

Annual Report 2015

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We're creating the future of media



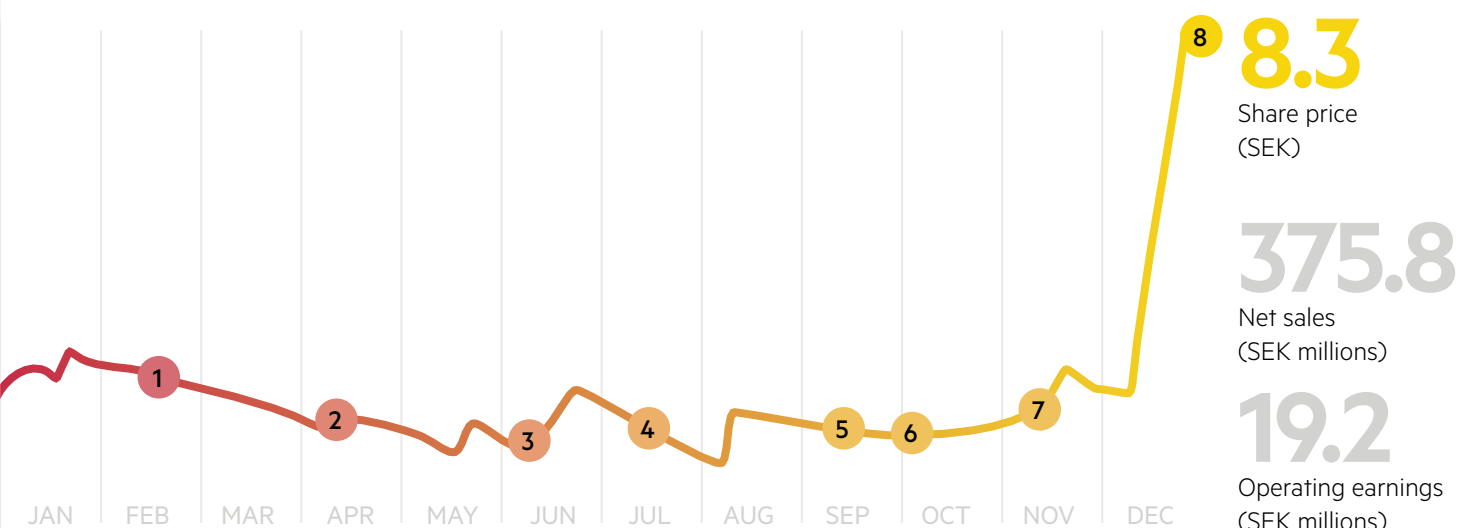
Net Insight delivers products, software and services for effective, high-quality media transport coupled with effective resource management, all, which creates an enhanced TV experience. Net Insight's offerings starts from the TV cameras to the TV studios, right through to the TV viewer.

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

www.netinsight.net

The year in brief

2015 was an exciting year where we continued to pursue our strategy. Net Insight acquired US software company ScheduALL, launched a solution for true Live OTT and executed strategic branding work.



- 1** Sentech of South Africa selected Net Insight's transport solution for Digital Terrestrial TV (DTT) network.
- 2** China Unicom selected Net Insight's video transport solution.
- 3** The Switch expanded its network for media transport of US sports league.
- 4** Net Insight launched new brand platform, including a new vision and visual identity.
- 5** Major contract signed with Swisscom Broadcast for delivery of a nationwide digital terrestrial TV network in Switzerland.
- 6** Net Insight closed the acquisition of the US software company ScheduALL.
- 7** Net Insight entered the OTT market to drive progress of Live OTT.
- 8** Net Insight chosen by DMC for new primary IP distribution network.

Key figures	2015	2014	2013
Net sales, SEK millions	375.8	379.1	280.8
EMEA	222.0	185.2	185.2
Americas	115.1	168.4	72.0
APAC	38.7	25.5	23.6
Net Sales, adjusted, SEK millions	379.4	379.1	280.8
Operating earnings, SEK millions	19.2	53.6	-9.7
Operating earnings, adjusted, SEK millions	28.4	53.6	8.9
Net income, SEK millions	1.9	41.5	-9.2
Earnings per share, SEK	0.00	0.11	-0.02
Total cash flow, SEK millions	-1011	90.4	179
Equity/assets ratio, per cent	79	86	88
Shareholders' equity per share, SEK	1.37	1.38	1.27
Average number of employees	155	137	143

This is Net Insight

Net Insight provides innovative solutions for high-quality media transport, powerful resource management and true Live OTT, which enables its customers to focus on launching new media services faster, at lower cost, and deliver optimal experiences to TV consumers.

500+
customers

60+
countries

200+
employees

Business concept

Net Insight delivers products, software and services for effective, high-quality media transport coupled with effective resource management, all, which creates an enhanced TV experience. Net Insight's offerings starts from the TV cameras to the TV studios, right through to the TV viewer. Net Insight's solutions offer network operators, TV and production companies the benefit of lower total cost of ownership and the potential for effective new media service launches

Business model

Revenues are generated through direct and indirect sales of hardware, software and services. Revenues are primarily sourced from hardware sales, although revenues from software and services have increased in recent years. 85 per cent of Net Insight's total existing customer base placed repeat orders in 2015 and repeat revenues exceeded 22 per cent of total in 2015. Software licenses provided 19 per cent of total revenue.

Customers

Net Insight's customer base consists of broadcasters and production companies, telecom, satellite, DTT, cable TV and IPTV operators. The highest sales share is sourced from network capacity service providers. Net Insight had over 500 customers in more than 60 countries by the end of the year.

Sales and marketing model

In 2015, Net Insight divided sales into three geographical regions: EMEA (Europe, Middle

East and Africa), Americas (North and South America), and APAC (Asia-Pacific).

In sales terms, EMEA is the largest region. The largest business area was Broadcast & Media Networks, BMN, which represented 82 per cent of total sales in 2015. From 2016, the three geographical regions will be: North and South America (Americas), Western Europe and Rest of World.

Net Insight's strategy is to expand its customer base efficiently by combining the company's salesforce with Net Insight's partner network. Net Insight addresses the market in different ways depending on business segment and customer group. The company operates according to the principle that all business is local. This means that Net Insight's partner network is important, and mainly consists of system integrators and resellers. The company's global partner network currently has some 50 members. 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 36 per cent of total in 2015.

Net Insight's brand

In 2014 - 2015, Net Insight conducted a strategic review of its brand, to clarify what Net Insight stands for and what the company wants to achieve. This branding work is part of the company's strategic transformation into a more customer and market-oriented business, and a strong brand will help us to grow and attract new customers. We want to be perceived as Visionary, a True Partner and Experts.

Net Insight wants to provide its customers with a clear picture of where the media

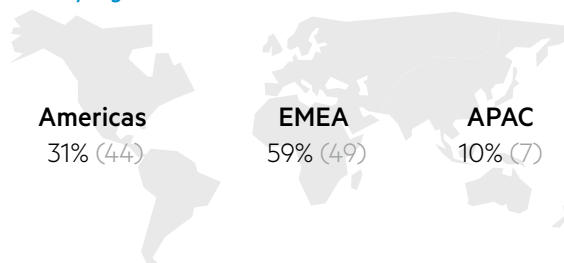


market is heading from of its in-depth understanding of the market's future needs. This insight allows the company to deliver innovative products and solutions that simplify our customers' operations and provide sustainable business benefits.

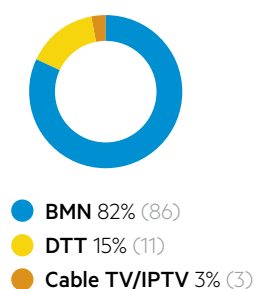
Alongside our media expertise and efforts to deliver the right quality, we aim to become a key driver on tomorrow's media market. Our vision now clearly communicates Net Insight's view on the future of the media market. Our branding initiatives have also resulted in a new graphic identity and a new website in line with its new look in the year.

Market awareness of Net Insight has increased year on year, reaching 39 per cent in 2015 according to market researcher Devoncroft, compared to 22 per cent in 2011.

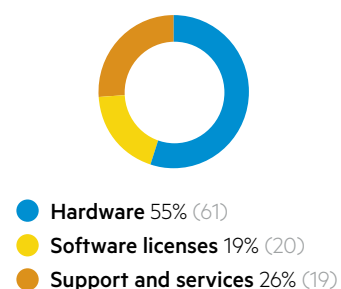
Sales share by region



Net sales by business area



Net sales by product group



Value drivers

Value drivers affect Net Insight's progress and can be divided into the following groups:

Market transformation

- Increased video traffic
- Increased live streaming
- Demand for increased productivity of content creation
- Expansion of file-based workflows
- Centralized production requires more network capacity
- TV distribution over the Internet (OTT) driving more production of TV content

Innovative technology

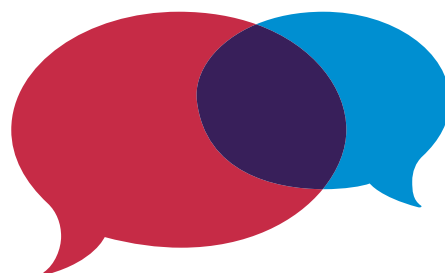
- Reduces total cost of ownership (TCO)
- End-to-end orchestration
- Optimizes broadband usage
- Enhances the quality of services over IP networks
- Patents relating to QoS, synchronization, scalability

Global reach

- 500 customers
- 60 countries
- 50 resellers
- An international professional media brand with 39% recognition
- Loyal customers – cNPS 75

CEO's statement

A strong year that paves the way forward



I look back on 2015 with pride and pleasure. A year of brisk activity right across our company, when we took many vital steps towards our vision, “to create a global media marketplace, available to everyone, everywhere.”

Our acquisition of ScheduALL, an American software company that is a positive complement to our offering, was one of the biggest events of the year. We also advanced our positioning as global market leader by starting up on an all-new market. The launch of Live OTT had massive impact, attracting new and current business customers. Centering on interactivity, Live OTT creates entirely new business opportunities as a unique and innovative solution for live TV over the Internet. In the year, we also invested in clarifying our brand. All this helped make 2015 a strategically important year for Net Insight.

Financial performance

Revenues for the full year 2015 were in line with the previous year. They should be put in relation to revenues in 2014 being strongly impacted by two major deals, in contrast to 2015, with more evenly distributed revenues and underlying strength in our business. Meanwhile, strategic initiatives such as the acquisition of ScheduALL, our investment in Live OTT and the revaluation of share-based benefit programs, had a negative impact on earnings in the year. Our core business, the Nimbra-based network business, performed positively, contributing an operating margin of 11%. Our strategic initiatives create a secure platform for future growth and profitability, which means that we are now well-positioned for our future.

First and foremost, it is our markets in Europe, the Middle East and Africa that made positive progress. This benefits us because we have strong positioning on the mature European market. Net Insight made weaker progress on the US market, which was due to a very successful year in the US in 2014. Sales in the Latin American market were hurt by poor economic progress. Asia was stronger than the previous year, and sales in China gathered momentum, mainly in the final quarter of 2015.

Net Insight – leading global progress

Innovation and product development have always been the hub of Net Insight's business, and 2015 was no exception. Since start-up, we've been focusing on creative solutions for TV and the Internet, a market that has undergone enormous transformation.

Initially, TV was a social activity, and to some extent, interactive. Family and friends gathered to watch TV together, possibly making calls into their favorite shows. We can call this TV 1.0. A few years ago, streaming services like Netflix radically transformed user behavior and the market, and made viewing less sociable. These individual choices have made TV a more isolated activity, which is accentuated by TV 2.0 being non-interactive.

But the TV industry is continuing its rapid progress, simultaneous with media consumers demanding new, creative solutions. As the market leader, we want to keep responding to, and developing, the TV of the future. Accordingly, using our rigorous experience and know-how, we are investing in the development of Live OTT, which addresses previous challenges by enabling live broadcasts over the Internet on all devices simultaneously without delay.

We are convinced that this new solution will change the rules of engagement in the TV market, which will spawn new business models and services, generating new revenues. In 2015, we reached an agreement with global player TATA Communications, which will be using our solution. The interest in Live OTT is evidence that we are at the cutting edge and leading development to enable TV 3.0 – where users can become interactive again, and TV becomes a social medium once more.

A stable core business centering on the customer

In tandem with our innovation work, we have continued developing Net Insight's other services. The foundation of our offering is customers ordering their desired network capacity themselves easily via a web service.

The fact that this takes just a few seconds is a valuable business benefit for customers in the form of more flexibility and more streamlined workflows. The result is that customers save time and money, which obviously, is of major value.

Our network offering is making a positive contribution to our business, and in 2015 we succeeded in establishing a new, high sales level with a positive operating margin. Several important agreements were reached with customers and counterparties like DMC, Swisscom Broadcast, The Switch, Arqiva, EBU, Hibernia Networks and NI Systems.

Digital Terrestrial TV (DTT) also performed more positively than the previous year, one reason being a major deal with Swisscom Broadcast, but we also made expansion agreements with several other DTT customers.

A market-oriented company

We also worked on a structured footing to realign and become a more customer and market-oriented company. This transformation has been achieved rapidly and involved the whole company, extending from our offering to our brand. We expanded our service portfolio in the year. These revenues increased, and now represent 26 per cent of our total sales.

Our yearly customer satisfaction survey revealed that 77 per cent of our customers could recommend us to other companies. Having such high customer loyalty is something we're really pleased and proud of, because it is evidence that customers appreciate what we're doing.

Acquisition

We executed the acquisition of ScheduALL in the second half-year. This strategic deal complements Net Insight's orchestration offering, which clearly differentiates us on the market. This acquisition means we can now offer a complete solution – from TV cameras and studios, right through to the TV viewer. The customer can use resources independent of studio location, which means more effective utilization of resources. This acquisition is a key step towards creating a global media network, where all parties can exchange professional TV content.

Focusing on the future

Our ambition and goal orientation are clear. We want to be a global growth company at the leading edge in terms of customer focus and technology. The challenge for 2016 lies in full execution of the strategic initiatives we took in 2015. The foundation laid in the year, in the form of investments and innovations, will continue to generate revenues and result in increased profitability. Our objective is to increase sales by bringing our complete product and service offering to our expanding customer base of over 500 accounts, and assume positioning as a complete provider.

In 2016, the focus will be on launching Live OTT commercially with our customers. One challenge is that revenues do not arrive until customers have implemented the solution and rolled out the new concept. We've always viewed our customer relations as partnerships, and our success builds on our customers' success. This is why we adopt a long-term perspective in terms of Live OTT, and will continue to invest in this new technology, in product development as well as sales & marketing initiatives.

Although we have been present on the market since 1997, we remain a young, driven and courageous business. Earlier this year, we were recognized as "Career Company 2016," which means we are officially one of Sweden's 100 most exciting employers in 2016. In conclusion, I want to thank all our fantastic people and committed shareholders, and say how much I'm looking forward to an equally interesting 2016. I'm convinced that we are on the right path, and have an exciting onward journey ahead of us.

Stockholm, March 2016

Fredrik Tumegård
CEO



Strategy

Market Innovator

Net Insight takes a distinct position as being the front runner and thought leader in the industry. We stand for visionary thinking and partnership based on the fact that we are the media experts in the industry. Our innovative and cutting edge products are based on an understanding of the customers' business and needs.

BUSINESS CONCEPT

Net Insight delivers products, software and services for effective, high-quality media transport coupled with effective resource management, all, which creates an enhanced TV experience. Net Insight's offerings starts from the TV cameras to the TV studios, right through to the TV viewer. Net Insight's solutions offer network operators, TV and production companies the benefit of lower total cost of ownership and the potential for effective new media service launches.

STRATEGY

1

Grow in the BMN business area

- Customer provisioned networks – delivering tailored video and data transmission
- Launching non-live video solutions
- Clarifying our services offering
- Increasing service revenues

2

Focused initiatives in the DTT business area

- Initiatives in emerging economies, where the transformation from analog to digital is not yet complete
- Swisscom Broadcast selects Net Insight for DTT network build-out

Our vision

Our vision is to enable a live and interactive media experience for anyone on earth. We want to lead progress and enable a global media marketplace where people can exchange content and interact with each other in real time. We want to create the media experience of the future, centered on content.

Our ambition

Our ambition is to be a profitable growth company on the journey towards achieving this vision. To keep growing and being profitable on a market in rapid change, where progress is increasingly driven by the demands of professional and private end users, it is critical to become more market and customer oriented.

Our primary goal

Our primary goal is to be an innovator in markets and solutions by winning market share in our existing business areas, Broadcast and Media Networks (BMN) and Digital Terrestrial TV (DTT), expanding into new segments and by complementing growth through mergers and acquisitions.

Net Insight creates growth through innovative solutions based on new business and pricing models that increase the efficiency of our customers' media business. We focus on developing a service offering based on our solutions and products. Our service offering consists of services close to products, but also on services based on the life cycle of our customers' efforts to rationalize workflows and network development. This means that we create long-term and close customer relationships, which make us less vulnerable to the timing of large contracts.

In 2015, Net Insight took several momentous strategic steps in line with the new vision and strategy adopted in 2014.

Brand investments

In order to realize our long-term vision, we're investing in brand repositioning. Our history of innovation, combined with the current development focus, enables successful corporate transformation adapted to the global ecosystem for media distribution.

Our brand platform, new visual identity and new communication concept are the first steps in the company's transformation. We have also worked



VISION

To enable a live and interactive media experience for anyone, anywhere on Earth.

3

Expand into new segments

Entry to the OTT market, focusing on Live OTT

4

Complement growth with mergers and acquisitions

Acquisition of ScheduALL

on customer journey mapping, and have identified improvements in our customer contacts at all levels. We've moved away from communicating product benefits towards focusing on customer needs and how Net Insight can create business advantage for our clients.

Complementary acquisition

The acquisition of ScheduALL is an important strategic initiative that enables us to offer complete end-to-end orchestration services to the market. In today's fast-moving and scheduled broadcasting arena, on-demand and end-to-end service orchestration are the key to enabling the delivery of cost-efficient production to broadcasters and their customers.

ScheduALL fits Net Insight perfectly. We are delivering in line with our strategy, while simultaneously moving towards realizing our vision of creating a unified global media marketplace for service providers and media companies. The acquisition also strengthens our customer offering, which enables us to assume a broader and more strategic role in relation to service suppliers and media companies.

New service concepts

Our Customer Provisioned Networks concept is an example of a new market and customer-oriented innovation. The offering is a customer-controlled solution, where media companies can easily order precisely the transmission capacity required through a web portal.

We are convinced that this kind of customized online service offering is set to expand, as there is a substantial need for easy ordering and usage of network capacity for real-time and high-quality video. ScheduALL's unique software adds further value as it enables the planning and streamlining of all resources included in TV production and distribution.

Live OTT

Our entry into the OTT market is a key part of our strategy. Our innovation supports a new level of true Live OTT, which will change our way of consuming TV. This is an important change in the media industry that opens up several new business opportunities, including media and entertainment. Net Insight is uniquely positioned to deliver content in real time, or true Live OTT distribution with no delay on synchronized TV displays, which supports social interactivity with TV audiences.

Targets and performance

We have three overall targets:

- 1 To outgrow the market with good profitability
- 2 To generate return on equity and earnings per share that make Net Insight an attractive investment
- 3 To be perceived as a leading media company driving the next generation of TV and video

1	Measurable key figures	Outcome 2015	Outcome 2014	Outcome 2013
	Sales increase, %	-0.9	35.0	0.2
	Sales increase, currency-adjusted, %	-9.7	26.9	1.5
	Total cash flow, SEK millions	-101.1	90.4	17.9
	Operating earnings, SEK millions	19.2	53.6	-9.7
	Operating earnings adjusted, SEK millions	28.4	53.6	8.9

2	Measurable key figures	Outcome 2015	Outcome 2014	Outcome 2013
	Return on equity, %	0.4	8.1	-1.9
	Earnings per share, SEK	0.00	0.11	-0.02

3	Measurable key figures	Outcome 2015	Outcome 2014	Outcome 2013
	Brand recognition, % ¹⁾	39	32	29
	Employee satisfaction index, % ²⁾	89	–	88
	Loyal customers, cNPS ³⁾	75	–	–

¹⁾ Devoncroft Big Broadcast Survey

²⁾ Employee survey

³⁾ Customer Net Promotor Score, benchmark 25

Performance management

Net Insight's strategy and targets are supported and complemented by internal key performance indicators (KPIs) designed to track progress towards several operational objectives. Examples of these KPIs include: sales increase, profitability, customer satisfaction, new product and services sales, innovation, brand recognition, product quality and skills improvement.

Net Insight not publishing forecast for 2016

As in previous years, Net Insight is not publishing a forecast for 2016. 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.



Market trends and competitors

The TV market is in fundamental transformation and TV consumer behavior and habits are changing. TV consumers expect an enhanced media experience with a wider offering and quality, which intensifies competition between broadcasters and service providers. In order for the TV industry to satisfy the demands of consumers, more effective TV production and distribution must be enabled. Competition has increased as a result of the changes in TV distribution and the emergence of play services.

The changing habits of TV viewers

The TV market has been in fundamental transformation in recent years and is evolving rapidly. End-user media consumption patterns are also changing fast. People expect to be able to watch and use media anywhere, any time, using whatever device and with increased interactivity. Today, TV services via the Internet, known as play services, have become more popular. These new consumption patterns are drastically transforming the TV distribution landscape. Today, enormous amounts of TV content are created that TV viewers can access free of charge. This is challenging for broadcasters, cable and IPTV operators who need to secure their business. In order to increase TV viewers' willingness to pay (WTP), these operators are forced to enhance the TV experience and offer the same TV content regardless of which infrastructure and media unit is being used.

Net Insight perceives several factors that could engage TV viewers and increase WTP. Firstly, TV viewers should receive a high-quality experience that today is not always available in the free content being produced. Furthermore, WTP increases if the TV viewer is offered TV that connects with them, such as special interests. Another key factor is that today's consumer wants an enhanced experience. This is created through increased participation and interaction such as voting, betting and harmonizing the TV experience with social media in real time.

The OTT market (over-the-top, or Internet-delivered TV) is set to achieve high growth in the coming years. Currently, the majority of the OTT market consists of TV services that are not live. Sport and other live content will become important in OTT as broadcasters and service providers invest vast sums to purchase

sports rights, for example. As a result, it will become increasingly important to deliver enhanced TV services to enable the maximum price being charged to consumers

Net Insight offers true Live OTT, which enables broadcasts on the Internet, with no delay and on multiple displays. This paves the way for increased interactivity and an enhanced viewer experience. Net Insight also enables cost-efficient production of TV content over the Internet, which gives OTT operators the chance to compete with more content and more channels.

More efficient workflows

As the competition for TV viewers intensifies, efficient workflows are becoming more important as more content needs to be produced cost-efficiently. For production companies, digitalization and the usage of media-centered networks are creating new opportunities for improved productivity and lower opex. Networks are becoming an integrated component of production workflows, which means that the trend towards continued virtualization and the introduction of cloud services in media is set to increase. File-based editing of large files, instead of as previously, on tape, is already a reality.

To utilize existing resources such as staff and equipment, the ability to orchestrate workflows and network capacity is becoming more important. The more efficient production of content includes centralized production and remote management of workflows. Thanks to fiber-based networks with low latency and high quality, remote production is becoming more common.



The 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 is also being driven by how people now consume media – IP infrastructure enables people to consume media far more flexibly. The migration to IP-based media networks has been underway in the TV and media industry for several years, but is still ongoing. The increasing competition on the TV market means the key lies in streamlining. Automated network capacity is also becoming increasingly important, as well as the transition to customer-driven planning of network services. The trend towards Software Defined Networks (SDN) is already progressing, in order to handle network automation and planning in areas where optimization of bandwidth utilization is significant.

Continuously expanding volumes of media content in networks, combined with the requirements of new TV formats such as HDTV and 4K/8K Ultra HD, mean that more bandwidth and transmission capacity is required on networks. These changes are increasing network complexity, and also the costs associated with network operations. Net Insight's transport solution Nimbra,

coupled with ScheduALL's software for efficient resource management, enables automated and efficient network planning while ensuring high service quality over existing IP networks.

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, related to Net Insight's different offerings. In terms of our Nimbra-based network offering, we encounter competition from Cisco, Evertz, Media Links and Nevion. Competitors in efficient resource management include Farmerswife, Xytech and inhouse systems. Within the market for OTT Net Insight's Live OTT solution is competing with CDN operators' traditional CDN technology.

Business model

A transforming business model

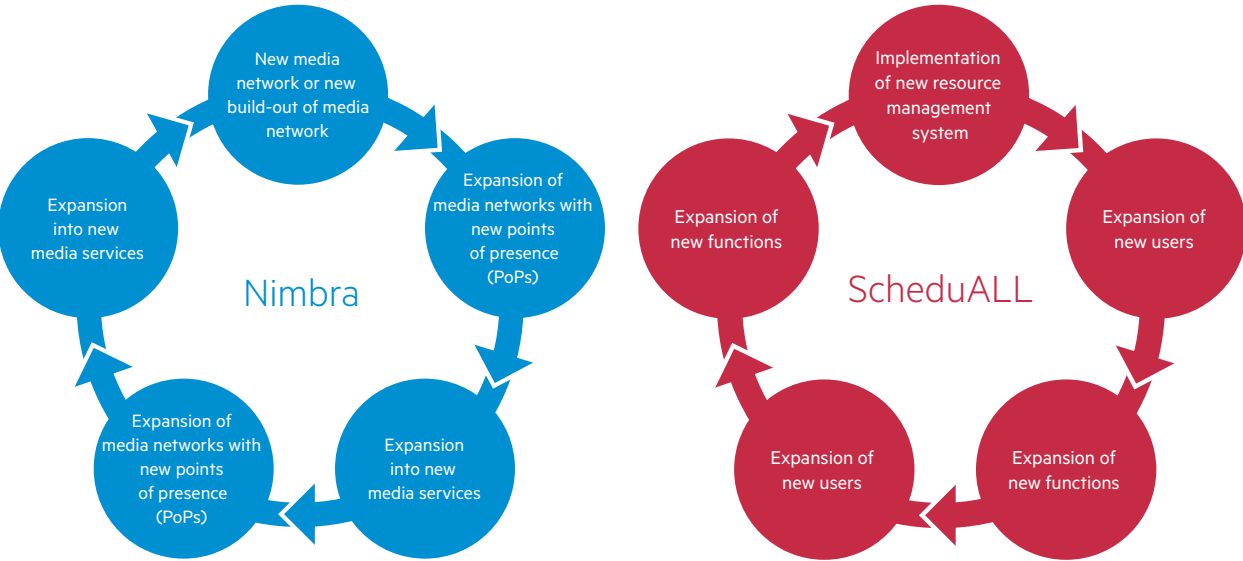
The transformation into a customer and market-oriented company that began in 2014 continued in 2015. This journey is a critical factor in achieving long-term growth on a market in fundamental transformation.

This transformation means that we have migrated away from selling products, and towards selling solutions. Our business model specifies that we are the customer's partner – who not only delivers leading-edge technology solutions, but also helps our clients to improve their offerings, resulting in tangible business advantages. With ScheduALL in our portfolio of solutions we now have an even sharper focus on service sales.

We have a high proportion of loyal and repeat customers who return after initial installation as operations expand or when new functionality is required in order to offer customers new media services.

Net Insight has in recent years introduced new price models. The "pay-as-you-grow" model to facilitate initial purchases and the "software as a service" model, which means that the customer buys a subscription.

Buying pattern



ScheduALL

A key step towards a unified global media marketplace

In fall 2015, Net Insight acquired 100 per cent of the shares of US software company ScheduALL. This acquisition consolidates Net Insight's market positioning in media services and workflow orchestration and enhances the company's presence on the US and UK markets – a key stage in Net Insight's strategy.

The acquisition of ScheduALL now means that we can offer end-to-end services – from TV camera to TV studio and beyond right the way to the viewer. Customers can utilize resources independently of where the studio is located, increasing efficiency. ScheduALL's software is a key component in delivering this. We are becoming strategically more important as we become a component of customer workflows, as well as delivering media transport.

The company, which was founded in 1989, supplies Enterprise Resources Management (ERM) software to media, broadcasters and transmission companies.

Net Insight and ScheduALL have been in a strategic partnership for several years and have jointly developed an SDN (Software Defined Networking) solution for service providers that enable them to offer customers unique and fully automated service provisioning across Wide Area Networks (WAN).

ScheduALL offers highly intelligent and complex scheduling and planning of resources such as the equipment, control rooms, staff, facilities and network capacity required in TV production and broadcasts. The solution helps cut service providers' operating expenditure and allows broadcasters improve the flexibility and efficiency of workflows. Net Insight can now broaden the solution further with new services and applications.

"ScheduALL is a perfect fit with Net Insight. We can deliver on our strategy while simultaneously taking a big step towards our vision of creating a unified global media marketplace for service providers and media companies," commented Fredrik Tumegård, CEO of Net Insight. "ScheduALL complements and extends our customer base with production and satellite companies, giving us the opportunity to take on a broader and more strategic role. We also welcome our new colleagues and look forward to growing and achieving more success together."

In today's fast-moving and scheduled TV world, on-demand and end-to-end service orchestration is the key to delivering cost-efficient production to broadcasters and their customers.

"I'm convinced that we can create value for our customers as a result of our joint expertise in production and transport flows," commented Ralph Quintero, founder of ScheduALL. "We'll continue to support our customers and partners and increase the rate of implementation of advanced solutions for greater efficiency and automated workflows and guaranteed on-demand orchestration for network services."

The integration will be completed in 2016. This process is mainly about developing joint offering and sales solutions in the customer and market segment. The long-lasting partnership with ScheduALL is expected to ease the integration process.



ScheduALL is a perfect fit with Net Insight. We can deliver on our strategy while simultaneously taking a big step towards our vision of creating a unified global media marketplace.

Live OTT

True Live OTT changes the rules of engagement on the TV market

Since starting up in 1997, Net Insight has focused on innovative solutions for TV and the Internet. With our understanding of the TV market’s future evolution and in-depth competence in media technology, we have succeeded in producing a unique concept for creating a true live TV experience over the Internet, i.e. true Live OTT.

Market

Our entry into the OTT market is a strategic initiative for Net Insight, which we decided when we staked out our strategy in 2014. The general services market for OTT will grow robustly through the coming years. Traditional OTT platforms are optimized for video on demand (VoD) and catch-up TV, and are less suited to live broadcasts over the Internet, with delays of up to a few minutes. This has a negative impact on viewer experiences due to substantial delay differences between regular TV and OTT, and between different OTT users, which obstruct or prevent customer engagement, interaction on social media and other time-sensitive applications.

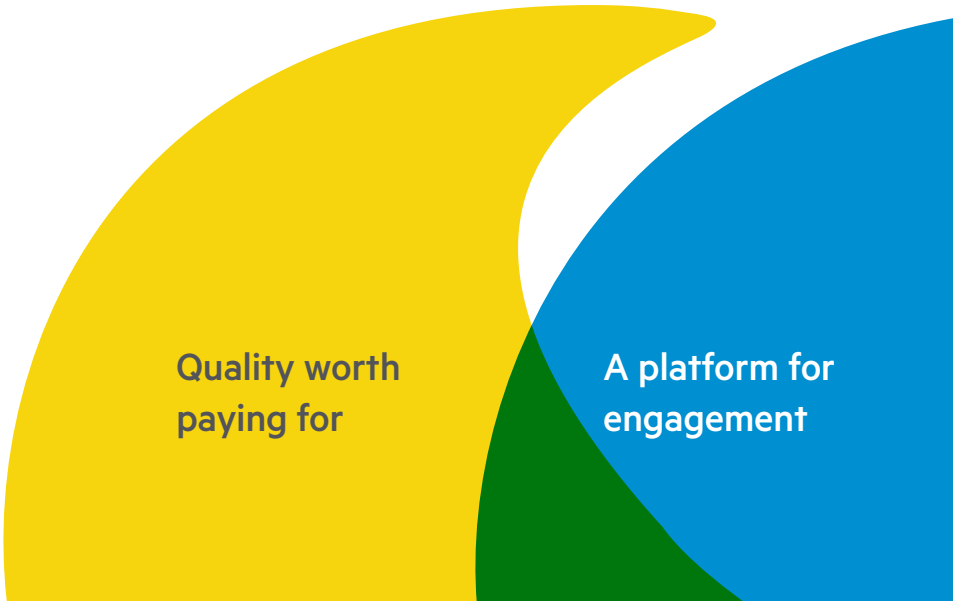
TV broadcasters and other service providers are making substantial investments in content including sports rights, which means that companies will want a return on their investment, which will make sport and other live TV

content more important within OTT. Delivering enhanced TV services is crucial, so it becomes possible to charge end consumers the highest price possible. The estimated value of the addressable market for live OTT services in a few years’ time is EUR 500 million. The annual growth rate of the overall services market for OTT is 24% according to research institute ABI and the growth rate for live OTT will be higher than that in the coming years.

Solution

Net Insight’s true Live OTT solution enables simultaneous viewing on primary and secondary displays without delay, i.e. a true live TV experience achievable over the Internet. Synchronizing TV content creates the potential for greater interactivity for TV viewers, who can interact with other users in real time on social media. This also opens the door to more interactivity such as advertising, betting

TRUE LIVE & SYNCHRONIZATION



”

Previous challenges are solved by enabling live streaming over the Internet on all devices without delays

and voting, thus achieving a superior viewer experience. Advertising is an important revenue source in TV and media, not least in live sport. When more people decide to watch sports and events on their mobiles, through an enhanced viewer experience, advertising becomes an important component of the total package. Once TV content is synchronized on all displays, this enables new advertising potential with the OTT display complementing or expanding advertising on the primary display.

Net Insight's true Live OTT solution is fully software based and can be installed on regular data servers or virtual data centers in the cloud.

Customer model

Net insight's Live OTT offering primarily addresses three types of customer:

- Cable TV/IPTV operators can harmonize their present TV offering with an enhanced OTT service. They can

then package mobile broadband with OTT services. A new opportunity to enter the advertising value chain is also created for these service providers.

- CDN operators can offer Live OTT services to all content owners, who in turn, can create superior viewer experiences and increase the subscription base.
- Gaming companies can benefit from Net Insight's solution by integrating betting in live events and sport on mobiles. Low delay means a better live service and enables in-game betting, increasing revenues for gaming companies.

Net insight is applying a user-based pricing model, with revenues building and increasing as user bases and data traffic usage expands.

In 2015, Tata Communications announced that it would be integrating Net Insight's solution with all its media and entertainment customers through the company's global media networks and 44 global data centers.

New interactivity
between the first
and the second
screen

New
business
models

Our offering

Enhanced viewer experience and streamlining customers' media business

Net Insight increases the efficiency of TV production – right the way from TV camera to studio and beyond, and ensures a truly interactive viewer experience. We enhanced and sharpened our offering in the year. Innovations in Live OTT have now enabled us to take the step into the secondary distribution segment, and we are now improving viewer experiences. The acquisition of ScheduALL is an important component in streamlining workflows, and with them, our customers' business.

Delivering cost-efficient productions to broadcasters and their customers through on-demand and end-to-end service orchestration is becoming more important. Net Insight's ability to deliver true Live OTT services is creating new business potential in terms of viewer participation and interaction.

Overall network offering

Net Insight's offering is based on the Nimbra platform. This is basically designed for simple service provisioning, servicing and troubleshooting. This saves time and money by minimizing operating expenses and the time taken to manage services and network operations.

We offer complete solutions that assure quality across all types of IP network, private and public. Nimbra has the capacity to handle all media services individually through the IP network, which means that operators can supply, monitor and protect each media service across the whole IP network. The advantage of a service-focused media network is that it assures the quality of the most critical media services.

Service orchestration offering

Even before the acquisition of ScheduALL, Net Insight and ScheduALL developed a Software Defined Networking (SDN) solution together for service providers. The solution is based on ScheduALL's software and the Nimbra platform, and enables fully automated service provisioning across Wide Area Networks (WAN).

Our offering for delivering end-to-end service orchestration is designed to provide maximum flexibility and simplicity. Network operators get an overview of the network, service level and performance. Broadcasters can order network capacity through a web portal where available capacity and costs are displayed in real time. The solution offers complete control over transmission capacity and can be integrated in automated and dynamic workflows. In turn, this generates improved capacity utilization, flexible pricing models, the possibility of exchanging resources, simplified work processes and predictable capacity and maintenance requirements.

Offering for improving workflow efficiency

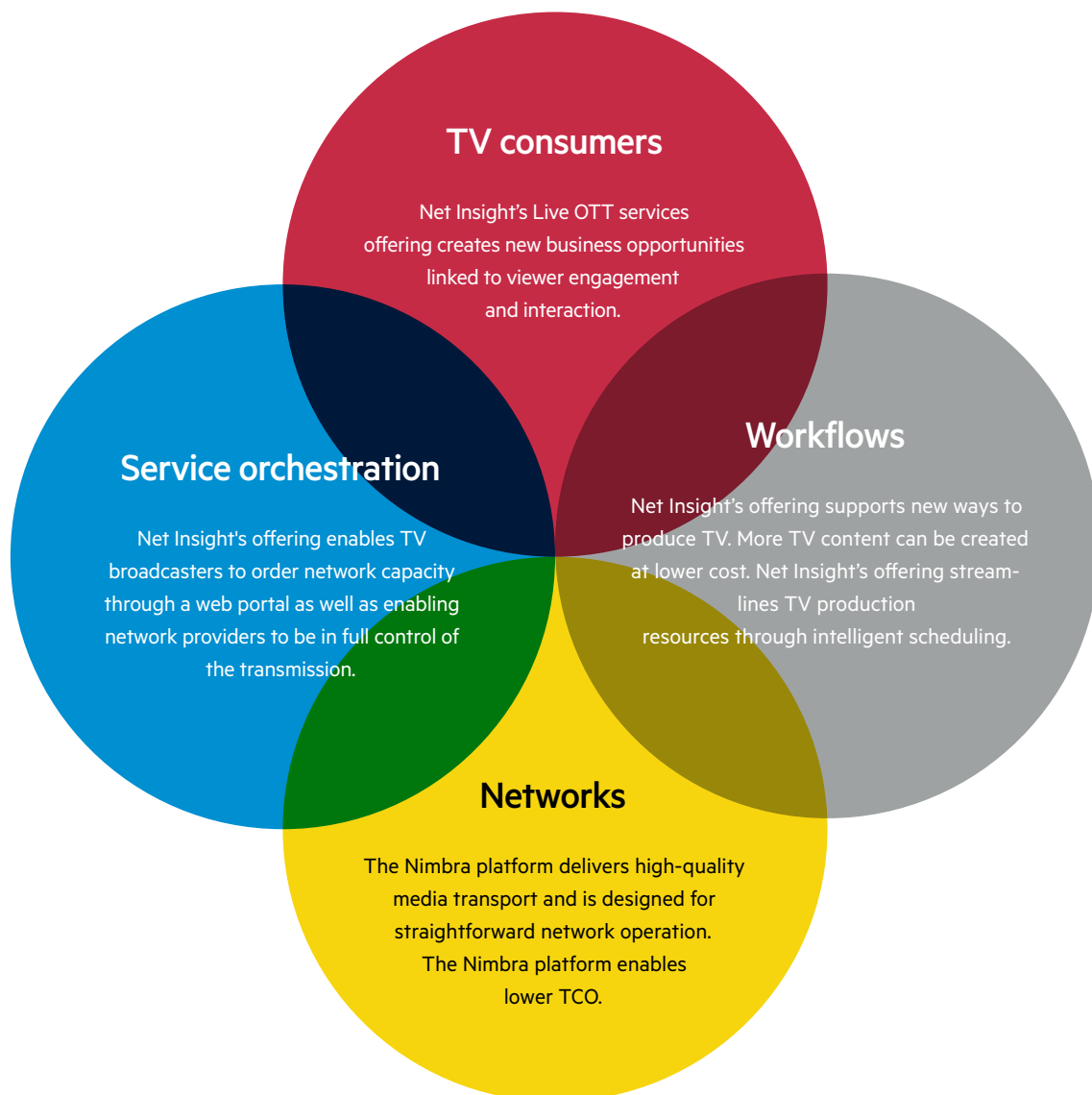
The possibility of centralizing remote production minimizes potential workflow bottlenecks that can occur in live production. Higher quality can be delivered for lower cost. Net Insight's compression and media transport solution means that less equipment and staff are needed on site to cover live events. This saves money and time, while resources are freed up that can be used elsewhere to create more content and new revenue streams. ScheduALL's unique software also makes it possible to plan, manage and rationalize the flows, conflicts and resources required in the TV production process.

Offering to TV consumers

Net Insight's innovative offering supports a new level of live OTT. Today's delivery platforms for OTT and CDN solutions are not optimized for live streaming, and have a delay of up to a couple of minutes. The difference between the primary and secondary display adversely affects viewer experience and prohibits customer participation, interaction in social media and other time-sensitive applications. A true Live OTT solution transforms this scenario.

Net Insight's ability to deliver true live OTT services generates new business opportunities linked to viewer participation and interaction. This changes the rules of engagement on the market and means that content owners and service providers can make money on live content in future, which has a high commercial value and offers a social and interactive TV experience.

Net Insight's offerings



Business areas

Broadcast & Media Networks

The Broadcast & Media Networks business area (BMN) covers network solutions for the production and contribution of media services as well as efficient resource management by scheduling of staff, studios and network capacity.

82 %

Business area
share of total sales

BMN was Net Insight's largest business area in 2015 with a total sales share of 82 per cent. The estimated addressable market for this business area is some USD 470 million, and the anticipated total yearly growth rate is 3-4 per cent the coming years.

Net Insight's network offering is used to transmit video, audio and data from sporting arenas, concerts and other events to TV and media company studios. It is also used to link studios and media companies in order to simplify and streamline content production and delivery.

Net Insight's new product family ScheduALL includes Enterprise Resources Management (ERM) software for media, broadcasters and transmission companies and is used for scheduling personnel, studios and equipment from the planning stage and onwards to production and post-production, all the way to distribution.

Solutions

Prior to the acquisition, Net Insight and ScheduALL had already developed a Software Defined Networking (SDN) solution for service providers that allows these operators to offer customers unique and fully automated services provisioning over Wide Area Networks (WAN). This solution reduces operating expenditure for service providers and creates more flexible and efficient workflows for broadcasters. In the year, Net Insight extended this Customer Provisioned Networks solution to include new services and applications.

Net Insight has assumed a leading position in remote production solutions and can offer transmission of more live content. At major

sporting events, for example, equipment is now only needed in the arena to broadcast the event. This means that no OB trucks, personnel in trucks or connection at the event are required, generating significant cost and time savings that allow clients to free up resources to broadcast more TV and generate new income streams.

Remote production also enables 4K Ultra HD transmission, as live production in 4K Ultra HD requires a greater investment in cameras and production equipment. Centralizing production, upgrading the central studio and using JPEG2000 compression for media transport from arena to studio reduces costs significantly.

Customers

- The Switch in the US offers customer-initiated video and high-speed data services based on Net Insight's SDN solution. In 2015, the company expanded its network and now transports media from more than 120 major sporting arenas across the US.
- In the year, Net Insight helped MTI Teleport in Germany to broadcast the UEFA Champions League final live in 4K format.
- MEDIA BROADCAST in Germany also completed its first 4K live broadcast between its two most important production facilities. The scalable solution enables MEDIA BROADCAST to offer more premium services, which are required to remain competitive.
- TV 2 in Denmark uses Net Insight's solution for remote production to produce more TV with less resources, and has increased the coverage of handball matches to meet increased demand.

Digital Terrestrial TV

The Digital Terrestrial TV (DTT) business area covers the distribution of TV broadcasts from a headend to transmission towers in a country or region. DTT complements OTT, offering a low-cost universally available live TV platform.

Net Insight's platform is the leading transport solution for DTT distribution with modern IP functionality. There are currently over 30 Net Insight-based network implementations around the world. Operators can quickly and easily configure systems and provide new services. The platform also supports network-based time synchronization with built-in switching. This means that highly accurate time signals can be distributed to the transmitters in-band and permits high-precision and reliable time synchronization.

Net Insight's sales in the DTT business area were 15 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 emerging markets. DTT's sales share is reducing, but will be significant to total sales through the coming years. The total market is worth USD 70 million, and the growth rate in 2016 is difficult to specify because the market is highly changeable between years due to it being project driven. Growth rate in the DTT market, however, is declining in the coming years.

Solutions

Despite DTT competing with other distribution forms for linear TV, and more recently also from non-linear technology such as OTT, DTT is still the preferred method for supplying TV in many countries. However, TV consumers are wanting more interactivity and want to be able to watch TV on mobile devices, which means that DTT operators have to adapt and offer new services, which in turn affects transport infrastructure. Net Insight's solutions can handle this migration of services and transport formats problem-free as the platform handles new and older network standards alike.

DTT networks based on Net Insight's solution not only provide access to national TV distribution, but also a network that supports supplementary services, such as contribution for TV and radio, radio broadcasting and mobile backhaul.

Customer

- In 2015, Swisscom Broadcast selected Net Insight for a national DTT network which enables Swisscom Broadcast to migrate more IP services to the same platform.

15 %

Business area
share of total sales

Cable TV and IPTV

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 market selectively, and in total, this business area represented 3 per cent of sales in 2015. Distribution has great potential but is more exposed to competition.

3 %

Business area
share of total sales

The distribution market has been in fundamental transformation in recent years as a result of the strong growth in OTT TV. In 2015, Net Insight entered the OTT market through its offering in true Live OTT.

The total addressable cable and IPTV market is worth USD 2 billion, with Net Insight's share being USD 100–300 million, which will be constant over the next few years.

Solutions

The biggest advantages of Net Insight's media transport solution for TV viewers are enhanced image quality for TV viewers, and more efficient bandwidth utilization.

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.

For Live OTT, see page 14.

Customers and deals in the year



1 February 18, 2015

Sentech of South Africa selects Net Insight's transport solution for DTT networks

South Africa's state-owned transmission network operator Sentech, which operates one of the largest DTT networks in Africa, selected Net Insight's Nimbra media transport solution to deliver contribution services between multiple TV facilities. Net Insight's solution provides Sentech with a flexible and high-quality media network for transporting video and audio.

2 April 9, 2015

China Unicom selects Net Insight's solution for video transport

The state-owned telecommunications operator China Unicom is using Net Insight's Nimbra solution for a video contribution network to support transporting live sports games from multiple sporting arenas across China to China Unicom's central hub in Beijing.

3 April 14, 2015

SIS LIVE selects Net Insight for TV broadcasting of Premier League matches

SIS LIVE, one of the UK's leading network operators, is using Net Insight's media transport solution to transport live content from Premier League football games to the company's media hub MediaCityUK for aggregation, enabling editing of live content and the creation of programming in both standard definition and high definition format.

4 June 5, 2015

Net Insight secures order from The Switch for US sports league

The Switch, the leading provider of customer-controlled video and high-speed data solutions services, selected Net Insight's media transport solution for new network expansion to support video transport for a major national sports league across the US. The expansion means that The Switch will be using Net Insight's solution to transport media from more than 120 major sports arenas across the US.

5 August 18, 2015

Net Insight delivers solution for remote production capabilities to TV 2 in Denmark

State-owned Danish broadcaster TV 2 is using Net Insight's media transport solution to enable remote production in a very cost-efficient and profitable way in order to increase coverage of handball games as a result of increased demand.

6 August 25, 2015

Net Insight enables SIS LIVE to deliver live coverage of rugby

SIS LIVE selected Net Insight to ensure audiences can experience the highest-quality live coverage of sports events. With Net Insight, SIS LIVE can guarantee efficient and reliable live content with the unrivalled Quality of Experience (QoE) expected by consumers around the globe.

7 September 11, 2015

Net Insight signs significant contract with Swisscom Broadcast for Digital Terrestrial TV Network

Net Insight signed a deal with Swisscom Broadcast to develop a nationwide DTT distribution network, serving both radio and DVB-T/TV services in Switzerland. The solution will lower Swisscom Broadcast's costs by providing a future-proof network that will enable Swiss broadcasters to migrate more and more IP services on the same platform without the need for new hardware or network redesigns.

8 November 25, 2015

Net Insight announces Tata Communications as first customer using true Live OTT solution

Global network operator Tata Communications will be Net Insight's first customer to implement its true Live over-the-top (OTT) solution globally. The two companies have signed a framework agreement enabling Tata Communications to integrate Net Insight's solution in its Media Ecosystem, including its Video Connect service. This will allow Tata Communications to provide its media and entertainment customers with a range of Live OTT services through the company's global network.

9 December 17, 2015

Net Insight selected by DMC for new primary IP distribution network

DMC, a provider of media logistics services to channel owners and operators, has selected Net Insight for a new primary IP distribution network enabling migration from satellite to fiber that will support future growth. By simplifying workflows and network complexities Net Insight helps to improve the balance between content value and cost of production.

Corporate social responsibility

Corporate social responsibility means Net Insight and its employees assuming social and environmental responsibility.

Basic principles

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 and be consistent with accepted principles of fair competition and good business practice.

Net Insight's CSR Code of Conduct deals with managing environmental, ethical and social considerations in a way 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.

Equal opportunities and diversity

Net Insight guarantees the same employment terms and opportunities to qualified individuals 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 its anti-corruption work, Net Insight has implemented an anti-corruption policy. This detailed policy, which applies to all employees within the group and many of our business partners (such as resellers, agents, subcontractors), is consistent with applicable legislation and the Swedish Anti-Corruption Institute's Code on gifts, rewards and other benefits in business (commonly referred to as The Code of Business Conduct).

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

As 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 lifetime and 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 means reduced power consumption compared to other available network equipment on the market.



Human resources

Focus on culture and integration

Net Insight has embarked on a crucial transition to becoming a company driven by the market and customer needs. To ensure successful transformation, its organization needs to be ready for change and all staff need to share the values that underpin its corporate culture. Net Insight has already taken several key steps towards changing its leadership. The work of implementing the strategy and building a culture at staff level is now continuing.

The foundation was laid in 2014 when Net Insight conducted extensive work on its leadership. The focus has been on introducing a culture of change management among existing leaders. The next step is to continue to build this culture at staff level and amongst future leaders who can act as catalysts in an organization that is ready for change.

Integration

The integration of ScheduALL will be very important looking ahead. The integration of new members of staff will be facilitated by clarifying and changing the brand, which began with the introduction of a new brand platform and external communication in 2015. The company is now in a position where major changes will affect all staff.

The work aimed at defining Net Insight's internal culture continues. The company needs to have a collective, clear corporate culture in order to achieve its goals. It is vital that the integration of ScheduALL is successful to optimize the value of the acquisition, and internal bridges will need to be built in order to increase efficiency and step up the rate of transformation towards a sharper customer focus. A clear internal corporate culture will also leverage external communication and attract, retain and develop new talent.



Being a visionary means being able to look ahead – being able to paint a picture of where the world is heading and helping others to understand how they will be affected by future changes.
Alexander Sandström,
Strategic Product Manager



Our partnership with the top tier operator TATA Communications is a close-knit bond. We have built a truly world class media network together. Our partnership is built on trust, transparency and unspoken faith with one another on all aspects.
Soon Ann Neo,
Technical Sales Support



Welcoming diversity

The organizational resources of a global company must reflect its customers, and include 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 of success. Net Insight benefits from considerable ethnic diversity as a result of its global operations with staff from many different cultures. In the year, Net Insight has focused on gender diversity, and the proportion of women at different levels in typically male jobs has increased significantly. At year end, women comprised 19 per cent of total staff.



I strive to start every engagement by clarifying my client's needs and expectations. Whether the project consists of a new system implementation or adding a new product to the client's existing system, documented requirements and design, a thorough configuration, a tailored user training and regular post-production follow-ups are keys to a successful engagement.

JB Adam, Senior Project Manager



The TV consumption of the future will be fragmented. Some platforms and content will be suited to traditional passive consumer patterns, while others will be suited to more active consumption. The products of the future will need to address both kinds without doubling production costs. Net Insight realizes this through cost efficient and innovative solutions.

Anders Cedronius, Developer



I believe our customers value our collective expertise as a means to improve their own business processes and outcome. Our experience in the broadcast industry, as well as other technology industries, gives us a uniquely innovative approach to the future development of their respective businesses.

Natasha Peters, Global Training Manager

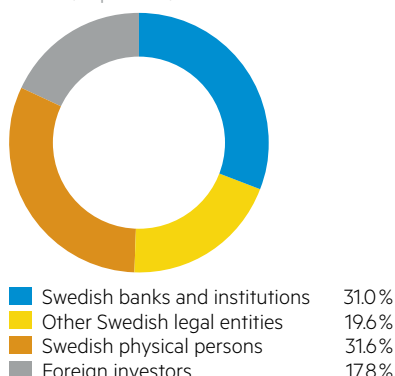


We provide our customers with true solutions to their problems. Being a true partner means being able to understand the current as well as future plans of a customer, helps them strategize from a technology perspective, and be able to support them in short term and as well as long term plans.

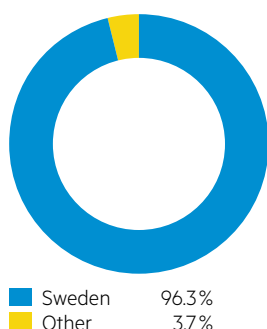
**Michele Dwayk,
Regional Sales Manager**

The share

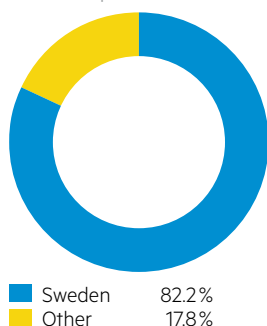
Ownership structure, as of 31 Dec. 2015 (capital %)



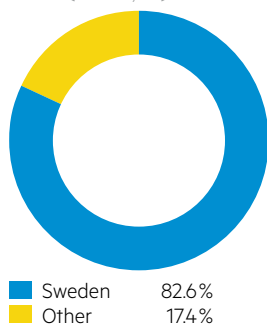
Number of owners, as of 31 Dec. 2015 (concentration, %)



Number of owners, as of 31 Dec. 2015 (capital, %)



Number of owners, as of 31 Dec. 2015 (votes, %)



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

Ownership

The company had 12,136 shareholders on December 31, 2015, compared to 9,221 in the previous year. Net Insight's three co-founders remain as shareholders with 1.4 per cent (1.5) of the capital and 3.6 per cent (4.0) of the votes. As of December 31, 2015, the 20 largest shareholders account for 59.4 per cent of the capital and 60.4 per cent of the votes. The major shareholders are mainly secure financial institutions and mutual fund managers. Foreign ownership represented 17.8 per cent of capital, compared to 12.9 per cent in the previous year.

Price movements

The share price increased by 168 per cent in the year from SEK 3.10 to SEK 8.30. The high in the financial year, of SEK 8.90, was set on December 23, 2015, and the low, of SEK 2.40, was set on August 24 and 25 and September 1, 2015. Net Insight's total market capitalization was SEK 3,228 million on December 31, 2015, up on the previous year, when market capitalization was SEK 1,209 million.

Trading volume – Nasdaq Stockholm

A total of 359 million shares were turned over for a total value of almost SEK 1,563 million, corresponding to a turnover rate of 92 per cent, in 2015. An average of some 1,400,000 shares were traded per trading day in the financial year, up 29 per cent on the previous year.

Trading volume – other

NETI B was traded on a total of two marketplaces apart from Nasdaq Stockholm: Burgundy and Turquoise. Burgundy was closed on April 30, 2015. A total of 0.0 million shares were traded with a total value of nearly SEK 0.1 million on Burgundy, and 0.9 million shares with a total value of nearly SEK 3.2 million on Turquoise.

Options

During the second quarter, after decision at the AGM, the company introduced a synthetic option program in which a synthetic option gives the option holder the right to receive from Net Insight a cash amount calculated on the basis of Net Insight's share price. For more information, see note 2.14D. on page 46.

Share capital

Share capital was SEK 15,597,320 as of December 31, 2015. There were 1,000,000 class A shares and 388,633,009 class B shares, a total of 389,633,009 shares.

The AGM authorized the Board of Directors to repurchase own shares. the company's holdings should not at any time exceed 5 per cent of the total number of shares i the company. To hedge future cash flow effects of the synthetic option programme stated above, the parent company repurchased its own shares during the year.

As of December 31, 2015, the parent company had a total of 2,775,000 of its own class B shares (corresponding to 0.7 per cent of the total number of shares), all repurchased during 2015. There were 1,000,000 class A shares and 386,158,009 class B shares, a total of 387,158,009, shares outstanding as of December 31, 2015. For more information, see note 25 on page 64.

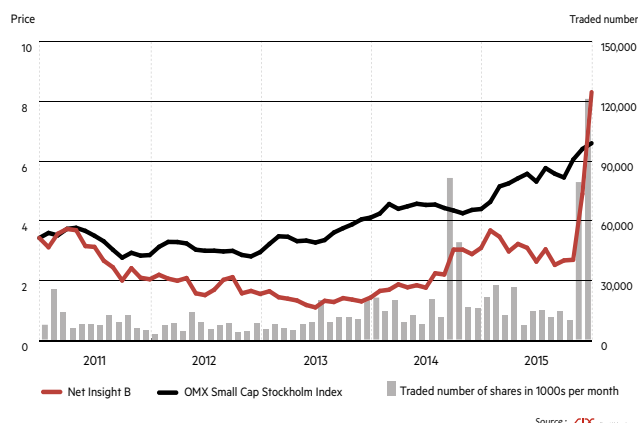
Dividend policy

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 2015.

Distribution of share capital

Year	Transaction	Class A shares	Class B shares	Number of shares	Par value (SEK)	Share Capital (SEK)
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 share to Class B share	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 share to Class B share	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 share to Class B share	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
2015	Conversion of Class A share to Class B share	1,000,000	388,933,009	389,933,009	0.04	15,597,320

Share price movements 2011–2015



Class of stock as of December 31, 2015

Class of stock	shares	Votes	Equity, %	Votes, %
A	1,000,000	10,000,000	0.26	2.51
B	388,933,009	388,933,009	99.74	97.49
	389,933,009	398,933,009	100.00	100.00

Ownership structure – class B shares, as of Dec 31, 2015

Shareholding, Number of Shares	Percentage of shareholders	Percentage of share capital
1–1,000	45.3	0.6
1,001–10,000	39.7	5.0
10,001–15,000	3.5	1.4
15,001–20,000	2.7	1.6
20,001+	8.8	91.4
Total	100.0	100.0

20 Largest shareholders as of December 31, 2015

Name	Class A shares	Class B shares	Holdings (%)	Votes (%)	Market value SEK thousands
1 Briban Invest AB	0	48,052,491	12.3	12.1	398,836
2 Lannebo Fonder	0	34,266,244	8.8	8.6	284,410
3 Försäkringsaktiebolaget, Avanza Pension	0	24,924,641	6.4	6.3	206,875
4 Alecta Pensionsförsäkring	0	24,000,000	6.2	6.0	199,200
5 Banque Internationale A LUX	0	15,857,126	4.1	4.0	131,614
6 Handelsbanken Fonder	0	15,039,858	3.9	3.8	124,831
7 Nordnet Pensionsförsäkring AB	0	13,425,532	3.4	3.4	111,432
8 AMF – Försäkring och Fonder	0	8,718,205	2.2	2.2	72,361
9 Nordea Investment Funds	0	7,586,913	2.0	1.9	62,971
10 Apoteket AB:s Pensionstiftelse	0	5,000,000	1.3	1.3	41,500
11 Banque Internationale, Luxembourg SA	0	4,530,000	1.2	1.1	37,599
12 Styrelsen och ledningsgruppen	400,000	3,860,526	1.1	2.0	32,042
13 Barsum, Rafi	0	4,002,000	1.0	1.0	33,217
14 Jaculator Förvaltning AB	0	3,944,562	1.0	1.0	32,740
15 CBNY-DFA-INT SML CAP V	0	3,530,199	0.9	0.9	29,301
16 Karl Otto Wikander m bolag	0	3,322,915	0.9	0.8	27,580
17 Lars Gauffin	600,000	2,539,930	0.8	2.1	21,081
18 Net Insight AB	0	2,775,000	0.7	0.7	23,033
19 Robur Försäkring	0	2,730,117	0.7	0.7	22,660
20 Nordhus, Otto	0	2,705,000	0.7	0.7	22,452
Total of the 20 largest owners	1,000,000	230,811,259	59.4	60.4	1,915,733
Total other owners	0	158,121,750	40.6	39.6	1,312,411
Total	1,000,000	388,933,009	100.0	100.0	3,228,144
Total number of shares		389,933,009			
Total number of votes		398,933,009			

Five Year Summary

	2015	2014	2013	2012	2011
Income statement, SEK millions					
Net sales	375.8	379.1	280.8	280.3	294.5
EMEA	222.0	185.2	185.2	180.8	203.9
Americas	115.1	168.4	72.0	55.3	70.1
APAC	38.7	25.5	23.6	44.2	20.5
Net Sales, adjusted ¹⁾	379.4	379.1	280.8	280.3	294.5
Operating earnings	19.2	53.6	-9.7	2.7	42.8
Operating earnings, adjusted ¹⁾	28.4	53.6	8.9	5.8	42.8
Profit/loss after financial items	6.7	55.1	-7.6	5.1	47.0
Net Income	1.9	41.5	-9.2	11.9	49.9
Balance sheet, SEK millions					
Non-current assets	321.1	205.8	231.5	233.8	200.9
Current assets	349.3	417.7	327.5	333.3	368.0
Total assets	670.4	623.5	559.0	567.1	568.9
Shareholder's equity	531.6	536.9	494.2	503.4	491.7
Liabilities	138.8	86.6	63.1	63.7	77.2
Total equity and liabilities	670.4	623.5	559.0	567.1	568.9
Key ratios					
Total cash flow, SEK millions	-101.1	90.4	17.9	-10.4	-39.6
Gross margin (%)	60	61	56	60	62
EBITDA, SEK millions	23.3	67.1	-8.6	-21.2	6.3
EBITDA margin (%)	6	18	-3	-8	2
Capital expenditures, SEK millions	57.3	42.2	48.6	70.3	69.5
Return on capital employed (%)	4	11	-2	1	10
Return on equity (%)	0	8	-2	2	11
Operating margin (%)	5	14	-3	1	15
Operating margin (%), adjusted ¹⁾	7	14	3	2	15
Earnings per share					
– basic, SEK	0.00	0.11	-0.02	0.03	0.13
– diluted, SEK	0.00	0.11	-0.02	0.03	0.13
Dividend per share, SEK	0	0	0	0	0
Cash flow per share, SEK	-0.26	0.23	0.05	-0.03	-0.10
Equity/asset ratio (%)	79	86	88	89	86
Equity per share, SEK					
– basic, SEK	1.37	1.38	1.27	1.29	1.26
– diluted, SEK	1.37	1.38	1.27	1.29	1.26
Number of employees as of December 31	205	134	142	156	150
Added value per employee, SEK thousands	1,290	1,563	1,039	1,072	1,361
Share price as of December 31, SEK	8.30	3.10	1.44	1.56	2.05
Number of outstanding shares as of December 31	387,158,009	389,933,009	389,933,009	389,933,009	379,890,569

¹⁾ Adjustments for 2015 relates to the effects of the acquisition of ScheduALL, see note 1.2 on page 42.

Adjustments for 2013 and 2012 relates to one-time charges, for more information see page 22 in the annual report for 2013.

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 outstanding shares during the year.

Earnings per share, diluted Profit for the year divided by average number of outstanding shares 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.

Glossary

ACCESS NETWORK

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

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.

CATCH UP TV

To watch recent TV program after it has been broadcasted.

CDN

(Content Delivery Networks) An overlay network of customer content, distributed geographically to enable rapid, reliable retrieval from any enduser location.

CONTENT

TV 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.

ERM

(Enterprise Resource Management) Software that lets an enterprise manage its network resources efficiently.

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.

NPS

(Net Promotor Score) Is a both a measure and a survey method that provides a value on how loyal a company's customers or employees are.

OTT

(Over-The-Top) 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.

SDN

(Software Defined Networking) Networking technology that makes media networks more agile and flexible to support for example automated, customer provisioned networks and the increased use of virtualization and data center technologies within the media industry.

SLA

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

SERVICE ORCHESTRATION

Is the process of integrating two or more services together to automate a process.

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.

UPLINK STATION/TELEPORT

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

VOD

(Video on Demand) To select and watch video content anytime when needed.

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 2015. Numerical information stated in brackets in these annual accounts are comparative figures with the financial year 2014 or the reporting date of December 31, 2014. Rounding deviations may occur in these annual accounts.

The company

Net Insight delivers products, software and services for effective, high-quality media transport coupled with effective resource management, all, which creates an enhanced TV experience. Net Insight's offerings starts from the TV cameras to the TV studios, right through to the TV viewer. Net Insight's solutions offer network operators, TV and production companies the benefit of lower total cost of ownership and the potential for effective new media service launches. Revenues are generated through direct and indirect sales of hardware and software solutions and services.

Net Insight has more than 500 customers in 60 countries. Founded in 1997, Net Insight had 205 (134) employees at year-end, primarily stationed in Stockholm, Miami, London and Singapore. Net Insight sells its products and services through its own sales force and the company's partner network. Sales via the partner network were 36 (34) per cent in 2015. The company is listed (NETI B) on Nasdaq Stockholm.

Significant events in 2015

Strategic investments—overview

2015 was mainly characterized by the completion of several strategic steps in order to position the company ahead of its future expansion. During the year, the company launched a new brand platform with the aim of clarifying Net Insight's offering and position. US software solutions corporation ScheduALL was acquired in order to increase the value of Net Insight's offering, and Net Insight announced that the company is entering the Live OTT market in order to increase the company's addressable market.

Customers and market

Net Insight's sales were SEK 375.8 (379.1) million, a decrease of -1 per cent on the previous year. In comparable currencies, the decrease was -10 per cent, to be compared to the very strong

figure in 2014 when growth reached 27 per cent driven by the two single largest orders in the company's history. The International Association of Broadcast Manufacturers (IABM) estimated that the global growth rate in the Contribution Equipment segment contracted by -6.7 per cent in 2015. A number of important deals were announced in the year, including with Swisscom Broadcast, DMC in the Netherlands, The Switch in the US, TATA Communications in India, SIS Live in the UK and China Unicom. EMEA and APAC returned positive growth, including in comparable currencies, while North and South America decreased compared to 2014. In South America, macroeconomic conditions have led to a sharp reduction in sales. In North America, the company has not reached the same volumes as in the record year 2014, although sales were very strong seen over a longer historical perspective.

The market's awareness of Net Insight increased further compared to 2014 according to market researcher Devconcroft, which is a pre-requisite for growth. The company invested significant resources in marketing in the year, including the launch of a new brand platform. Net Insight's new profiling reflects the company's focus on helping its customers create value for end consumers by providing quality experiences worth paying for, delivering live and local content that creates shared viewer participation, and enabling interactive experiences that consumers want to share.

Acquisitions

The acquisition of ScheduALL, a supplier of Enterprise Resource Management (ERM) software to media, broadcasters and transmission corporations was completed in the fourth quarter. The acquisition strengthens Net Insight's position and customer offering, which makes it possible for the company to play a broader and more strategic role with regard to service providers and media companies. ScheduALL and Net Insight already had a strategic collaboration relating to Customer Provisioned Networks (CPN), which led to Net Insight being awarded IABM's prestigious Design & Innovation Award in the System automation and control category in 2015. The purchase price was USD 14 million on a cash- and debt-free basis and was paid for in cash with the company's available cash. For more information about the acquisition, see note 24.

Solutions, products and services

In the final quarter, Net Insight launched its solution for Live OTT. The solution's unique feature is that it synchronizes video

between different users and screens. This enables various forms of interactivity as well as new kinds of TV experiences.

Net Insight also extended its offering in Customer Provisioned Networks with a client for tablets which makes it possible to book services in seconds and provides accessible overview of current and upcoming bookings.

As increasing data volumes are being transported in media networks, additional functions in Ethernet-based services have been added to the product portfolio, and a new solution for file-based workflows, FileTeleport, has been launched.

Internet-based contribution continued to expand with increased functionality in order to safeguard our market position. This product family has also been positioned for internet-based digital TV.

In 2015, Net Insight's portfolio of services was enhanced and expanded by including offerings such as a network management service for smaller customers, simulation tools for customers with large networks and increased responsibility for customers' network operations

Human resources and organization

In 2015, Net Insight continued its work aimed to become a still more customer-focused business. Customer and employee surveys were carried out in parallel which made it possible to conduct gap analyses and produce action plans where necessary. In parallel with the launch of the new brand platform, Net Insight held meetings with broad representation from the staff to ensure backing for the initiative. Training initiatives mainly focused on further training of Net Insight's sales staff. This program has been underway since 2013. Following the announcement regarding the acquisition of ScheduALL, Net Insight has also focused sharply on integration of the company.

In the fourth quarter, Net Insight announced the appointment of Alan Ryan as new Vice President of Global Sales after Stig Stålnacke left the company. Alan Ryan joins Net Insight from his previous position as Sales Director with MTI in the UK and joins the company in January 2016.

Shareholders and the share

For more information about the company's major shareholders, share price performance and repurchases, see pages 26-27.

Research and development

Net Insight's research and development primarily focuses on the following strategic segments:

- i) greater capacity in the Nimbra family and developing standard interfaces for transport over IP,
- ii) orchestrating network services and scheduling resources in workflows and transmission capacity and,
- iii) new solution for real-time critical distribution over the Internet – "Live OTT".

Net Insight's R&D is carried out in Stockholm and now also in Miami where the ScheduALL solutions are being developed. Net Insights research and development expenditures were SEK 96.6 (81.9) million, which is 25.7 (21.6) per cent of sales. In the year, expenditure of SEK 52.7 (40.9) million was capitalized. Note 2.6 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 two patent applications in 2015 and now has a total of 28 patents granted and six patent applications.

Net sales and results of operations

In 2015, the group's net sales were SEK 375.8 (379.1) million. This implies a decrease of -0.9 per cent, corresponding to -9.7 per cent in comparable currencies. Sales excluding ScheduALL were SEK 361.2 (379.1) million, a decrease of -4.7 per cent compared to 2014. In contrast with 2014, this sales figure was reached without any single major orders. A greater installed base generated increased service revenue and additional orders.

The EMEA (Europe, Middle East and Africa) region represented SEK 222.0 (185.2) million. The Americas (North and South America) region generated net sales of SEK 115.1 (168.4) million and the APAC (Asia-Pacific) region SEK 38.7 (25.5) million.

Net sales in the Broadcast & Media Networks (BMN) business area were 82 (86) per cent, net sales in Digital Terrestrial TV (DTT) were 15 (11) per cent and net sales in Cable TV & IPTV were 3 (3) per cent of total sales.

Operating earnings were SEK 19.2 (53.6) million, equating to an operating margin of 5.1 (14.1) per cent. Accounting effects from the acquisition of ScheduALL, see note 1.2, had a negative impact of SEK -9.1 million on operating earnings. Adjusted for this, operating earnings were SEK 28.4 (53.6) million, corresponding to an

operating margin of 7.5 (14.1) per cent. Excluding this adjustment, the decrease is due to lower sales volumes in the network business, where the acquisition of ScheduALL did not fully offset the decrease in the Americas and investments in sales and marketing expenses and Live OTT.

Net income was SEK 1.9 (41.5) million, equating to a profit margin of 0.5 (10.9) per cent. Excluding the operating earnings effects indicated above, net income was burdened by SEK -11.8 million in value changes in a synthetic option program, see note 1.2.

Cash flow and investments

Cash flow for 2015 was SEK -101.1 (90.4) million.

Adjusted for the payment for the acquisition of ScheduALL of SEK 98.2 million, payments for advisory services in connection with the acquisition totaling SEK -4.1 million, and repurchases of own shares totaling SEK -7.7 million, cash flow was SEK 8.9 (90.4) million.

Investments were SEK 57.3 (42.1) million for the full year, of which SEK 52.7 (40.9) million related to capitalized development expenditure. Full-year depreciation and amortization was SEK 56.8 (54.4) million, of which SEK 54.0 (51.9) million related to amortization of capitalized development expenditure. At the end of the period, the net value of capitalized development expenditure was SEK 208.8 (173.0) million. In connection with the acquisition of ScheduALL, Net Insight received capitalized development expenditure of SEK 37.1 million.

Cash and cash equivalents, financial position

At year-end, cash and cash equivalents were SEK 193.6 MSEK (294.3) million. Equity was SEK 531.6 (536.9) million, with an equity/assets ratio of 79.3 (86.1) per cent. In the year, equity decreased by SEK -7.7 million, attributable to the value of repurchased of own shares. As in 2014, there were no interest-bearing liabilities.

Seasonality

In the past three calendar years, average seasonality has been fairly modest. Of annual net sales, the first quarter represented 22 per cent, the second quarter represented 26 per cent, the third quarter 25 per cent and the fourth quarter 27 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 con-

tinuous 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

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 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	Probability	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 to senior executives

The most recently adopted guidelines for remuneration to senior executives are described in note 7 and apply until the Annual General Meeting (AGM) on May 10, 2016. A new proposal will be submitted to the AGM 2016 which essentially corresponds to the guidelines adopted at the AGM 2015.

Parent company

In 2015, parent company net sales were SEK 452.9 (463.3) million, and net income/loss was SEK 21.8 (-76.6) million. The loss for the period in the previous year 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 126 (120) employees.

At year-end, cash and cash equivalents were SEK 165.0 (267.1) million.

Post balance sheet events

No events significant to the company occurred between the end of the reporting period on December 31, 2015 and the date of signing these annual accounts.

Dividend

Net Insight AB (publ) is currently a well-capitalized company with a strong cash position. 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 2015.

Proposed appropriation of earnings

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

Share premium reserve	51,296
Retained earnings	423,216
Net income	21,845
Total	496,357

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

Brought forward:	496,357
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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 72.

Group Financial Report

Consolidated Income Statement

Amounts in SEK thousands	Note	2015	2014
Net sales	5, 30	375,773	379,110
Cost of sales	7, 9, 11	-149,719	-147,155
Gross earnings		226,054	231,955
Sales and marketing expenses	7, 9, 10, 11	-122,379	-107,869
Administration expenses	7, 9, 10, 11, 12	-40,498	-29,518
Development expenses	7, 8, 9, 10, 11	-43,957	-40,992
Operating earnings	6	19,220	53,576
Result from financial investments			
Financial income	13	518	2,981
Financial expenses	13	-13,081	-1,507
Result from financial investments		-12,563	1,474
Profit before tax		6,657	55,050
Tax	14, 15	-4,733	-13,576
Net income		1,924	41,474
Net income for the period attributable to the stockholders of the parent company		1,924	41,474
Earnings per share, basic (SEK)	16	0.00	0.11
Earnings per share, diluted (SEK)	16	0.00	0.11

Consolidated Statement of Comprehensive Income

Amounts in SEK thousands	2015	2014
Net income	1,924	41,474
Other comprehensive income		
Items that may be reclassified subsequently to the income statement		
Translations differences	466	1,261
Total other comprehensive income for the year, after tax	466	1,261
Total comprehensive income for the year	2,390	42,735
Total comprehensive income for the year attributable to the stockholders of the parent company	2,390	42,735

Consolidated Balance Sheet

Amounts in SEK thousands	Note	Dec 31, 2015	Dec 31, 2014
ASSETS			
Intangible assets			
Capitalized expenditure for development	5,17	208,792	173,016
Goodwill	5,17	59,242	4,354
Other intangible assets	5,17	25,590	1 151
Tangible fixed assets			
Equipment	5,18	3,743	3,358
Financial assets			
Deferred tax asset	15	23,322	23,544
Deposits	31	379	378
Total non-current assets		321,068	205,801
Current assets			
Inventories	19	56,037	44,207
Accounts receivable	20, 22	84,620	66,169
Other receivables	20, 22	6,555	7,007
Prepaid expenses and accrued income	20	8,496	6,018
Cash and cash equivalents	21, 22	193,616	294,318
Total current assets		349,324	417,719
TOTAL ASSETS		670,392	623,520
EQUITY AND LIABILITIES			
Equity attributable to parent company's shareholders			
Share capital	25	15,597	15,597
Other paid-in capital		1,192,727	1,192,727
Translation difference		-227	-693
Accumulated deficit		-676,547	-670,745
Total equity		531,550	536,886
Non-current liabilities			
Other non-current liabilities	22, 26	15,829	0
Other provisions	27	7,369	3,166
Total non-current liabilities		23,198	3,166
Current liabilities			
Accounts payable	22	21,410	14,550
Current tax liabilities	22	135	17
Other liabilities	22, 28	6,109	4,309
Other provisions	27	1,895	1,337
Accrued expenses and deferred income	29	86,095	63,255
Total current liabilities		115,644	83,468
TOTAL EQUITY AND LIABILITIES		670,392	623,520

Consolidated Statement of Cash Flow

Amounts in SEK thousands	Note	2015	2014
Ongoing activities			
Profit before tax		6,657	55,050
Income tax paid		-79	-
Depreciation and amortization	9	56,774	54,350
Other items not affecting liquidity	30	6,013	1,140
Cash flow from operating activities before changes in working capital		69,365	110,540
Changes in working capital			
Increase (-)/Decrease (+) in inventories		-11,830	-1,594
Increase (-)/Decrease (+) in receivables		-2,014	1,974
Increase (+)/Decrease (-) in liabilities		5,715	21,738
Cash flow from operating activities		61,236	132,658
Investment activities			
Investments in intangible assets	17	-55,478	-41,012
Investments in tangible assets	18	-1,872	-1,107
Acquisition of group companies, net effect on cash	30	-98,217	-
Investments in financial assets		49	-115
Cash flow from investment activities		-155,518	-42,234
Financing activities			
Option premium	26	860	-
Repurchase of own shares	25	-7,726	-
Cash flow from financing activities		-6,866	0
Net change in cash and cash equivalents		-101,148	90,424
Exchange differences in cash and cash equivalents		446	163
Cash and cash equivalents at the beginning of the year		294,318	203,731
Cash and cash equivalents at the end of the year	21, 22	193,616	294,318

Changes in Consolidated Equity

Amounts in SEK thousands	Attributable to parent company's shareholders				Total share-holders' equity
	Share capital	Other paid-in capital	Translation differences	Accumulated deficit	
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
January 1, 2015	15,597	1,192,727	-693	-670,745	536,886
Comprehensive income					
Net income	-	-	-	1,924	1,924
Translation differences	-	-	466	-	466
Total comprehensive income	15,597	1,192,727	-227	-668,821	539,276
Transactions with owners in their capacity as owners:					
Repurchase of own shares	-	-	-	-7,726	-7,726
Total transactions with owners	0	0	0	-7,726	-7,726
December 31, 2015	15,597	1,192,727	-227	-676,547	531,550

Parent Company Financial Report

Parent Company Income Statement

Amounts in SEK thousands	Note	2015	2014
Net sales	5	452,948	463,318
Cost of sales	9, 11	-181,011	-192,909
Gross earnings		271,937	270,409
Sales and marketing expenses	7, 9, 10, 11	-109,651	-103,063
Administration expenses	7, 9, 10, 11, 12	-31,705	-29,505
Development expenses	7, 8, 9, 10, 11	-89,612	-81,856
Operating earnings	6	40,969	55,985
Result from financial investments			
Result from participation in group companies	13	-2	-121,100
Financial income	13	471	2,625
Financial expenses	13	-13,202	-1,507
Result from financial investments		-12,733	-119,982
Profit/loss before tax		28,236	-63,997
Tax	14, 15	-6,391	-12,589
Net income		21,845	-76,586

Parent Company Statement of Comprehensive Income

Amounts in SEK thousands	2015	2014
Net income	21,845	-76,586
Other comprehensive income		
Items that may be reclassified subsequently to the income statement	-	-
Total comprehensive income for the year	21,845	-76,586
Total comprehensive income for the year attributable to the stockholders of the parent company	21,845	-76,586

Parent Company Balance Sheet

Amounts in SEK thousands	Note	Dec 31, 2015	Dec 31, 2014
ASSETS			
Intangible assets			
Other intangible assets	5,17	3,493	1,151
Tangible fixed assets			
Equipment	5,18	3,494	3,358
Financial assets			
Participations in group companies	23	248,243	117,427
Deferred tax asset	15	154	6,545
Deposits	31	205	289
Total non-current assets		255,589	128,770
Current assets			
Inventories	19	56,037	44,207
Receivables			
Accounts receivable	20	77,983	66,169
Receivables from group companies	20	162,926	190,771
Other receivables	20	6,385	5,853
Prepaid expenses and accrued income	20	6,528	5,782
Cash and cash equivalents	21	164,955	267,111
Total current assets		474,814	579,893
TOTAL ASSETS		730,403	708,663
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	25	15,597	15,597
Statutory reserve		112,822	112,822
Non-restricted equity			
Share premium reserve		51,296	51,296
Retained Earnings		423,216	507,528
Net Income		21,845	-76,586
Total equity		624,776	610,657
Non-current liabilities			
Other non-current liabilities	26	13,663	0
Other provisions	27	7,369	3,166
Total non-current liabilities		21,032	3,166
Current liabilities			
Accounts payable		20,288	14,327
Liabilities to group companies		0	15,278
Other liabilities	28	4,376	4,267
Other provisions	27	1,895	1,337
Accrued expenses and deferred income	29	58,036	59,631
Total current liabilities		84,595	94,840
TOTAL EQUITY AND LIABILITIES		730,403	708,663
Pledged assets	31	205	289
Contingent liabilities		None	None

Parent Company Statement Of Cash Flow

Amount in SEK thousands	Note	2015	2014
Ongoing activities			
Profit/loss before tax		28,236	-63,997
Depreciation and amortization	9	2,043	2,430
Other items not affecting liquidity	30	16,228	121,543
Cash flow from operating activities before changes in working capital		46,507	59,976
Changes in working capital			
Increase (-)/decrease (+) in inventories		-11,830	-1,594
Increase (-)/decrease (+) in receivables		-262	21,887
Increase (+)/decrease (-) in current liabilities		-9,465	20,623
Cash flow from operating activities		24,950	100,892
Investment activities			
Investments in intangible assets	17	-2,752	-147
Investments in tangible assets	18	-1,770	-1,107
Acquisition of group companies	23	-115,915	-
Liquidation of group companies		113	-
Investments in financial assets		84	-26
Cash flow from investment activities		-120,240	-1,280
Financing activities			
Option premium	26	860	-
Repurchase of own shares	25	-7,726	-
Cash flow from financing activities		-6,866	0
Net change in cash and cash equivalents		-102,156	99,612
Cash and cash equivalents at the beginning of the year		267,111	167,499
Cash and cash equivalents at the end of the year	21	164,955	267,111

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, 2014	15,597	112,822	51,296	611,467	-103,940	687,242
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
January 1, 2015	15,597	112,822	51,296	507,528	-76,586	610,657
Total comprehensive income						
Redistribution previous year net earnings	–	–	–	-76,586	76,586	–
Net income	–	–	–	–	21,845	21,845
Total comprehensive income	15,597	112,822	51,296	430,942	21,845	632,502
Transactions with owners in their capacity as owners:						
Repurchase of own shares	–	–	–	-7,726	–	-7,726
Total transactions with owners	0	0	0	-7,726	0	-7,726
December 31, 2015	15,597	112,822	51,296	423,216	21,845	624,776

Notes

Note 1 General information

Net Insight develops products, software and services for high-quality media transport in combination with efficient resource management which creates a better TV experience. Net Insight's offering stretches from TV camera to TV studio, and beyond all the way to the viewer. Net Insight's solutions provide network operators, TV and production companies the advantage of lower costs and the opportunity to efficiently launch new media services. Revenues are generated through direct and indirect sales of hardware and software solutions and services. Net Insight has more than 500 customers in 60 countries. Founded in 1997, Net Insight had 205 (134) employees at year-end, primarily stationed in Stockholm, Miami, London and Singapore. Net Insight sells its products and services through its own sales force and the company's partner network. Sales via the partner network were 36 (34) per cent in 2015. 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.

1.1 Significant changes in the current reporting period

- The acquisition of ScheduALL in the fourth quarter (see note 24) which resulted in recognition of goodwill and other intangible assets (note 17), an increase of deferred tax assets (note 15) and financial liabilities (note 26 and 29).
- During the second quarter, after decision at the AGM, the group and parent company introduced a synthetic option program (see note 2:14 D). To hedge the future cash flow of the synthetic option programme, the parent company repurchased its own shares (see note 25).

Material profit and loss items

Amounts in SEK thousands	Note	2015	2014
Accounting effects due to the acquisition of ScheduALL in the fourth quarter			
Revenues	(a)	-3,579	-
Amortization on intangible assets	(b)	-1,419	-
Acquisition related costs	(c)	-4,141	-
		-9,139	0
Effects of the Net Insight share price development during the period			
Share-based benefits	(d)	-2,827	-124
Synthetic options, change in value	(e)	-11,766	-
		-14,593	-124

1.2 Material profit or loss items

The group has identified a number of items which are material due to the significance of their nature and/or amount. These are mostly related to the changes stated in 1.1 above and are listed separately here to provide a better understanding of the financial performance of the group:

- (a) Support revenues that ScheduALL would have recognized if they had remained a stand-alone entity, but that Net Insight is not permitted to recognize as revenue under IFRS as a result of business combination accounting rules. The effects of these business combination rules will gradually decrease, and has most effect on the income during the first six months after the acquisition.
- (b) Amortizations related to the intangible assets – technology, trade mark and customer relations – that Net Insight recognized under IFRS as a result of business combination accounting rules, but that ScheduALL would not have recognized if they had remained a stand-alone entity. These amortizations will continue to effect the income over time. See note 17.

(c) Acquisition related third-party advisory expenses. These costs are one-time expenses.

(d) Share-based benefits are value changes in amounts held in escrow for participation in the synthetic share program, see note 7. The commitments for the synthetic share program are stated in note 27.

(e) During the second quarter, after decision at the AGM, the group and parent company introduced a synthetic option program and in connection with this started to repurchase own shares. The synthetic options are remeasured on a current basis to fair value by applying an options valuation model. The changes in value during the term of the options are recognized as a financial item. The synthetic option program is fully hedged via repurchase of own shares, hence the changes in value will have no future effect on cash flow. The repurchased of own shares is deducted from equity; retained earnings, and are not remeasured to fair value on a current basis.

For a discussion about the group's performance and financial position please refer to our operating and financial review on pages 30 to 33.

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, 2015, 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, 2015, 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 depend 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 replace 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 use 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' deal 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 IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018, and earlier application is permitted. The group is assessing the impact of IFRS 15.

IFRS 16, "Leases". In January 2016, IASB issued a new lease standard that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities arising from all leases, with some exceptions, to be recognized on the balance sheet. This model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. The accounting for lessors will in all material aspects be unchanged. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted. EU has not yet adopted the standard. The group has not yet assessed the impact of IFRS 16.

There are no other IFRSs or IFRIC 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

Note 2, continued

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). From 2016, the three geographical regions will be: North and South America (Americas), Western Europe and Rest of World.

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 Swedish group companies' debts and receivables to foreign group companies 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

- 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 three to five years.
- Goodwill consists of the amount by which the purchase cost exceeds the fair value of the group's share of the acquired subsidiary.

diary'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.

- C. Intangible assets acquired via this year's business combinations – technology, trademarks and customer relations – are amortized over their expected useful life, which is seven to fifteen years.
- D. The expected useful life for other intangible assets is 3–5 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.

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

Note 2, continued

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.

A. Repurchase of own shares

Where any group company purchases the company's equity share capital (repurchase of own shares), the consideration paid, including any direct attributable incremental costs (net of income taxes) is deducted from retained earnings until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental costs and the related income tax effects, is included in retained earnings.

2.14 Employee benefits

A. Bonuses

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

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. Synthetic options

After decision at the AGM, certain senior executives and other key employees (as invited by the board of directors) participate in a synthetic option programme, where the participants acquire the synthetic options at market price. One synthetic option gives the option holder the right to receive from Net Insight a cash amount calculated on the basis of Net Insight's share price, however, with the limitation that such amount may not exceed three times the share price at the time of the start of the programme. The term of the options are three (3) years and they are freely transferable, but subject to pre-emptive right for Net Insight to acquire the option.

Synthetic option with market premiums are reported and measured in accordance with IAS 39. Premiums received are recognized as financial liability. This did not initially imply any cost for the company since measurement of the options at fair value using an option valuation model corresponds to the premium received by the company.

The liability is remeasured on a current basis to fair value by applying an options valuation model taking current terms into account. The changes in value during the term of the options are recognized as a financial item. If a synthetic option is utilized by the holder the financial liability, which was previously remeasured at fair value, is settled. Any realized profit or loss is recognized in profit and loss as a financial item. If the synthetic options expire and are worthless, the recognized liability is taken up as income.

E. 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 are recognized excluding value added tax and discounts, and after elimination of sales within the group. Revenues for the major business activities are recognized as follows:

A. Sales of goods

Revenues mainly consist of hardware sales, which all relates exclusively to the parent company, but also from software licenses. The revenues from sales of goods are recognized 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. Support

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

C. Revenue from services – consulting

Revenue from consulting services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting as a portion of the total services to the total services provided.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

D. Multiple-element arrangements

Where the group offers multiple-element arrangements, the amount of revenue allocated to each element is based upon the relative fair values of the various elements. The fair values of each element are determined based on the current market price of each of the elements when sold separately.

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 and its 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.

Note 2, continued

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 (SEK) (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 SEK, but is up to some 70 per cent linked to the USD and to some 12 per cent linked to the EUR. 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 2015, with all other variables constant, the group's revenues and earnings/equity after tax for 2015 would have been positively/negatively affected by some SEK 9.3 million and SEK 6.7 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 2015, with all other variables constant, the group's revenues and earnings/equity after tax for 2015 would have been positively/negatively affected by some SEK 9.2 million and SEK 4.5 million respectively.

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, 2015, Net Insight had hedged USD 1.7 (2.0) million and EUR 2.6 (2.8) million.

As of December 31, 2015, Net Insight had unhedged accounts receivable of USD 3.3 (1.5) million and EUR 1.5 (1.7) 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, 2015, the parent company had net exposure of SEK 35.2 million and SEK 41.1 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, 2015, consolidated earnings/equity after tax would have been affected positively/negatively by some SEK 14 million. If the exchange rate of the USD had been 5 per cent higher/lower compared to the exchange rate on December 31, 2015, consolidated earnings after tax would have been affected positively/negatively by some SEK 1.6 million.

Translation exposure in the Balance Sheet

Consolidated net assets are very largely denominated in SEK. Of the foreign currency net assets as of the reporting date of December 31, 2015, some SEK 80.5 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, 2015, consolidated earnings/equity after tax would have been positively/negatively affected by some SEK 2.5 million. The increase in USD exposure in 2015 compared to 2014 relates to the acquisition of ScheduALL, see note 24 for more information.

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, 2015, accounts payable were SEK 214 million and cash and cash equivalents were SEK 193.6 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 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, 2015, the total inventory reserve was SEK 19.2 (25.7) 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 three to 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 2015, Net Insight utilize deferred tax assets on tax loss carry-forward of SEK 5.5 (119) million. The capitalization is based on expected long-term profitability.

E. Business combinations

Estimates and assessments play an important part in measurement of identifiable assets and liabilities in acquisitions. Estimates and assessments are based on both historical experience and reasonable expectations about the future.

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, 2015, is as follows:

Segment report

Amounts in SEK millions	2015				2014			
	EMEA	AM	APAC	Total	EMEA	AM	APAC	Total
Net sales	222	115	39	376	185	168	26	379
Regional contribution	67	31	6	104	64	58	3	125
Regional contribution, %	30%	27%	16%	28%	34%	34%	13%	33%
Regional contribution	67	31	6	104	64	58	3	125
Administration expenses				-40				-30
Development expenses				-44				-41
Net financial items				-13				1
Profit/loss before tax				7				55

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	Group		Parent company	
	2015	2014	2015	2014
Hardware	205,953	225,947	205,953	225,947
Software licenses	72,476	74,954	69,883	74,954
Support and services	96,550	72,647	84,618	72,647
Other revenue	794	5,562	794	5,562
Services, group companies	–	–	91,700	84,208
Total	375,773	379,110	452,948	463,318

Net sales per region Amounts in SEK thousands	Group		Parent company	
	2015	2014	2015	2014
Sweden	13,334	14,610	105,034	98,818
EMEA excl. Sweden	208,665	170,606	203,294	170,606
North and South America	115,053	168,353	107,292	168,353
APAC	38,721	25,541	37,328	25,541
Total	375,773	379,110	452,948	463,318

During 2015, there were no a single external customer of with revenues of ten per cent or more of the group's total revenues.

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

Parent company's transactions with group companies		Parent company	
Amounts in SEK thousands		2015	2014
Sales to Q2 Labs AB		441	441
Sales to NIIP AB		91,259	83,768
Purchase from NIIP AB		-89,542	-98,022
Purchase from Net Insight Inc.		-14,059	-15,654
Purchase from Net Insight Pte. Ltd.		-8,252	-7,586

The parent company develops products and performs administrative services to companies within the group.

The subsidiaries invoice the parent company license fees for intellectual property rights and for sales related services.

Tangible and intangible assets per region	Group		Parent company	
Amounts in SEK thousands	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Sweden	225,988	181,879	6,987	4,509
EMEA excl. Sweden	176	-	-	-
North and South America	71,203	-	-	-
APAC	-	-	-	-
Total	297,367	181,879	6,987	4,509

Note 6 Exchange rate differences

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

Exchange rate differences of operations	Group		Parent company	
SEK thousands	2015	2014	2015	2014
Exchange rate gains	17,101	18,814	16,875	18,814
Exchange rate losses	-17,719	-14,359	-17,440	-14,359
Net exchange rate differences	-618	4,455	-565	4,455

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	2015		2014	
	Average no. of employees	Of which men	Average no. of employees	Of which men
Parent company				
Sweden	118	83%	118	86%
Other countries	6	99%	6	100%
Total parent company	124	84%	124	87%
Subsidiaries				
Sweden	6	83%	4	77%
US	19	83%	5	100%
Singapore	4	100%	4	100%
UK	2	78%	-	-
Total subsidiaries	31	85%	13	93%
Group	155	84%	137	87%

The acquisition of ScheduALL was effected as of October 1, 2015, why it didn't have complete effect on the average number of employees. The number of employees at year-end has increased from last year's 134 to 205 for the year.

Note 7, continued

Number of Board members and senior executives	Dec 31, 2015	Varav män	Dec 31, 2014	Varav män
Group (incl. subsidiaries)				
Board members	11	73%	10	70%
Chief Executive Officer and other senior executives	11	73%	10	70%
Parent company				
Board members	7	57%	6	50%
Chief Executive Officer and other senior executives	10	70%	10	70%

Board of Directors, SEK thousands	2015	2014
Lars Berg (Chairman)	520	425
Cecilia Beck-Friis	200	185
Crister Fritzson ¹⁾	200	185
Gunilla Fransson	200	185
Anders Harrysson ¹⁾	270	243
Regina Nilsson	200	185
Jan Barchan	230	–
Total	1,820	1,408

¹⁾ 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 2015 (2014).

The above amounts are fees for the parent company as approved by the AGM 2015 (2014).

GROUP

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

Break-down between CEO, other senior executives and other employees.

Amounts in SEK thousands	Basic salary	Variable remuneration ¹⁾	Share-based benefits ²⁾	Other benefits	Pension expenses	Total
2015						
Fredrik Tumegård (CEO)	2,139	620	1,853	63	634	5,309
Other senior executives (10)	11,028	2,719	298	157	2,303	16,505
Other employees	93,679	12,308	–	3,592	15,742	125,321
Total	106,846	15,647	2,151	3,812	18,679	147,135
2014						
Fredrik Tumegård (CEO)	2,097	1,970	95	62	612	4,836
Other senior executives (8)	8,328	4,275	–	19	1,868	14,490
Other employees	76,835	13,900	–	3,222	14,211	108,168
Total	87,260	20,145	95	3,303	16,691	127,494

¹⁾ Variable remuneration includes SEK 534 (1,169) 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 27.

²⁾ 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 27.

Break-down between the parent company and the subsidiaries

Amounts in SEK thousands	Basic salary	Variable remuneration ¹⁾	Share-based benefits ²⁾	Other benefits	Pension expenses	Social security contributions	Total
2015							
Parent company	79,542	11,696	2,151	924	17,173	30,540	142,026
Subsidiaries	27,304	3,951	–	2,888	1,506	3,038	38,687
Group	106,846	15,647	2,151	3,812	18,679	33,578	180,713
2014							
Parent company	76,780	14,622	95	1,043	15,516	31,211	139,267
Subsidiaries	10,480	5,523	–	2,260	1,175	1,899	21,337
Group	87,260	20,145	95	3,303	16,691	33,110	160,604

¹⁾ Variable remuneration includes SEK 534 (1,169) 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 27.

²⁾ 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 27.

Synthetic options	2015		2014	
Amounts in SEK thousands	Paid-in premium	Benefit	Paid-in premium	Benefit
Board of Directors	–	–	–	–
CEO and other senior executives	814	–	–	–
Other employees	46	–	–	–
Total	860	0	0	0

The following principles are valid to the annual general meeting (AGM) 2016. A new proposal will be submitted to the AGM 2016 which essentially corresponds to the guidelines adopted at 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.

Note 7, continued**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.

Consultative and decision-making process

Remuneration to the CEO for the financial year 2015 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 2015, 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

Depreciation and amortization	Group		Parent company	
SEK thousands	2015	2014	2015	2014
Capitalized expenditures for development	-53,964	-51,920	-	-
Other intangible assets	-1,134	-976	-409	-976
Equipment	-1,676	-1,454	-1,634	-1,454
Total	-56,774	-54,350	-2,043	-2,430

Note 10 Operating leases

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

Amounts in SEK thousands	Group	Parent company
2016	9,254	7,087
2017	1,226	381
2018	809	90
2019	635	-
2020	635	-
Total	12,559	7,558

Lease expenses for the year amount to SEK 9,533 (7,188) thousand for the group and SEK 6,866 (6,200) thousand for the parent company. No individual contract has a term of five years or more.

Note 11 Expenses by nature

Amounts in SEK thousands	Group		Parent company	
	2015	2014	2015	2014
Cost of goods and services	-81,140	-86,571	-170,664	-184,245
Other expenses	-85,136	-59,724	-92,461	-76,425
Employee expenses (note 7)	-186,184	-165,753	-146,811	-144,233
Capitalized expenditure for development (note 17)	52,681	40,864	-	-
Depreciation and amortization (note 9)	-56,774	-54,350	-2,043	-2,430
Total expenses	-356,553	-325,534	-411,979	-407,333

Reconciliation with comprehensive income statement	Group		Parent company	
	2015	2014	2015	2014
Cost of sales	-149,719	-147,155	-181,011	-192,909
Sales and marketing expenses	-122,379	-107,869	-109,651	-103,063
Administration expenses	-40,498	-29,518	-31,705	-29,505
Development expenses	-43,957	-40,992	-89,612	-81,856
Total expenses	-356,553	-325,534	-411,979	-407,333

Note 12 Fees and reimbursement

Audit services and other assignments	Group		Parent company	
	2015	2014	2015	2014
PwC				
Auditing	320	330	320	330
Audit business in addition to audit engagement	98	55	98	55
Tax consultancy	136	339	136	339
Other	360	140	360	140
Total	914	864	914	864
Other auditors				
Auditing	16	-	-	-
Audit business in addition to audit engagement	-	-	-	-
Tax consultancy	-	-	-	-
Other	13	-	-	-
Total	29	0	0	0

Note 13 Financial income and expenses

	Group		Parent company	
SEK thousands	2015	2014	2015	2014
Financial income				
Interest income	518	2,309	471	1,953
Exchange rate differences, net	–	672	–	672
Dividends from group companies	–	–	43,012	–
Financial income	518	2,981	43,483	2,625
Financial expenses				
Interest expenses	–12	–8	–10	–8
Exchange rate differences, net	–1,299	–1,323	–1,422	–1,323
Result from participation in group companies	–	–	–2	–
Impairment of participations in group companies (note 23)	–	–	–43,012	–121,100
Synthetic options, change in value (note 26)	–11,766	0	–11,766	–
Other financial expenses	–4	–176	–4	–176
Financial expenses	–13,081	–1,507	–56,216	–122,607
Net financial income/expense	–12,563	1,474	–12,733	–119,982

Note 14 Income tax expense

	Group		Parent company	
SEK thousands	2015	2014	2015	2014
Current tax:				
Current tax on profits for the year	–131	–17	–	–
Total current tax	–131	–17	0	0
Deferred tax (note 15):				
Tax losses carry-forwards	–4,204	–11,868	–6,391	–12,589
Deferred revenue	–1,031	–	–	–
Intangible assets	478	–1,691	–	–
Other	155	–	–	–
Total deferred tax	–4,602	–13,559	–6,391	–12,589
Tax	–4,733	–13,576	–6,391	–12,589

Difference between reported tax expense and tax expense based on applicable tax rate,	Group		Parent company	
SEK thousands	2015	2014	2015	2014
Profit/loss before tax	6,657	55,050	28,236	–63,997
Tax at applicable tax rate	–1,464	–12,111	–6,212	14,079
Effect of foreign tax rates	–311	45	–	–
Tax effect of non-deductible expenses and non-taxable revenues	–4,392	–70	–3,479	–26,711
Adjustments in respect of prior years	1,434	–1,596	–	43
Un-reported effect of loss carry-forwards	0	156	–	–
Tax effect of group contributions	–	–	3,300	–
Tax on income according to Income Statement	–4,733	–13,576	–6,391	–12,589

Note 15 Deferred tax asset

SEK thousands	Group					Parent company
	Tax losses carry-forwards	Deferred revenue	Intangible assets	Other	Total	Tax losses carry-forwards
As of January 1, 2014						
Opening balance	37,102	–	–	–	37,102	19,134
– business combinations	–	–	–	–	0	–
– to profit or loss	–11,868	–	–1,691	–	–13,559	–
– to other comprehensive income	–	–	–	–	0	–12,589
– directly to equity	–	–	–	–	0	–
As of December 31, 2014	25,234	0	–1,691	0	23,544	6,545
As of January 1, 2015						
Opening balance	25,234	0	–1,691	0	23,543	6,545
– business combinations	–	4,414	–	–	4,414	–
– to profit or loss	–4,204	–1,031	478	155	–4,602	–6,391
– to other comprehensive income	–37	2	5	–3	–33	–
As of December 31, 2015	20,993	3,385	–1,209	152	23,322	154

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 2015, Net Insight reversed deferred income taxes recoverable of SEK 5.5 (11.9) million. Capitalization is based on expected long-term profitability. Of the tax loss carry-forwards

SEK 19.0 (25.2) million are consisting of Swedish loss carry-forwards with indefinite useful lives and SEK 2.0 (–) million to tax loss carry-forwards in USA with definite useful lives, whereof the first expires in 2020.

Tax loss carry-forwards for which deferred tax is not reported	Group		Parent company	
SEK thousands	2015	2014	2015	2014
Tax loss carry-forwards	2	3 601	–	–

Note 16 Earnings per share

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

	2015	2014
Net income attributable to stockholders of the parent, SEK thousands	1,924	41,474
Average number of shares	389,137,506	389,933,009
Earnings per share before dilution, SEK	0.00	0.11
Earnings per share after dilution, SEK	0.00	0.11

The change in average number of shares relates to the parent company's repurchase of own shares, see note 25.

Note 17 Intangible assets

Capitalized expenditure for development SEK thousands	Group	
	Dec 31, 2015	Dec 31, 2014
Accumulated cost at beginning of year	529,012	488,147
Business combinations	37,059	-
New purchases	52,681	40,865
Closing accumulated cost	618,752	529,012
Accumulated amortization at beginning of year	-355,996	-304,075
Amortization for the year	-53,964	-51,921
Closing accumulated amortization	-409,960	-355,996
Carrying amount	208,792	173,016
Amortization included in Cost of sales	-53,964	-51,921
Amortization included in Sales and marketing expenses	-	-
Amortization included in Administration expenses	-	-
Amortization included in Development expenses	-	-
Total amortization	-53,964	-51,921

Goodwill SEK thousands	Group	
	Dec 31, 2015	Dec 31, 2014
Accumulated cost at beginning of year	4,354	4,354
Business combinations	55,098	-
Exchange differences for the year	-210	-
Closing accumulated cost	59,242	4,354
Carrying amount	59,242	4,354

Other intangible assets SEK thousands	Group		Parent company	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Accumulated cost at beginning of year	7,032	6,245	7,032	6,245
Business combinations	24,415	–	–	–
New purchases	2,797	147	2,752	147
Reclassification	–	640	–	640
Exchange differences for the year	–70	–	–	–
Closing accumulated cost	34,174	7,032	9,784	7,032
Accumulated amortization at beginning of year	–5,881	–4,905	–5,881	–4,905
Business combinations	–1,584	–	–	–
Amortization for the year	–1,134	–976	–409	–976
Exchange differences for the year	16	–	–	–
Closing accumulated amortization	–8,583	–5,881	–6,290	–5,881
Carrying amount	25,590	1,151	3,494	1,151
Amortization included in Cost of sales	–156	–	–	–
Amortization included in Sales and marketing expenses	–306	–328	–129	–328
Amortization included in Administration expenses	–184	–117	–72	–117
Amortization included in Development expenses	–488	–530	–208	–530
Total amortization	–1,134	–976	–409	–976

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 and goodwill of SEK 55,098 million relates to this year's acquisition of ScheduALL, see note 24.

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 five-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 five-year period to reflect the long-term approach to

customers' purchasing decisions. Cash flows beyond the five-year period are extrapolate using an estimated growth rate. The perpetuity growth rate applied was 2 (2) 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 10.5 (11.4) per cent. This reflects the specific risks that apply to the segment the company is active in. A three (3) percentage point change in the discount rate does not cause any impairment. A two (2) percentage point change in estimated EBITDA does not cause any impairment. A three (3) percentage point change in estimated gross margin does not cause any impairment. Based on the above, no impairment is considered necessary.

The valuation of the, in the fourth quarter, acquired intangible assets – goodwill, technology, trade mark and customer relations (see note 24) – was based on a third party valuation and has therefore not been tested for impairment, since there's no indication of loss in value since this valuation.

Note 18 Tangible fixed assets

SEK thousands	Group		Parent company	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Accumulated cost at beginning of year	16,332	15,874	15,750	15,292
Business combinations	1,747	–	–	–
New purchases	1,872	1,107	1,770	1,107
Reclassification	–	–649	0	–649
Exchange differences for the year	–16	–	–	–
Closing accumulated cost	19,935	16,332	17,520	15,750
Accumulated amortization at beginning of year	–12,974	–11,520	–12,392	–10,938
Business combinations	–1,554	–	–	–
Amortization for the year	–1,676	–1,454	–1,634	–1,454
Reclassification	–	–	–	–
Exchange differences for the year	12	–	–	–
Closing accumulated amortization	–16,192	–12,974	–14,026	–12,392
Carrying amount	3,743	3,358	3,494	3,358
Amortization included in Cost of sales	–151	–121	–136	–121
Amortization included in Sales and marketing expenses	–103	–24	–97	–24
Amortization included in Administration expenses	–50	–183	–44	–183
Amortization included in Development expenses	–1,372	–1,126	–1,358	–1,126
Total amortization	–1,676	–1,454	–1,634	–1,454

Note 19 Inventories

SEK thousands	Group		Parent company	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Products in process	1,039	350	1,039	350
Finished goods	54,998	43,857	54,998	43,857
Total	56,037	44,207	56,037	44,207

The expensed inventories are included in cost of sales and amount to SEK 73,671 (83,258) thousand. Inventories with a value of SEK 75,265 (69,886) thousand were impaired to an estimated net realizable value of SEK 56,037 (44,207) thousand. This year's

effect in profit or loss of impairment and scrap of inventories for the year amounts to SEK 995 (–2,400) thousand and is recognized in cost of sales.

Note 20 Accounts receivable and other receivables

SEK thousands	Group		Parent company	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Accounts receivable	89,106	70,912	82,308	70,912
Provision for impairment of receivables	-4,486	-4,743	-4,325	-4,743
Accounts receivable, net	84,620	66,169	77,983	66,169
Receivables from group companies	–	–	162,926	190,771
Other receivables	6,555	7,007	6,385	5,853
Prepaid expenses and accrued income	8,496	6,018	6,528	5,782
Carrying amount of accounts receivable and other receivables	99,671	79,194	253,822	268,575

In 2015, the group reported SEK 0 (10,281) 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, 2015	Dec 31, 2014
Less than a month	13,190	21,937
1–3 months	15,285	3,775
3–6 months	4,998	6,041
More than 6 months	11,541	8,280
Total	45,015	40,033

Group's movements on the provisions for impairment of accounts receivables, SEK thousands	2015	2014
As of January 1	-4,743	-13,989
Reversed unused amounts	0	0
Used reserve	633	10,281
Provisions for receivables impairment	-376	-1,035
As of December 31	-4,486	-4,743

Group's accounts receivable and other receivables carrying amount/currency, SEK thousands	Dec 31, 2015	Dec 31, 2014
SEK	16,689	11,933
USD	46,860	27,240
EUR	34,778	39,360
GBP	728	304
SGD	617	357
Total	99,671	79,194

Group's accounts receivables SEK thousands	Dec 31, 2015		Dec 31, 2014	
	Amounts	Proportions	Amounts	Proportions
Accounts receivables < 1 SEK million per customer	23,789	28%	12,487	19%
Accounts receivables 1– 5 MSEK million per customer	39,972	47%	33,710	51%
Accounts receivables > 5 SEK million per customer	20,859	25%	19,972	30%
Total	84,620	100%	66,169	100%

Note 20, continued

Current receivables contain the following major items:

SEK thousands	Group		Parent company	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
VAT claims	3,489	5,505	3,325	4,352
Other	3,066	1,502	3,060	1,501
Total	6,555	7,007	6,385	5,853

Accrued income and prepaid expenses include the following major items:

SEK thousands	Group		Parent company	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Prepaid rent	1,807	1,568	1,638	1,568
Prepaid license/service fees	830	1,189	830	1,189
Prepaid employee-related expenses	1,677	1,846	1,265	1,610
Prepaid trade event	807	280	417	280
Accrued income	609	–	609	–
Other items	2,766	1,135	1,769	1,135
Total	8,496	6,018	6,528	5,782

Note 21 Cash and cash equivalents

SEK thousands	Group		Parent company	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Cash and bank balances	193,616	294,318	164,955	267,111
Total cash and cash equivalents	193,616	294,318	164,955	267,111
Of which in blocked account	–	–	–	–

Note 22 Financial assets and liabilities

Group's financial instruments by category	2015			2014		
	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	–	543	2	–	719
Accounts receivable and other receivables, excluding interim receivables		91,175	–		73,176	–
Cash and cash equivalents		193,616	–		294,318	–
Total		284,791	543		367,494	719

Group's financial instruments by category SEK thousands	2015			2014		
	Value-tier	Other financial liabilities	Liabilities measured at fair value through profit or loss	Value-tier	Other financial liabilities	Liabilities measured at fair value through profit or loss
Liabilities in Balance Sheet						
Synthetic options	2	–	12,626	2	–	–
Derivative instruments	2	–	–	2	–	559
Accounts payable and other liabilities, excluding non-financial liabilities		27,519	–		18,317	–
Total		27,519	12,626		18,317	559

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.

Financial instruments measures on the basis of inputs that are not based on observable market data. The closing balance for synthetic options represents the total assessed value of a number of outstanding options, which has been measured on the basis of accepted market principles.

Not 23 Participations in group companies

Subsidiaries to the parent company and other major subsidiaries within the group as of December 31, 2015:

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	11,633
Net Insight Consulting AB (publ) corp. ID. no. 556583-7365, registered office: Stockholm, Sweden	Dormant	100	100	500	493
Net Insight Pte. Ltd., registered office: Singapore	Sales	100	100	0	417
Q2 Labs AB, corp. ID. no. 556640-8570, registered office: Stockholm, Sweden	Holding company	100	100	172,062	93,409
Net Insigt Intellectual Property AB (NIIP AB), corp. ID. no. 556579-4418, registered office: Stockholm, Sweden	R&D	–	100	–	15,759
ScheduALL EMEA Ltd; registered office: London, UK	Sales	100	100	0	86
VizuALL Inc; registered office : Florida, USA	Sales and R&D	100	100	72,903	68,944
Total				248,243	

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, 2015	Dec 31, 2014
Accumulated cost at beginning of year	117,427	117,427
Shareholders' and group contributions	58,012	121,100
Impairment	–43,012	–121,100
Purchase cost for the period ¹⁾	115,916	–
Liquidation	–100	–
Total participations in group companies	248,243	117,427

¹⁾ In October, the parent company acquired VizuALL Inc, USA, see note 24. In connection to this, the parent company also acquired ScheduALL EMEA Ltd, UK, from VizuALL Inc.

Note 24 Business combinations

Acquisition 2015

On October 1, 2015, Net Insight acquired 100 per cent of the shares in the privately held US software company VizuAll Inc, trading under the name of ScheduALL. The acquisition price of USD 14 million (approximately SEK 117 million) on a cash and debt free basis was paid in cash. The final purchase consideration, based on actual level of debt, working capital and cash, was transferred in December 2015. The payment was funded by using available cash. The acquisition will strengthen Net Insight's market position in media service and workflow orchestration.

ScheduALL, founded in 1989, is a provider of ERM (Enterprise Resources Management) software for media, broadcast and transmission businesses with head office in Hollywood, Florida, US.

Net Insight and ScheduALL have had a strategic partnership for several years. Together they have implemented an SDN (Software Defined Networking) solution for service providers allowing them to offer their customers a unique, fully automated service provisioning over global wide area networks. By this solution service providers reduce operating cost and media companies gain from more flexible and efficient workflows. Net Insight can now broaden the solution with new services and applications.

The total consideration transferred for the acquisition amounted to SEK 111.8 million. In the purchase price allocation goodwill amounted to SEK 55.1 million. The goodwill recognized for the acquisition mainly reflects the increase in sales going forward. The goodwill will be deductible for tax purposes. Acquisition related costs amounted to SEK 4.1 million. These costs are recognized as other expenses in administration expenses in the consolidated statement of comprehensive income.

ScheduALL contributed revenues of SEK 14.5 million and loss before tax of SEK -4.5 million to the group for the period October 1 to December 31, 2015. Revenues of SEK 3.6 million that ScheduALL would have recognized if they had remained a stand-alone entity was not recognized by Net Insight as revenue in the fourth quarter under IFRS, as a result of business combination accounting rules. Business combination related amortization for technology, trade mark and customer relations amounted to SEK 1.4 million. Adjusted for these business combination effects, ScheduALL would have contributed revenues of SEK 18.1 million and profit before tax of SEK 0.5 million to the group for the period October 1 to December 31, 2015.

If the acquisition had occurred on January 1, 2015, management estimates that ScheduALL would have contributed revenues of SEK 67.6 million and loss before tax of SEK -6.9 million for the year ended December 31, 2015. Adjusted for the business combination effects stated above, ScheduALL would have contributed revenues of SEK 77.4 million and profit before tax of SEK 15.0 million for the year ended December 31, 2015, if the acquisition had occurred on January 1, 2015.

Definitive purchase price allocation of ScheduALL, SEK thousands

Intangible assets	59,890
Tangible assets	193
Financial fixe assets	50
Deferred tax assets	4,415
Current assets	18,463
Cash and cash equivalents	13,558
Non-current liabilities	-6,540
Current liabilities	-33,352
Net identifiable assets acquired	55,677
Goodwill	55,098
Consideration transferred¹⁾	111,775

¹⁾ Cash. The effect of the acquisition on the group's cash flow, see note 30.

Note 25 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. All shares issued by the parent company have been fully paid.

The division between share classes	No. of shares	
	Dec 31, 2015	Dec 31, 2014
Unrestricted class A shares	1,000,000	1,150,000
Unrestricted class B shares	388,933,009	388,783,009
Total	389,933,009	389,933,009

During the year, 150,000 A shares were converted into B shares.

During the year, the parent company acquired a total of 2,775,000 of its own class B shares through purchases on the NASDAQ OMX. The total amount paid to acquire the shares, net of income tax, was SEK 7.7 million.

At the end of the reporting period, the parent company had a total of 2,775,000 of its own class B shares, at an average cost of SEK 2.78 per share and with a par value of 0.04 SEK per share. The shares are held as own shares. The parent company has the right to reissue these shares at a later date.

The division between outstanding share classes	No. of shares	
	Dec 31, 2015	Dec 31, 2014
Unrestricted class A shares	1,000,000	1,150,000
Unrestricted class B shares	386,158,009	388,783,009
Total	387,158,009	389,933,009

Note 26 Other non-current liabilities

Group, SEK thousands	Synthetic options	Deferred revenues	Total
As of January 1, 2015			
Opening balance	0	0	0
– Synthetic options, issued	860	–	860
– Synthetic options, change in value	11,766	–	11,766
– Business combinations	–	6,540	6,540
– Addition deferred revenues	–	9,732	9,732
– Reclassification, current	–	–13,117	–13,117
– Exchange differences for the year	–	48	48
As of December 31, 2015	12,626	3,203	15,829

Parent company, SEK thousands	Synthetic options	Deferred revenues	Total
As of January 1, 2015			
– Opening balance	0	0	0
– Synthetic options, issued	860	–	860
– Synthetic options, change in value	11,766	–	11,766
– Addition deferred revenues	–	1,337	1,337
– Reclassification, current	–	–300	–300
As of December 31, 2015	12,626	1,037	13,663

Note 27 Other provisions

Group	Current provision		Non-current provisions			Total
	Warranty provisions ¹⁾	Other provisions	Warranty provisions ¹⁾	Variable incentive program ²⁾	Other provisions	
SEK thousands						
As of January 1, 2014						
Opening balance	2,031	242	1,926	1,017	0	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	0	4,502
As of January 1, 2015	,	,	,	,	,	
Opening balance	1,337	0	1,337	1,828	0	4,502
– additional provisions	558	–	558	743	77	1,936
– used amount	–	–	–	–	–	0
– reversed unused amount	–	–	–	–2	–	–2
– share-based remuneration	–	–	–	2,827	–	2,827
As of December 31, 2015	1,895	0	1,895	5,396	77	9,263

¹⁾ Warranty provisions have been used to cover potential future expenses due to executed business transactions.

²⁾ 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 27, continued

Parent company	Current provision		Non-current provisions			
	Warranty provisions ¹⁾	Other provisions	Warranty provisions ¹⁾	Variable incentive program ²⁾	Other provisions	Total
SEK thousands						
As of January 1, 2014						
Opening balance	2,031	242	1,926	616	0	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	0	4,502
As of January 1, 2015	,	,	,	,	,	
Opening balance	1,337	0	1,337	1,828	0	4,502
– additional provisions	558	–	558	743	77	1,936
– used amount	–	–	–	–	–	0
– reversed unused amount	–	–	–	–2	–	–2
– share-based remuneration	–	–	–	2,827	–	2,827
As of December 31, 2015	1,895	0	1,895	5,396	77	9,263

¹⁾ Warranty provisions have been used to cover potential future expenses due to executed business transactions.

²⁾ 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 28 Other liabilities

SEK thousands	Group		Parent company	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Derivatives	–	559	–	559
Employee-related taxes	2,815	2,311	2,410	2,271
Other current liabilities	3,294	1,439	1,966	1,437
Total current liabilities	6,109	4,309	4,376	4,267

Note 29 Accrued expenses and deferred income

SEK thousands	Group		Parent company	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Vacation pay liability	8,560	8,201	7,518	7,175
Social security contribution	5,629	6,228	5,334	6,032
Accrued remuneration	11,946	13,833	9,452	11,612
Deferred income	41,247	26,384	17,675	26,384
Other	18,714	8,609	18,056	8,428
Total accrued expenses and deferred income	86,095	63,255	58,036	59,631

Note 30 Cash flow statement

Other items not affecting liquidity SEK thousands	Group		Parent company	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Synthetic options, change in value	11,766	–	11,766	–
Dividends	–	–	–43,012	–
Capital gain/losses	–	–	2	–
Impairment of equities	–	–	43,012	121,100
Income realized from deferred income	–10,885	–	–300	–
Provisions	4,760	42	4,760	443
Unrealized exchange differences	372	1,098	–	–
Total	6,013	1,140	16,228	121,543

Acquisition fo group companies SEK thousands	Group	
	2015	2014
Intangible assets	114,988	–
Tangible assets	193	–
Financial assets	50	–
Deferred tax assets	4,415	–
Current receivables	18,463	–
Cash and cash equivalents	13,558	–
Total assets	151,667	0
Non-current liabilities	6,540	–
Current liabilities	33,352	–
Total liabilities	39,892	0
Net identifiable assets and liabilities	111,775	–
Consideration transferred	111,775	–
Minus:		
Cash and cash equivalents int the acquired operations	–13,558	–
Effect on group's cash and cash equivalents	98,217	0

More information, see note 24.

Note 31 Pledged assets and contingent liabilities

Pledged assets SEK thousands	Group		Parent company	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Deposits	379	378	205	289
Total	379	378	205	289

Contingent liabilities SEK thousands	Group		Parent company	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Total	None	None	None	None

Note 32 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	2015	2014
Within 1 year	1,232	0
Between 1 and 5 years	0	0
Total	1,232	0

Note 33 Post balance sheet events

No events significant to the company occurred between the end of the reporting period on December 31, 2015, 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 10, 2016 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 18, 2016

Lars Berg
Chairman

Jan Barchan
Board member

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 22, 2016
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 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 30-69.

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 31 December 2015 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 31 December 2015 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 2015.

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 22, 2016

PricewaterhouseCoopers AB

Mikael Winkvist
Authorized Public Accountant

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 Stockholm. The basis for governance of the company and group includes its Articles of Association, the Swedish Companies Act and Nasdaq Stockholm's regulations for issuers, including the Swedish Code of Corporate Governance, applicable from 1 November, 2015 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 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.

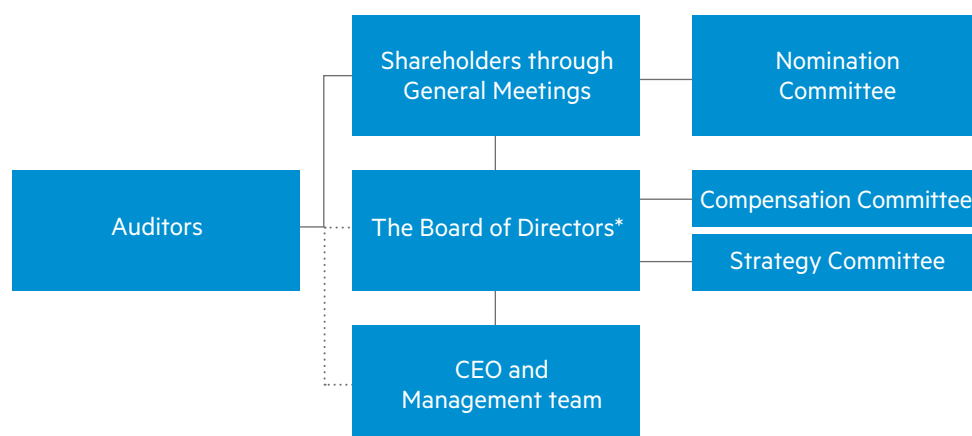
No divergences from the Code were reported in 2015. Nor has the company contravened Nasdaq Stockholm's Issuer Rules or accepted practice on the stock market.

Annual General Meeting, AGM

The AGM of Net Insight AB (publ) was held on May 7, 2015. 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 seven.
- Lars Berg, Gunilla Fransson, Anders Harrysson, Cecilia Beck-Friis, Crister Fritzson and Regina Nilsson were reelected as Board members and Jan Barchan was elected as Board member.
- 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 1,650,000 to be allocated with SEK 450,000 to the Chairman of the Board and SEK 200,000 to each of the other Board members not employed by the company. Remuneration for Committee work, payable to members appointed by the Board of Directors, is SEK 10,000 per meeting.
- Remuneration to the auditor, PricewaterhouseCoopers AB, to be on approved account.
- The AGM resolved to approve the proposed procedures for appointing of the Nomination Committee and the Board of

Corporate Governance at Net Insight



* The Board of Directors in its entirety also handles audit matters.

Directors' proposal regarding guidelines for remuneration and other terms of employment for senior executives.

- The Annual General Meeting decided to introduce a cash-based option program related to Net Insight's share price performance. The program will be completed by issuing synthetic options, which around 10 current and future senior executives and other key staff will be entitled to acquire.
- The AGM decided to authorize the Board of Directors to, in the period until the next AGM is held, repurchase own shares totaling up to 5 per cent of all shares in the company, and to reach Board resolutions regarding the transfer of own shares.

The complete minutes of the AGM, as well as the supporting documentation, are available at:
<http://investors.netinsight.net/corporate-governance/>

Nomination Committee

According to a decision at the AGM, 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 13, 2015. Following the reduction of the holding of one of the company's major shareholders, the final composition was published on December 11, 2015. Net Insight's Nomination Committee for 2016 has the following members: Jan Barchan (Briban Invest), Lars Bergkvist (Lannebo Fonder), Ramsay Brufer (Alecta), Christian Brunlid (Handelsbanken fonder) and Lars Berg (Chairman of the Board of Net Insight AB). The Nomination Committee appointed Lars Bergkvist (Lannebo Fonder) as its Chairman. The Nomination Committee held three meetings when minutes were kept in preparation for the AGM 2016.

Auditor

According to the Articles of Association, Net Insight shall appoint one to two Auditors with or without Deputy Auditors. The stipulated term of office for Auditors is one year. The company's Auditors, PricewaterhouseCoopers AB, were re-elected at the AGM 2015 to serve in the period until the AGM 2016. Mikael Winkvist was appointed Auditor in Charge. In addition to regular audit work, PricewaterhouseCoopers AB also assists Net Insight with

general advice relating to accounting and tax. PricewaterhouseCoopers AB is required to guarantee its independence in regard to carrying out its role as adviser.

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 eight meetings during the year when minutes were kept, not counting three 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. During the year, the Board focused particularly on Live OTT and the acquisition of ScheduALL. The Board meeting following election addressed and adopted the Board of Directors' Agenda and the instructions for the CEO.

An appraisal of the CEO and the work of the Board is also conducted each year. The appraisal in 2015 was conducted in the form of individual interviews between the Chairman and each Board member. The Chairman then presented the overall result of this work to the Nomination Committee. The Nomination Com-

mittee also held individual interviews with each Board member. The Nomination Committee subsequently presented an appraisal based on these two interview rounds.

The Board of Directors continuously appraises the CEO on the basis of specific targets. A formal appraisal is carried out once annually.

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. Six Board members are independent of the company's principal owners.

For information on Board members and the CEO, see page 77 and 78 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 Anders Harrysson. During the year, the Committee held seven meetings when minutes were kept, not counting per capsulam meetings, and consulted on the following matters: the CEO's variable remuneration for 2014 to be decided by the Board; a decision on variable remuneration for 2014 for the rest of management; business goals for 2015 and compensation structure for the CEO and the business goals for the rest of the management team, and the recruitment of a new Vice President Global Sales.

Strategy Committee

The Board has also appointed a Strategy Committee to prepare and evaluate questions regarding the company's strategic development, by means including analyzing and initiating corporate acquisitions and other strategic collaborations and presenting the necessary measures for final authorization by the Board of Directors. The Committee includes Lars Berg, Anders Harrysson and Jan Barchan. During the year, the Committee has been continuously involved in supporting management in the acquisition of ScheduALL and held three meetings without minutes.

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.

Attendance in 2015

Attendance by each Board member at meetings when minutes were kept is presented below.

Name	Attendance at Board meetings	Remuneration Committee
Lars Berg	8/8	7/7
Anders Harrysson ¹⁾	8/8	6/6
Gunilla Fransson	6/8	
Cecilia Beck-Friis	8/8	
Crister Fritzson	8/8	
Regina Nilsson	8/8	
Jan Barchan ²⁾	5/6	

¹⁾ Anders Harrysson is included in the Remuneration Committee from the second meeting in 2015 onwards.

²⁾ Jan Barchan was elected to the Board at the AGM on May 7, 2015.

CEO and Management

The CEO 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 CEO attends Board meetings and provides the Board of Directors with the necessary information and decision-support data. The company's CFO 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 78.

The Board's report on internal controls

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 and risks. The Board of Directors determines important policies, including Finance Policy, Guidelines for Business Ethics and Whistleblower policy.

Risk identification and monitoring

Net Insight's overarching risk evaluation, meaning identifying and evaluating the risk of not reaching business targets, is carried out as part of the company's strategy process where probabilities and measures are discussed with the Board of Directors. This process is repeated in connection with the budget process. These risks are also evaluated and managed in the company's line organization on an ongoing basis. In its reporting to the Board of Directors, management regularly presents significant risk areas that have been identified, such as the company's competitive situation, credit risk and technology trends. For an overview of the company's risks and risk management, see pages 32-33 in the Administration report. In 2015, Net Insight has worked on continuity plans for the company's IT infrastructure and suppliers.

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.

In 2015, the work associated with improving Net Insight's processes primarily focused on improving documentation for job descriptions associated with closing procedures. All major policies were updated and amendments were 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 2015. 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 56533-4397**

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2015 on pages 72-75 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 22, 2016
PricewaterhouseCoopers AB

Mikael Winkvist
Authorized Public Accountant

Board of Directors



1 Lars Berg
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. Other Board assignments: Chairman of Greater Than (Stockholm), vice chairman of Norma Group (Frankfurt) and board member of BioElectric Solutions (Stockholm). 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: 1,000,332 class B shares. Attendance at Board meetings in 2015: 8/8

2 Jan Barchan
Board member since 2015. Born: 1946. Jan Barchan holds a Bachelor of Business Administration and is CEO in Briban Invest AB, Chairman of the Board in Audiodev AB, in Västaby Gård AB and in Västaby Gård Energi AB and is member of the Board of Directors in Assistera AB, Studsvik AB, Trianon AB och Trialbee AB. Independent of the company and management, dependent of the largest shareholder Briban Invest AB. Shareholdings in Net Insight: 48,052,491 shares. Attendance at Board meetings in 2015: 5/6



3 Cecilia Beck-Friis
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 works as an advisor and consultant in digital business development and transformation. Cecilia was previously Executive Vice President of the TV4 Group and Chief Digital Officer of Bonnier Broadcasting. Formerly holding 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. Cecilia is Board member of Paradox Interactive 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 2015: 8/8

4 Gunilla Fransson
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 has in recent years been the 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 2015: 6/8

5 Crister Fritzson
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 2015: 8/8

6 Anders Harrysson
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 2015: 8/8

7 Regina Nilsson
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 Enterprise. 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: 8,200 shares. Attendance at Board meetings in 2015: 8/8

Executive management

1 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: 385,000 class B shares.

2 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.

3 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.

4 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.

5 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.

6 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.

7 Ralph Quintero

COO Product Area ScheduALL

Born: 1965.

Ralph Quintero received education in Management and Information Technology from the University of Miami and Florida International University in the United States of America. In 1989, Ralph founded ScheduALL and has held positions as CTO and COO. Ralph has a background in building technology companies, with focus on engineering financial and retail software. Shareholdings in Net Insight: 0 shares.

8 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.

9 Alan Ryan

Vice President Global Sales

Born: 1965

Alan Ryan holds a BSc (Hons) in Business Studies from University of Bradford. Alan was appointed as Vice President Global Sales of Net Insight in 2015. Has more than 25 years of experience within the Telecoms and IT industry with extensive experience of international sales management focused

on partnerships, alliances and channel management. The past assignments include Sales Director at MTI, UK, Networking General Manager at SCC, and he started his management career at Telia Sonera. Shareholdings in Net Insight: 0 shares.

10 Peter Sergel

Vice President Sales Development New Segment and Head of Sales Western Europe

Born: 1971.

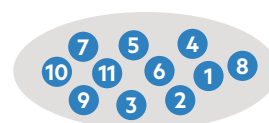
Peter Sergel holds a Master of Science Degree from the Royal Institute of Technology in Stockholm, Sweden. Peter has been employed by Net Insight since 1998 and has held a number of positions within Product Management, Sales, Business Development and Sales Management. Previously Peter has worked with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

11 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.





Shareholder information

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will be held at 10 a.m. on Tuesday, May 10, 2016 at Net Insight's offices in Stockholm, Sweden. Shareholders recorded in the share register maintained by Euroclear Sweden AB on May 3, 2016, and who have notified the Company by 4 p.m. on May 3, 2016, 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 2015.

DISTRIBUTION OF ANNUAL REPORT

The Annual Report 2015 will be published in the week ending April 15, 2016 (week 15) 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.

Interim Report,
January–March
April 27, 2016

AGM 2016
May 10, 10 a.m.

Interim Report,
January–June
July 22, 2016

Interim Report,
January–September
October 28, 2016

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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