellable operating leases are allocated as follows:

SEK thousands	2014	2013
Within 1 year	0	0
Between 1 and 5 years	0	0
Total	0	0

Note 31 Post balance sheet events

No events significant to the company occurred between the end of the reporting period on December 31, 2014, and the date of signing these annual accounts.

The Consolidated Income Statement and Consolidated Balance Sheet will be submitted to the Annual General Meeting on May 7, 2015 for adoption.

The Board of Directors and Chief Executive Officer declare that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and give a true and fair view of the group's financial position and results of operations. The annual accounts have been prepared in accordance with generally accepted accounting policies and give a true and fair view of the parent company's financial position and results of operations.

The Administration Report for the group and parent company gives a true and fair view of the progress of the group's and parent company's operations, financial position and results of operations, and state the significant risks and uncertainties factors facing the parent company and companies in the group.

Stockholm March 12, 2015.

Lars Berg
Chairman

Cecilia Beck-Friis
Board member

Crister Fritzson
Board member

Gunilla Fransson
Board member

Anders Harrysson
Board member

Regina Nilsson
Board member

Fredrik Tumegård
CEO

Our Audit Report was submitted March 13, 2015.
PricewaterhouseCoopers AB

Mikael Winkvist
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of Net Insight AB (publ),
corporate identity number 556533-4397

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Net Insight AB (publ) for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 20-55.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board

of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Net Insight AB (publ) for the year 2014.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm March 13, 2015
PricewaterhouseCoopers AB

Mikael Winkvist
Authorized Public Accountant

Board of Directors



Lars Berg (1)

Chairman of the Board since 2001 and **Board member** since 2000.

Born: 1947. Lars Berg holds a Bachelor of Business Administration degree from the Gothenburg School of Economics.

Main assignment: European Operating Partner, Constellation Growth Capital, New York. Other significant Board assignments: Vice chairman of Norma Group (Frankfurt) and board member of Tele2. Previous positions include executive positions with Mannesmann, heading up the Telecom Division, President and CEO of Telia, and various executive positions within the Ericsson Group. Independent of the company and management, independent of the company's major shareholders.

Shareholdings in Net Insight: 1,086,332 class B shares.

Attendance at Board meetings in 2014: 6/6

Gunilla Fransson (4)

Board member since 2008

Born: 1960. Gunilla Fransson holds a Licentiate of Technology in Nuclear Chemistry from the Royal Institute of Technology, Stockholm (KTH). Gunilla is Business Area Manager of Saab Security & Defense Solutions and a member of Saab AB's executive management. She possesses over 20 years' experience of the telecom sector, formerly holding several senior positions in the Ericsson group. She is a Board member of Permobil AB and Teleopti. Independent of the company and management, independent of the company's major shareholders.

Shareholdings in Net Insight: 4,000 class B shares.

Attendance at Board meetings in 2014: 5/6



Cecilia Beck-Friis (2)

Board member since 2013.

Born: 1973. Cecilia Beck-Friis studied the Executive Management Program at IFL at the Stockholm School of Economics and Marketing & Sales at Berghs School of Communication. Currently active as Executive Vice President of the TV4 group and Chief Digital Officer of Bonnier Broadcasting. Cecilia previously held several executive positions in the TV4 group, as Digital Media Director, Business Area Manager of Niche Channels TV4 AB, Executive Vice President of TV4 Vision AB and Business Area Manager of Licensing & Publications for TV4 AB. Independent of the company and management, independent of the company's major shareholders.

Shareholdings in Net Insight: 20,000 class B shares.

Attendance at Board meetings in 2014: 5/6

Anders Harrysson (5)

Board member since 2010

Born: 1959. Anders Harrysson holds a M.Sc. in Engineering Physics from Linköping Institute of Technology. Anders Harrysson was previously Chief Executive Officer of Birdstep Technology ASA. Anders has more than 20 years' international experience from senior positions in the IT industry, including 14 years at IBM with several years at the European Headquarters in Paris and the group's headquarters in the US. Between 1998 and 2010, he was Vice President at Sun Microsystems with responsibility for its activities in Northern Europe. Anders is also a Board member of Precise Biometrics AB and Chairman of Aditro Group AB, Ewalie AB and Qmatic AB. Independent of the company and management, independent of the company's major shareholders.

Shareholdings in Net Insight: 8,000 class B shares.

Attendance at Board meetings in 2014: 6/6



Crister Fritzson (3)

Board member since 2013

Born: 1961. Crister Fritzson is a graduate in Marketing Economics from the Nordic School of Marketing and the Executive Management Program at INSEAD. CEO and President of SJ AB and Board member of Systembolaget. Former CEO and President of Teracom Group, Boxer, Executive VP Global Marketing & Sales Allgon Systems and previously held several senior positions within Motorola. Independent of the company and management, independent of the company's major shareholders.

Shareholdings in Net Insight: 17,000 class B shares.

Attendance at Board meetings in 2014: 4/6

Regina Nilsson (6)

Board member since 2013

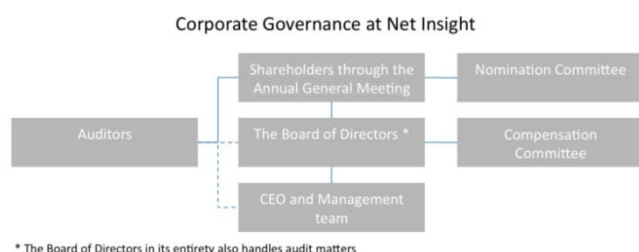
Born: 1961. Regina Nilsson holds a Bachelor of Science from the University of California, Irvine, US, and an MBA in Corporate Strategy from Pepperdine University, Malibu, US. Currently active as Global Account General Manager of Hewlett-Packard. Regina was previously active as Principal Consultant at Nokia Siemens Networks, CEO of Namastech AB, Managing Principal of Ericsson Business Consulting, Associate Partner at IBM Business Consulting Services and Management Consultant for Gemini Consulting. Independent of the company and management, independent of the company's major shareholders.

Shareholdings in Net Insight: 0 shares.

Attendance at Board meetings in 2014: 5/6

The Board's Corporate Governance Report

Net Insight AB (publ) is a public limited company with its registered office in Stockholm, Sweden. Net Insight's shares are listed on Nasdaq OMX Nordic Exchange Stockholm. The basis for governance of the company and group includes its Articles of Association, the Swedish Companies Act and Nasdaq OMX Stockholm's regulations for issuers, including the Swedish Code of Corporate Governance, applicable from February 1, 2010, as well as internal regulations and policies.



Introduction

The Articles of Association describe the business of the company, its share capital, the number and classes of share, allocation of votes, the number of directors and auditors, notices of, and matters to be dealt with at, the Annual General Meeting (AGM), and the requirement that this meeting be held in Stockholm, Sweden. In the period between AGMs, Net Insight's publ Board of Directors is the highest decision-making body in the Company. The duties of the Board are regulated by the Swedish Companies Act and the Articles of Association. The current Articles of Association were adopted at the AGM on April 28, 2009. The full Articles of Association are available at www.netinsight.net.

Annual General Meeting, AGM

The AGM of Net Insight AB publ was held on May 8, 2014. The company's Nomination Committee is responsible for proposing a chairman for the AGM. Lars Berg was elected Chairman of the Meeting. The AGM made the following resolutions:

- Adoption of annual financial statement, appropriation of profits and discharging the Board members and CEO from liability
- The number of Board members should be six.
- Lars Berg, Gunilla Fransson, Anders Harrysson, Cecilia Beck-Friis, Crister Fritzson and Regina Nilsson were reelected as Board members.
- Lars Berg was re-elected Chairman of the Board.

- PricewaterhouseCoopers AB was elected as the company's audit firm, with Mikael Winkvist as Auditor in Charge.
- The AGM decided that Directors' fees should amount to SEK 1,350 thousand to be allocated with SEK 425 thousand to the Chairman of the Board and SEK 185 thousand to each of the other Board members not employed by the company. Remuneration to the auditor, PricewaterhouseCoopers SB, to be on approved account.
- The AGM resolved to approve the proposed procedures for appointment of the Nomination Committee and the Board of Directors' proposal regarding guidelines for remuneration and other terms of employment for senior executives.

The complete minutes of the AGM, as well as the supporting documentation, are available at: www.netinsight.net/agm.

Nomination Committee

The Nomination Committee is responsible for submitting nominations for the Chairman and other members of the Board, as well as fees and other compensation to each member for their Board duties. The Nomination Committee is also responsible for submitting proposals for the election of the auditor and audit fees. The members of the Nomination Committee should be appointed, or the method for appointing the members should be decided, at the AGM. In accordance with AGM resolution, Net Insight's Nomination Committee consists of the Chairman of the Board of Net Insight AB and the company's four largest shareholders as of the last banking day each August, who are then each entitled to appoint a member of the Nomination Committee. The composition of the Nomination Committee was published on October 15, 2014. Net Insight's Nomination Committee for 2015 has the following members: Jan Barchan (Briban Invest), Lars Bergkvist (Lannebo Fonder), Annika Andersson (Swedbank Robur fonder), Ramsay Brufer (Alecta) and Lars Berg (Chairman of the Board of Net Insight AB (publ)). The Nomination Committee appointed Lars Bergkvist (Lannebo Fonder) as its Chairman. The Nomination Committee held two meetings when minutes were kept in preparation for the AGM 2015.

Board of Directors

The Board of Directors administers the company's affairs in the interests of the company and all of its shareholders. The size and composition of the Board ensures its ability to

administer the company's affairs effectively and with integrity. The Board's duties include establishing business goals and strategies, deciding on acquisitions and divestitures, capitalization of the company, appointing, appraising, and determining compensation to the CEO, ensuring that there are effective systems to monitor and control the company's business, ensuring that the necessary ethical guidelines for the company's conduct are established, and appraising the Board's work. The Board's rules of procedure are established annually at the Board Meeting following election, or as required. In addition to the above duties, the rules of procedure stipulate items including Board meeting procedures, instructions for the company's CEO, decision-making procedures within the company, division of responsibilities, and the disclosure of information between the company and the Board. The Board monitors and appraises the CEO's performance, including implementation of the Board's decisions and guidelines annually.

Work of the Board

The Board held six meetings during the year when minutes were kept, not counting two per capsulam meetings. At these meetings, the Board considered standing agenda items for each Board meeting such as the state of the business, year-end and interim reports, budgets, business goals, risks, compensation issue to management with principles for variable salary portions, as well as monitoring these issues and audit matters. An appraisal of the Chief Executive Officer and the work of the Board is also conducted each year. There was a particular focus on work on long-term strategies and business plans in the year. At the Board meeting following election, the Board considered and adopted the rules of procedure for the Board and instructions for the CEO.

Independence of the Board

Net Insight's Board of Directors is considered to satisfy the Code's standard of independence: all Board members are independent of the company and management. Five Board members are independent of the company's principal owners. Chairman of the Board Lars Berg was not independent of Constellation Growth Capital, which was the largest shareholder of Net Insight until 22 September. This dependency relationship subsequently ceased. For information on Board members and the CEO, see page 58 and 68 respectively.

Remuneration Committee

The Board has instituted a Remuneration Committee charged with consulting on issues concerning salaries, compensation and other terms of employment for the CEO, as well as compensation programs of a broader nature, such as option programs, for final decision by the Board. The Remuneration Committee decides on issues regarding salaries and compensation and other terms of employment for all staff that report directly to the CEO. The Committee reports to the Board on a continuous basis. The Remuneration Committee members are Chairman of the Board Lars Berg and Board member Gunilla Fransson. During the year, the Committee held five meetings when minutes were kept, and consulted on the following matters: the CEO's variable remuneration for 2013 to be decided by the Board; a decision on variable remuneration for 2013 for the rest of management; the CEO's business goals for 2014 and compensation structure and the business goals for the rest of the management team.

Audit

Net Insight's Board of Directors has decided against a separate audit committee; instead, the whole Board deals with audit matters. The Board has decided on this approach since it is suitable as long as the company has a relatively uncomplicated business and audit structure. In consultation with the company's auditors, the Board has also proactively discussed new accounting recommendations that may affect future company accounting and reporting. Twice a year, after the third and fourth quarter financial statements, the group's auditors report their observations from their audit to the whole Board. These meetings also keep the Board informed of the direction and scope of the audit, as well as discussing the coordination of the external audit, internal controls and the auditor's view of risks in the company. At one of these meetings, the auditors presented and discussed their views without management being present.

In addition to normal auditing duties, PricewaterhouseCoopers AB also provides Net Insight with general accounting and tax consultancy. It is the responsibility of PricewaterhouseCoopers AB to guarantee its independence as an audit firm in its role as advisor. The legally mandated term of auditors is one year. The company's audit firm, PricewaterhouseCoopers AB, was re-elected at the AGM 2014 for a term lasting until the AGM 2015. Mikael Winkvist was appointed as Auditor in Charge.

Attendance in 2014

Attendance by each Board member is presented below.

Name	Attendance at Board Meetings	Remuneration Committee
Lars Berg	6/6	5/5
Gunilla Fransson	5/6	5/5
Anders Harrysson	6/6	
Cecilia Beck-Friis	5/6	
Crister Fritzson	4/6	
Regina Nilsson	5/6	

CEO and Management

The Chief Executive Officer leads the company according to the terms of the instructions to the CEO, reports to the Board of Directors on financial and operational progress against

financial and operational objectives set by the Board of Directors on a monthly and quarterly basis. The Chief Executive Officer attends Board meetings and provides the Board of Directors with the necessary information and decision-support data. The company's Chief Financial Officer serves as Board secretary. The company is organized into functions, with each functional manager also being members of management. Management conducts business reviews every 14 days, with a standing agenda, and holds additional meetings when required.

For more information on the CEO and members of management, see page 64.

The Board's Report on Internal Controls over Financial Reporting

Purpose of internal controls

The purpose of Net Insight's work on internal controls is to:

- Ensure satisfactory compliance with applicable laws, rules and ordinances.
- Ensure that financial reporting gives a fair and true view of the company's financial situation and gives accurate decision-support data for shareholders, the Board and management.
- Ensure the company's operations are organized and managed so financial and operational objectives are realized and that significant risks are dealt with in a timely and appropriate manner.

Roles and responsibilities

Net Insight's Board is responsible for ensuring that internal controls over financial reporting meet the standards of the Swedish Companies Act and Swedish Code of Corporate Governance. For Net Insight, internal controls over financial reporting are an integral part of corporate governance.

These controls contain processes and methods to safeguard the group's assets and accuracy in financial reporting, in order to protect owners' investments in the company. The Board adopts rules of procedure yearly, which formalizes the work of the Board and processing issues. The Board issues instructions to the CEO, which stipulate the matters for which the CEO may exercise his authority to act on behalf of the company, subject to the Board's authorization or approval. These instructions are reviewed annually. The Board also issues instructions to the CEO regarding financial reporting. According to his instructions, the CEO is responsible for reviewing and ensuring the quality of all financial reporting, as well as ensuring that the Board otherwise receives the reports it needs to be able to continually assess the group's accounting position. The whole Board considers audit matters.

External reporting

The Board monitors and evaluates quality assurance through quarterly reports on the company's business and earnings trends, and by considering the Group's financial situation at each scheduled Board meeting. On two occasions each year, the company's auditor attends Board meetings to present the outcome of the full-year audit and the third-quarter financial review. On these occasions the

Auditor also presents any changes to accounting policies that affect the company. Coincident with the presentation of the full-year audit, the auditor also states his view, on the adequacy of the organization and competence of the finance function, without management's attendance.

To support the accuracy of external reporting and risk management, the internal reporting and control system builds upon annual financial planning, monthly reports and daily monitoring of key financial ratios. The group's finance department inspects and monitors reporting, as well as compliance with internal and external regulations. Besides laws and ordinances, internal policies and guidelines include finance policies, an approvals list, a financial handbook, credit and accounting policy and documented procedures for the most important tasks of the finance department. These policies and guidelines are updated regularly. Identified risks concerning financial reporting are managed through the company's control activities. For example, the ERP system has automated controls that manage access rights and signatory authority, as well as manual controls such as duality, in regular bookkeeping and closing entries. The business-specific controls are complemented by detailed financial analyses of the company's results and follow-ups against budget and forecasts, which provides overall confirmation of the quality of reporting.

A reorganization and skills upgrade in the finance function was conducted in 2014 with aims including further enhancement of internal controls. Process re-engineering in the year was primarily aimed at automating invoicing flows and payroll processes. All major policies were updated simultaneously, with amendments implemented.

Internal audit

Each year, the Board evaluates whether there is a need to create a dedicated internal audit function. The Board judged that there was no such need in 2014. In its reasoning, the Board stated that internal control is primarily exercised through:

- The central accounting function
- Management's supervisory controls.

These factors, combined with the company's size and limited complexity, means that the Board considers that such a further function would not be financially justifiable at present.

Auditor's report on the Corporate Governance Statement

To the annual meeting of the shareholders of Net Insight AB (publ), corporate identity number 556533-4397.

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2014 on pages 59-62 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm March 13, 2015
PricewaterhouseCoopers AB

Mikael Winkvist
Authorized Public Accountant

Executive management

Fredrik Tumegård **CEO**

Born: 1972.
Fredrik Tumegård holds a University Degree in Electrical Engineering from the Royal Institute of Technology in Stockholm (KTH) and has also studied Business Administration at the University of Stockholm. CEO of Net Insight since October 2013, formerly held senior positions in marketing and sales for companies including TeliaSonera International Carrier, Huawei Technologies and also previously worked for Ericsson and Transmode. Fredrik Tumegård joined Net Insight from NEC, where he was Vice President of Northern Europe, including the UK, Benelux and Poland. Fredrik's duties in the NEC group included the roles of Managing Director of NEC UK Ltd.
Shareholdings in Net Insight: Fredrik Tumegård and spouse, 460,000 class B shares.

Ulrik Rohne **Vice President Research & Development**

Born: 1967.
Ulrik Rohne holds a Master of Science degree in Electrical Engineering from the Royal Institute of Technology in Stockholm (KTH). Employed at Net Insight since 2012 and has extensive experience from a variety of roles within product development, mainly within the telecom and mobile industry. Ulrik has held various management positions within Ericsson and comes most recently from Sony Ericsson, where he was Head of Software Development.
Shareholdings in Net Insight: 50,000 class B shares.

Thomas Bergström **CFO**

Born: 1968.
Thomas Bergström holds an M.Sc. (Econ) from Linköping University, Sweden. Appointed as Net Insight's CFO in 2009. Prior to this, Thomas has long international experience from various finance and accounting roles, mainly in the Ericsson group. Thomas joined Net Insight from a position as CFO of Aastra Telecom Sweden.
Shareholdings in Net Insight: 55,000 class B shares.

Martin Karlsson **CTO and Vice President Product Portfolio**

Born: 1977.
Martin Karlsson has a Ph.D. in Computer Science from Uppsala University, Sweden. Martin joined Net Insight in 2010 and has a background as a Principal Engineer at Oracle Corporation and as a Microprocessor Architect at Sun Microsystems. Martin is the inventor or co-inventor of more than 16 patents.
Shareholdings in Net Insight: 100,000 class B shares.

Peter Sergel **Vice President Sales Development New Segment and Head of Sales Western Europe**

Born: 1971.
Peter Sergel holds a Master of Science Degree from the Royal Institute of Technology in Stockholm, Sweden. Peter has been employed by Net Insight since 1998 and has held a number of positions within Product Management, Sales, Business Development and Sales Management. Previously Peter has worked with Product Management and Technical Sales at Global One Services.
Shareholdings in Net Insight: 186,400 class B shares.

Per Lindgren **Senior Vice President Strategy & Business Development (founder)**

Born: 1967.
Per Lindgren holds a D.Tech. in telecommunication from the Royal Institute of Technology in Stockholm (KTH). As a co-founder of Net Insight, Per has been an employee since 1997. Previous experience includes Associate Professor at KTH. Per is CEO of Net Insight Intellectual Property AB.
Shareholdings in Net Insight: 400,000 class A shares, 2,000,000 class B shares.

Stig Stålnacke **Senior Vice President Global Sales**

Born: 1958.
Stig Stålnacke holds an M.Sc. (Eng.) from Linköping Technical University. Stig was appointed as Senior Vice President and Global Head of Sales of Net Insight in 2009. Previous long-term experience with Cisco, holding several senior sales positions. Most recently Client Director and Head of Major Telecom Accounts, and a member of Cisco's Swedish management.
Shareholdings in Net Insight: 0 shares.

Anna Karin Verneholt **Vice President Communications & Marketing**

Born: 1967.
Anna Karin Verneholt holds an M.Sc. (Econ.) from the University of Uppsala, Sweden. Anna Karin joined Net Insight in 2010. Anna Karin has long professional experience of marketing in international environments, primarily in the IT and telecoms sector, and previously held a number of marketing positions in the Ericsson group, including Head of Enterprise Marketing and Communication in the Multimedia business unit.
Shareholdings in Net Insight: 17,400 class B shares.

Marina Hedman **Vice President Human Resources**

Born: 1976.
Marina Hedman holds a B.A. in social sciences, majoring in human resources. Marina has been employed since 2013, and prior to that, had over 10 years' experience in various HR roles, in sectors including consulting, IT and media.
Shareholdings in Net Insight: 0 shares.

Maria Hellström **Vice President Global Services**

Born: 1972.
Maria Hellström holds a Master of Science in Computer Engineering from the Royal Institute of Technology in Stockholm. Maria has more than 15 years of experience from leading positions at Capgemini, most recently as senior vice president and business unit manager for Digital Services, responsible for sales and delivery for customers in the telecom, finance and public sectors.
Shareholdings in Net Insight: 17,394 class B shares.



From the left: Stig Stålnacke, Ulrik Rohne, Marina Hedman, Per Lindgren, Thomas Bergström, Maria Hellström, Anna Karin Verneholt, Peter Sergel, Fredrik Tumegård and Martin Karlsson.

Glossary

ACCESS NETWORK

That part of the public network closest to end-users. Consists of copper lines in the telephone network and coaxial cable for cable TV. Fiber and wireless solutions are also becoming more widespread.

ASI

(Asynchronous serial interface). A standardized physical interface for compressed video. Used in the media industry to transport content between geographically remote production units and in cable TV networks.

BACKBONE NETWORK

High-capacity network interlinking geographically remote areas or a number of smaller networks within an area. Also known as a transport network or backbone.

BANDWIDTH

Measure of how much information can be transmitted. Measured in bits per second, bps.

BROADBAND NETWORK

Network with extremely high capacity, at least 2 mbps to each end-user.

BROADCAST

Transmission from a single sender to all possible recipients in a network.

CDN

(Content Delivery Networks) an overlay network of customer content, distributed geographically to enable rapid, reliable retrieval from any end-user location.

CONTENT

Content that is distributed in the network.

CONTRIBUTION

Communication for production and processing of material before it is transmitted to the end-user.

CORE

Larger transport networks between cities and backbone networks.

DTT

(Digital Terrestrial Television). Name of digital terrestrial TV to regular TV sets equipped with set-top boxes. Also called DVB-T.

ETHERNET

The most common technology for communication in local area networks, LANs. Transmission speeds of 10/100 mbps, 1 Gbps and 10 Gbps.

GIGABIT ETHERNET

Development of the Ethernet primarily used in large LANs and backbone networks. Can process transmission speeds of up to 1,000 mbps.

HD/HDTV

(High definition/TV). High resolution/TV.

UHD/TV

(Ultra High Definition/TV) Ultra High resolution TV. Available digital video formats are 4K and 8K.

HEADEND

A master facility for receiving television signals for processing and distribution over a cable television system.

IP

(Internet Protocol) Protocol used for data transmission over the Internet. All Internet traffic is transmitted in IP packets.

IPTV

Television that is broadcast over IP (broadband).

MPLS

(Multi Protocol Label Switching). Protocol for the efficient management of connections over a package-switched network.

MSR

(Media Switch Router) MSR is a platform specially designed to handle media services.

NODE

A unit that is connected to a network, either as a sender/ receiver, or to connect different networks.

OVER THE TOP (OTT)

Term for service utilized over a network that is not offered by that network operator. For example, viewers using their broadband connection to view TV.

POST PRODUCTION

Post production of TV shows or films, for example.

PROTOCOL

An agreed set of rules for how different network equipment should communicate.

QoS

(Quality of Service). Name for the quality of service (that can be provided by a network). Video and speech require higher QoS. QoS is achieved in a network either by separating traffic so that interference cannot occur or by prioritization where the highest-priority traffic is sent first.

REAL TIME

Immediate transmission of material without delay.

ROUTER

A unit to guide and forward data packets, over the Internet, for example.

ROUTING

Guiding and forwarding data packets through a computer network.

SLA

(Service Level Agreement) is a part of a service contract where the level of service is formally defined.

STREAMED MEDIA

Playing sound and video files on a computer or mobile phone simultaneous with transmission over a LAN or WAN, such as the Internet. Used for playing stored files from websites and for receiving live events over the Internet, for example.

SWITCH

Used to direct information between different network links and users.

TOPOLOGY

In networks, the topology describes how nodes are linked together, for example, in a ring or star where all nodes are switched directly to a central node, or a mesh, an irregular structure with multiple switches between many nodes.

UPLINK STATION/TELEPORT

Station where media content in a terrestrial network is transferred to a satellite network for further distribution.

Invitation to Annual General Meeting

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will be held at 10 a.m. on Thursday, May 7, 2015 at Net Insight's offices in Stockholm, Sweden. Shareholders recorded in the share register maintained by Euroclear Sweden AB on April 30, 2015, and who have notified the Company by 4 p.m. on May 4, 2015, are entitled to attend, and vote, at the AGM. Shareholders can notify their attendance at the meeting by mail to Net Insight AB, Box 42093, 126 14 Stockholm, Sweden, by telephone to +46 (0)8 685 0400, by fax to +46 (0)8 685 0420 or by e-mail to agm@netinsight.net.

DIVIDEND

The Board of Directors is proposing to the AGM to resolve not to pay any dividend for the financial year 2014.

DISTRIBUTION OF ANNUAL REPORT

The Annual Report 2014 will be published in the week ending April 17, 2014 (week 16) at www.netinsight.net. Printed versions of the Annual Report are available to order by e-mail: info@netinsight.net, or by telephone: +46 (0)8 685 0400.

FINANCIAL INFORMATION

**Interim Report,
January–March
April 29, 2015**

**AGM 2015
May 7, 10 a.m.**

**Interim Report,
January–June
July 22, 2015**

**Interim Report,
January–September
October 28, 2015**

Net Insight publishes financial information in Swedish and English. The Reports are available for download from Net Insight's website: www.netinsight.net or to order by e-mail: info@netinsight.net, or by telephone on +46 (0)8 685 0400.

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