Netlight AB

ANNUAL REPORT

2023

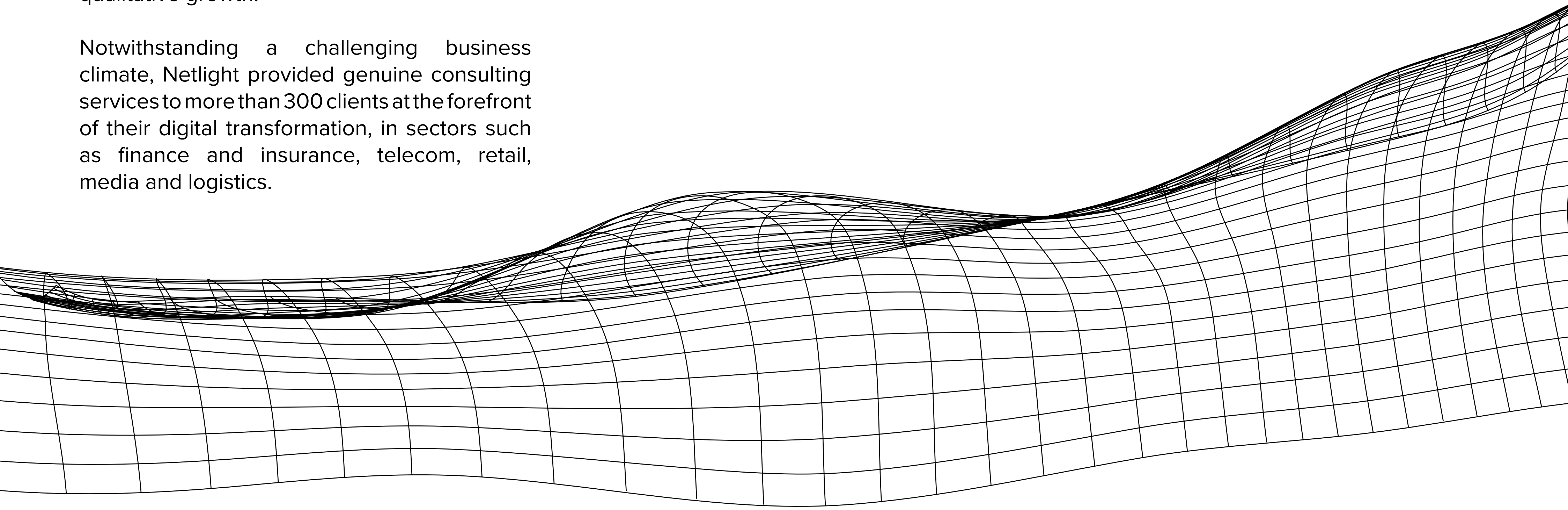
netlight

THE GREATEST CONSULTANTS FOR THE WORLD

2023 started with limited visibility into the business climate and more uncertainty regarding business opportunities. We acknowledged these market challenges from the first day of the year and viewed the current market conditions as an opportunity for qualitative growth.

Notwithstanding a challenging business climate, Netlight provided genuine consulting services to more than 300 clients at the forefront of their digital transformation, in sectors such as finance and insurance, telecom, retail, media and logistics.

Despite the weaker market conditions Netlight grew its active employees by approximately 10%, and in line with this the total revenue increased by 10% to SEK 2.75 billion, resulting in an EBITDA margin of 20.5%.



Management report

The Board of Directors and the CEO of Netlight AB (company registration number 559331-7034), with its registered office in Stockholm municipality, hereby present the annual report and consolidated financial statements for 2023. Netlight AB is the Group Parent Company and the only company in the Group that prepares consolidated accounts for 2023.

This document is an English translation of the original Swedish annual report. In the event of any discrepancies, the Swedish version shall prevail.

Company origin and business

The Board of Directors and the CEO of Netlight AB (company registration number 559331-7034), with its registered office in Stockholm municipality, hereby present the annual report and consolidated financial statements for 2023. Netlight AB is the Group Parent Company and the only company in the Group that prepares consolidated accounts for 2023.

Since 1999, Netlight has assisted clients in various industries, such as finance and insurance, telecom, retail, media, and logistics, to succeed in their ambitious digitalisaton journeys.

As an independent service provider in the digital industry, we value a broad range of knowledge over narrow expertise. Creativity, Competence, and Business Sense are vital to our work and key characteristics of every Netlighter. Netlight's success is built on nurturing talent, working collaboratively, and challenge us.

The year in brief

2023 will remain in the history of books as a year of high uncertainty and market unpredictability due to high inflation, significantly higher interest rates, increased energy prices and geopolitical conflicts. Netlight entered the year by acknowledging that this may not be just a temporary hiccup in the market, but a more long-lasting state in the business climate. Therefore, we created a specific strategy, Rise to Challenge, to navigate the weak market conditions.

Rise to Challenge consisted of four guiding principles:

1. **Conscious growth** – continuously developing new generations
2. **Be consultants** – all of us, delivering tangible value in trusting client relationships
3. **Be in command** – a contributor to Netlight
4. **Less is more** – creativity thrives on constraints

The conscious growth principle meant that after the record-breaking recruitment in 2022, our recruitment efforts were tightly coupled with the sales efforts in all markets. Different markets faced changing conditions at varying paces and magnitudes. The Swedish market was impacted early, while the German market showed more resistance but on a lower than usual level throughout the whole year. In terms of sales, the total volume of the German-speaking offices (Munich, Hamburg, Berlin, Zurich, Frankfurt, and Cologne) is now exceeding Stockholm's, strengthening Netlight's position as an international company. Sales growth was mostly driven by the increased number of active consultants, while also benefitting from improved hourly rates and a favorable exchange rate from EUR to SEK.

One of the themes of the year has been service evolution: crystallising our service offering, developing new types of services, and offering them in a more client friendly manner. This initiative allowed us to shape our offering in cyber security, product, design & user experience, organisational development, software architecture and merger & acquisition advisory. Another new trend across our service portfolio has been the emergence of Generative AI (Artificial Intelligence). Netlight reinforced multiple client deliveries ranging from discovery projects to proof-of-concepts, as well as fully deployed Generative AI products. Generative AI adoption is a significant transformation for many of our clients – both business models and technology. Netlight is well equipped to partner in such transformations, thanks to our extensive experience with digital transformations supporting our clients e.g., in mobile, industry 4.0 and agile transformations.

Share programme

For more than 15 years, Netlight has offered incentive programmes to its employees in order to share the company's value growth. A two-year leveraged share programme for senior employees (LSP) was introduced in conjunction with the 2022 restructuring of the Netlight Group. An additional programme for other staff (RSP) was added in 2023. RSP enables employees who are not eligible to participate in LSP to instead invest in the newly formed company Netlight Employees AB (publ) (NLE), which was specially created to enable these employees to also participate in the company's value growth. By acquiring preference shares in NLE, employees will be able to indirectly invest in the operating company Netlight Consulting AB.

A total of 264 employees participated in the 2023 RSP and were offered the opportunity to acquire preference shares in NLE at a price of SEK 50 per share. A total of 236,189 shares were subscribed for, raising just over SEK 11.8 million including the premium. NLE then used the subscription proceeds to acquire 54 shares in Netlight Holding 2 AB (NL2), corresponding to just over 0.22% of the shares in NL2. The shares (both the preference shares the employees acquired in NLE and the shares NLE subsequently acquired in NL2) were acquired at market price.

The year in brief

Netlight launched its theme for 2024: *Play*. The theme embraces creative entrepreneurship. The annual theme does not refer to play as a break from work – play and work are not opposites. Play is how we do things, how to work playfully. Play is a higher level of collaboration and a way to organize to achieve greatness beyond individual expectation. It is about associative building upon each other, fearless risk-taking and personal caring ownership. The theme builds upon Netlight's core concepts: Creativity, Competency, and Business sense – combining all three, but putting creativity at the center. 2024 is also Netlight's 25th anniversary year.

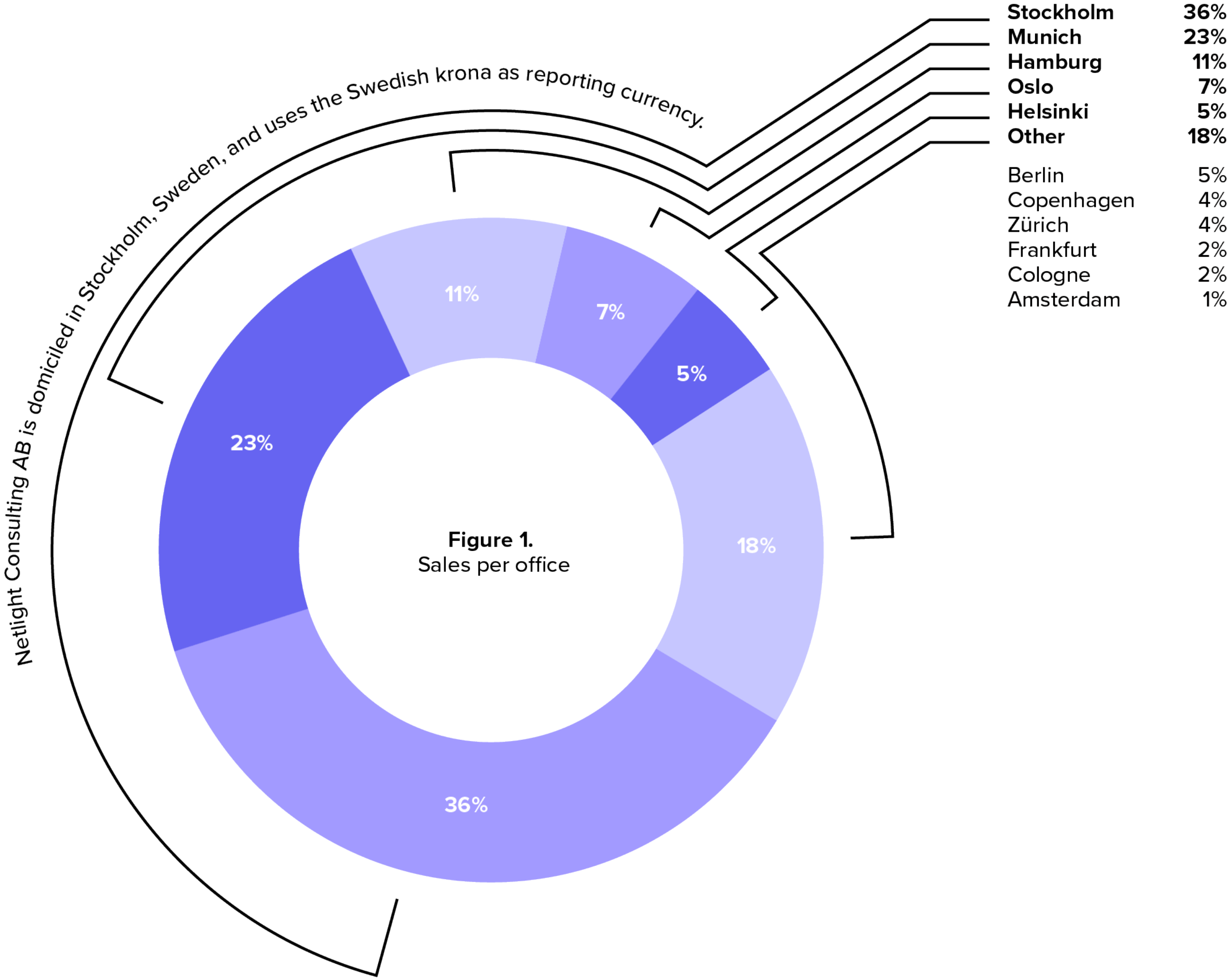


Figure 1.
Sales per office

Sustainability reporting

Sustainability is a key aspect of Netlight's business, and we strive to serve as a role model in the IT industry in this regard and show that change is possible. In addition to our consultants helping our clients with change management and digitalisation, our biggest impact is our daily work, where we jointly contribute to positive change in society. With an active and ambitious commitment to environmental and social work, we strive to spread our sustainability vision beyond Netlight.

Our climate policy, *Climate First*, forms the basis of our environmental work and creates both transparency and leads to concrete results. We regularly measure our climate footprint to initiate positive changes and focus on areas where efforts can have maximum impact. Over the years, we have broadened the range of emissions sources we track, demonstrating our commitment to addressing the challenge of reducing emissions across all sources, not just the most significant ones. Globally, we have reduced our total emissions by 9%.

Netlight aims to be a diverse, fair and inclusive organisation that embraces and celebrates our differences in a creative and safe environment. We are convinced that a focus on Diversity, Equity and Inclusion (DEI) is critical to business success and should therefore be seen as an integral part of Netlight. This has been a recurring theme in various forms throughout Netlight's history. Maintaining a balanced gender distribution is fundamental for a gender-equal company, which is why recruitment and sales processes are consistently guided by a focus on gender equality. In 2022, women accounted for 34% of Netlight's global workforce, and in 2023 that figure continued to rise to 36%.

The employees and their well-being play a central role in Netlight's sustainability work. Netlight as an organisation is based on a strong sense of community and respect for the similarities, differences, experiences, and qualities of our employees. All our employees are offered equal opportunities for both professional and personal development, with a primary emphasis on fostering a safe working environment that prioritises health and well-being. Netlight strongly opposes and has zero tolerance for harassment, bullying and victimisation.

Netlight's sustainability report can be read in full on Netlight's website.

Risk exposure

There are a number of factors that could affect Netlight's operations both directly and indirectly. Operational risks are continuously evaluated as part of daily operations. Below is a description of the significant circumstances and risk factors that are particularly important for Netlight's operations and future development.

Market outlook

Netlight is affected by general political, financial and economic circumstances. Future economic prospects and related uncertainty may affect clients' purchasing habits and have a significant negative impact on demand for Netlight's services, thereby negatively impacting revenue and gross profit margins. Demand for Netlight's services is expected to remain relatively robust, although macroeconomic changes may negatively impact client behaviour and demand. However, the market for the company's services is expected to be significant in response to the digitalisation trend. Netlight manages this risk by always having a relevant offering regardless of service category or business area.

Netlight's large number of framework agreements, stable customer relationships, geographical scope and diversified customer portfolio give the Group good opportunities to manage any weakening of demand. Moreover, Netlight does not depend on any single client, since the ten largest clients account for approximately 19% (21%) of sales. No client accounts for more than approximately 3% (3%) of sales in 2023. Fixed price contracts continue to represent a small proportion of the company's total revenue.

The Netlight brand

The Netlight brand is one of the company's most important business assets. Maintaining brand value and preserving Netlight's reputation are crucial for its future. The impact of the brand applies to both current and

Income and financial position – multi-year overview

Key performance indicators	Group			Parent Company		
	2023	2022	2021	2023	2022	2021
Revenue (SEK million)	2,749	2,483	49.8	-	-	-
EBITDA	561	543	-2.4	-3.6	-0.9	-0.3
Profit/loss after financial items (SEK million)	-219	-144	-16,5	-3.0	2,227.6	-0.3
Total assets (SEK million)	6,034.3	6,474.9	6,976.8	6,706.2	6,708.7	6,602.1
Total employees at year-end	2,034	2,016	1,707	-	-	-
Average number of active employees	1,719	1,540	1,301	-	-	-
Operating margin (%)	20.4%	21.9%	neg	neg	neg	neg
Equity ratio (%)	68.9%	65.8%	95.8%	100%	100%	100%
Sales per active employee (SEK thousand)	1,599	1,613	38	-	-	-

future clients and employees. The risk lies in events that weaken the brand or cause a crisis of confidence, which could result in reduced revenue, profitability and growth opportunities. The company addresses this risk by conducting regular market analysis, continuous brand management, and professional communication.

New competitors

The market for IT consultants, digital solutions and management consultants is fragmented and competitive. Netlight competes with a large number of other market participants with various organisational forms and sizes, all of which apply different business models. The risk relates to competitors or new participants entering the market, consolidating or expanding, which may increase competition and potentially reduce Netlight's market share. To manage this risk, the company has a strong focus on communication and branding. This strategy is aimed at increasing brand recognition and adding emotional drivers to the brand. A well-developed and defined range of services in all business areas, along with collaboration between them, also strengthens Netlight.

Staff risk

Competition for qualified personnel, in terms of both managers and consultants, is expected to remain high in the coming year. This places significant demands on Netlight with respect to its ability to offer attractive terms, tasks, and professional development opportunities. Netlight provides training and education for all staff, and regularly reviews employment conditions to ensure they remain competitive.

IT and information security risks

Netlight's information security strategy includes making employees aware of and educating them about (i) the risks related to processing information and (ii) how Netlight manages various types of information with the support of information classification and underlying information security policies. Furthermore, Netlight has formulated appropriate policies and procedures regarding the handling and processing of information. These policies are supported by technical solutions such as encryption where the information is stored, encrypted links when information is transferred, and purging information that is no longer needed for business. Compliance with policies and procedures is continuously monitored and identified incidents are reported to management to ensure proper compliance in the future.

Liquidity and financing risk

Liquidity risk refers to the risk that the Group is unable to meet its payment obligations due to a lack of liquidity. Financing risk refers to the risk that financing of the Group's capital requirements and refinancing of outstanding loans become more challenging or costly. The strategy for the Group's liquidity planning and financing is to maintain strong financial preparedness and to identify and cover financing needs that arise in the Group. Liquidity and financing risks entail managing loan maturities over time and ensuring that cash and unused credit facilities cover the company's projected short-term liquidity needs.

As of 31 December 2023, the Group had interest-bearing liabilities of SEK 1,540 MSEK (1,925) in the form of loans from credit institutions. In addition, the Group has unutilised credit facilities of MSEK 98 (100). The average maturity of interest-bearing liabilities was 0.9 (0.9) years.

Board of Directors

Composition of the Board of Directors

Netlight AB's Board of Directors currently consists of 7 (7) members elected at the Annual General Meeting on 25 May 2023. Erik Fröberg was re-elected Chairman of the Board. Birgitta Elfversson, Ellen Kugelberg, Gustaf Eriksson, Kristoffer Nilsson, Julie Axelsson were re-elected as members of the Board and Mattias Falkehag was elected as a new member of the board.

Responsibilities and tasks of the Board of Directors

The work of the Board of Directors follows rules of procedure aimed at ensuring its needs for information and decision-making are met. The CEO duo are not members of the Board but participate as rapporteurs, along with other staff members when necessary.

The year was characterised by efforts to analyse the market situation, as well as planning and designing the RSP and preparing for the upcoming refinancing. During the 2023 financial year, the Board held 10 (15) minuted meetings.

Remuneration of the Board of Directors

The 2023 AGM approved a resolution on remuneration to the Board of Directors totaling SEK 1,750,000, whereby the Chairman of the Board receives SEK 500,000 and the five Board members who are not employed by the Group receive SEK 250,000. The Board has not set up any separate committees; all issues are dealt with by the full Board.

Auditor

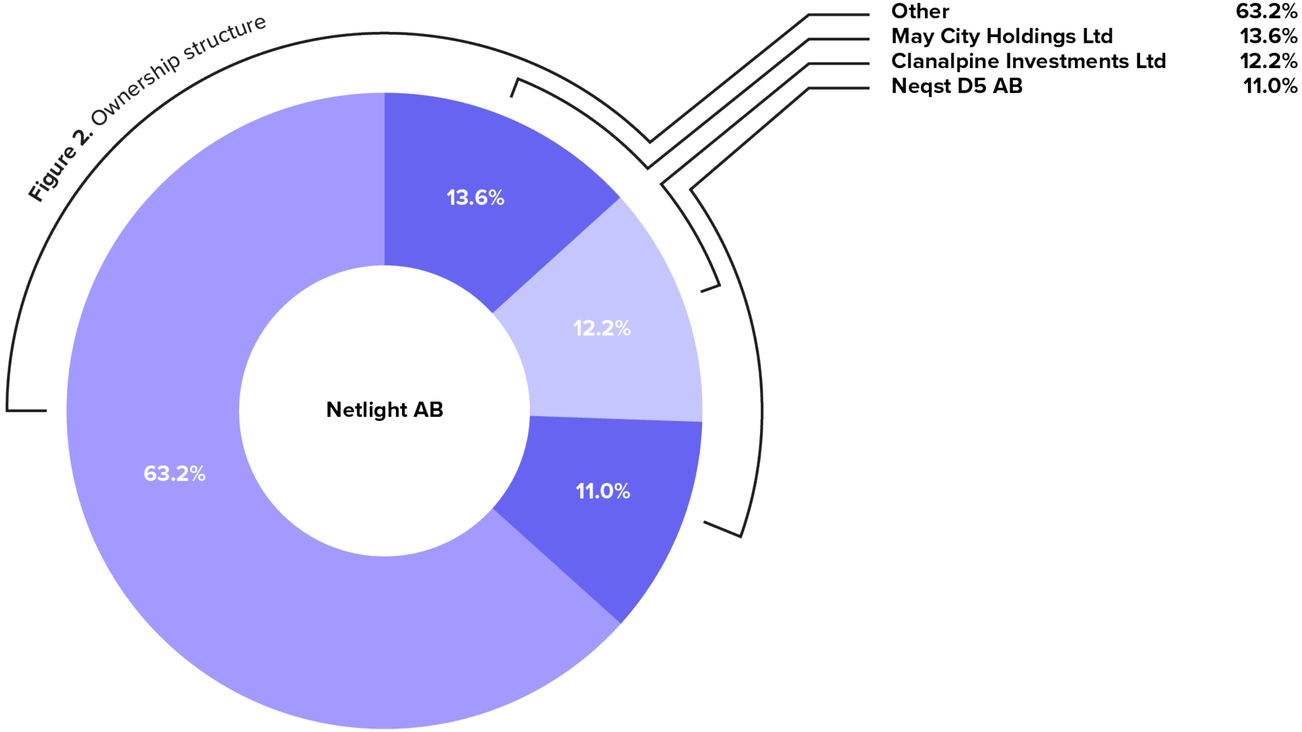
During the year the AGM decided to re-elect the current company auditor Linn Haslum Lindgren, from Ernst & Young. The auditor reports annually to the Board of Directors regarding observations arising from their audit and their assessment of internal control at the company.

Ownership structure

Netlight AB is what is known as a Central Securities Depository (CSD) company and the company's shares are registered with Euroclear. A public share register can be ordered from Euroclear Sweden.

Owners with holdings greater than 10% are presented in the figure below.

Figure 2. Ownership structure



Proposal for appropriation of profits

At the disposal of the Annual General Meeting [SEK]	
Share premium reserve	3,135,689,132
Retained earnings	3,569,977,529
Profit for the year	-2,955,322
Total	**6,702,711,339**

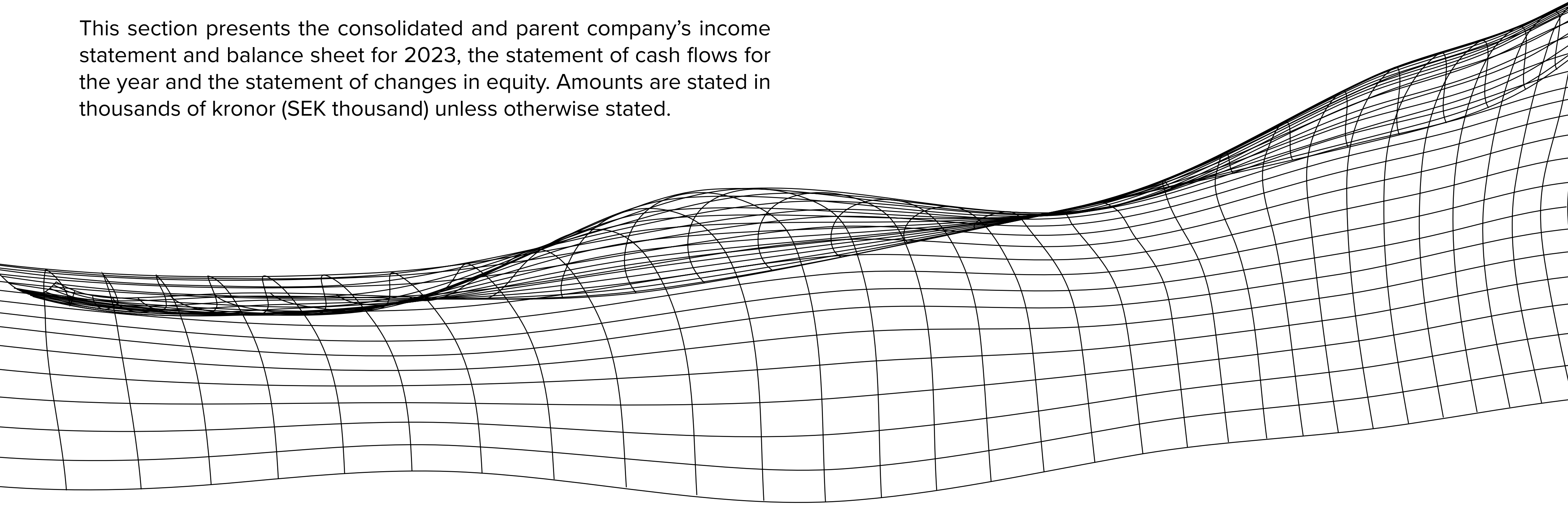
The Board of Directors and the Chief Executive Officer propose that the funds be allocated as follows	
Dividend to shareholders	380,226,075
To be carried forward	6,322,485,264
Total	**6,702,711,339**

The boards statement on the dividend proposal

In accordance with chapter 17, Paragraph 3, second and third section of the Swedish Companies Act, the board of directors has assessed the Parent Company's and the Group's consolidation needs, liquidity, financial position in general and ability to meet its obligations in the long term. The board is of the opinion that the proposed divided is consistent with the prudence concept in the Swedish Companies Act regarding demand on the company's equity, investment needs, liquidity and financial position and the risks associated to the type and size of the operations.

1. ACCOUNTS

This section presents the consolidated and parent company's income statement and balance sheet for 2023, the statement of cash flows for the year and the statement of changes in equity. Amounts are stated in thousands of kronor (SEK thousand) unless otherwise stated.



1.1 Group

1.1.1 Income statement

	Not	2023	2022
Net revenue	1, 3	2,729,361	2,458,438
Other operating income		19,821	24,664
Total revenue		2,749,182	2,483,102
Assignment-specific external costs		-28,711	-23,070
Other external costs	2, 3, 5	-218,345	-188,156
Staff expenses	4	-1,940,765	-1,728,852
Depreciation and amortisation	6, 9	-682,650	-638,274
Total costs		-2,870,471	-2,578,352
Operating profit/loss		**-121,289**	**-95,250**
Profit/loss from financial items			
Impairment		-98	-115
Other interest income and similar items		6,272	20,758
Interest expense and similar items		-103,945	-69,418
Total profit/loss from financial items	7	-97,771	-48,775
Profit/loss after financial items		**-219,060**	**-144,025**
Tax on profit/loss for the year	8	-144,553	-127,799
Profit for the year		**-363,613**	**-271,824**
Profit attributable to:			
Equity holders of the parent		-351,393	-248,384
Minority interest		-12,220	-23,439

1.1.2 Balance sheet

ASSETS

Fixed assets	Not	2023	2022
Intangible assets	9		
Goodwill		5,193,452	5,598,648
Total intangible assets		5,193,452	5,598,648
Property, plant and equipment	6		
Buildings and land		6,297	8,109
Machinery and other technical installations		38,240	28,279
Advances on property, plant and equipment		2,296	2,284
Total property, plant and equipment		46,834	38,672
Financial non-current assets			
Deferred tax assets	12	681	-
Deposits	10	41,422	31,625
Total financial non-current assets		42,102	31,625
Total fixed assets		**5,282,388**	**5,668,945**

Current assets	Not	2023	2022
Current receivables			
Accounts receivable		474,710	432,281
Other receivables		58,155	61,273
Prepayments and accrued income	14	38,006	29,874
Total current receivables		570,871	523,429
Cash and bank balances	15	181,039	282,544
Total current assets		**751,910**	**805,973**
TOTAL ASSETS		**6,034,298**	**6,474,918**

EQUITY AND LIABILITIES

Equity	Not	2023	2022
Share capital	16	2,523	2,523
Other equity including profit/loss for the year		4,150,428	4,247,449
Equity attributable to shareholders of the parent		4,152,951	4,249,972
Minority interest		8,269	12,220
Total equity		**4,161,220**	**4,262,191**
Provisions			
Deferred tax liability	12	2,468	882
Other provisions		-	458
Total provisions		2,468	1,340
Noncurrent liabilities			
Liabilities to credit institutions	17	1,080,000	1,525,000
Deposits		1,981	-
Total noncurrent liabilities		1,081,981	1,525,000
Current liabilities			
Trade payables		49,016	35,953
Current tax liabilities		64,979	41,565
Other liabilities		588 868	520,924
Accruals and prepaid income	18	85 765	87,946
Total current liabilities		788 628	686,387
TOTAL EQUITY AND LIABILITIES		**6,034,298**	**6,474,918**

1.1.3 Cash flow

	Not	2023	2022
Operating activities			
Operating profit/loss		-121,289	-95,250
Adjustments for non-cash items			
Depreciation and amortisation	6, 9	682,650	638,274
Other non-cash items		1,769	1,502
Interest received	7	2,468	1,318
Interest paid	7	-103,816	-58,774
Income tax paid		-137,320	-169,059
Cash flow from operating activities before change in working capital		324,462	318,011
Cash flow from changes in working capital			
Increase/decrease in operating receivables		-34,260	-241,899
Increase/decrease in operating liabilities		20,365	162,504
Cash flow from changes in working capital		-13,895	-79,395
Cash flow from operating activities		**310,567**	**238,616**
Investing activities			
Acquisition of participations in Group companies		-1,505	-3,308
Divestment of participations in Group companies		11,597	60,423
Acquisition of financial non-current assets		-10,264	4,345
Acquisition of property, plant and equipment		-28,413	-16,403
Sale of property, plant and equipment		390	303
Cash flow from investing activities		**-28,195**	**36,669**

	Not	2023	2022
Financing activities			
Change in noncurrent receivables		-	-40
Loans raised		2,049	2,228,790
Amortisation		-385,000	-303,750
Dividends paid		-	-2,231,180
Share/warrant programme (new issue)		-	11,649
Share capital on incorporation		530	75
Cash flow from financing activities		**-382,422**	**-294,457**
Cash flow for the year		**-100,049**	**-19,171**
Cash and cash equivalents, beginning of year		282,544	290,669
Exchange rate difference in cash and cash equivalents		-1,456	11,046
Cash and cash equivalents, year-end	15	**181,039**	**282,544**

1.1.4 Eget kapital

Equity attributable to shareholders of the parent

Opening balance 01 January 2022	Share capital	Other contributed capital	Other equity including profit/loss for the year	Total equity attributable to shareholders of the parent	Minority interest	Total equity
Profit for the year	2,479	6,599,633	-17,595	6,584,517	98,874	6,683,391
Changes in the carrying amounts of assets and liabilities			-248,384	-248,384	-23,439	-271,823
Translation differences			11,756	11,756		11,756
Total changes in value	**-**	**-**	**11,756**	**11,756**	**-**	**11,756**
Transactions with shareholders						
New issue	43	98,714	11,142	109,899		109,899
Reduction of share capital through cancellation of shares (redemption)	-1,258	-2,229,922		-2,231,180		-2,231,180
Bonus issue	1,258	-1,258				
Change between majority and minority			23,364	23,364	-63,215	-39,851
Total transactions with shareholders	**43**	**-2,132,467**	**34,506**	**-2,097,918**	**-63,215**	**-2,161,133**
Closing balance 31 December 2022	**2,523**	**4,467,166**	**-219,718**	**4,249,971**	**12,220**	**4,262,191**

Equity attributable to shareholders of the parent

	Share capital	Other contributed capital	Other equity including profit/loss for the year	Total equity attributable to shareholders of the parent	Minority interest	Total equity
Opening balance 01 January 2023	**2,523**	**4,467,166**	**-219,718**	**4,249,971**	**12,220**	**4,262,191**
Profit for the year			-351,393	-351,393	-12,220	-363,613
Changes in the carrying amounts of assets and liabilities						
Translation differences			250,862	250,862		250,862
Total changes in value			**250,862**	**250,862**		**250,862**
Transactions with shareholders						
Change between majority and minority			3,511	3,511	8,269	11,780
Total transactions with shareholders			**3,511**	**3,511**	**8,269**	**11,780***
Closing balance 31 December 2023	**2,523**	**4,467,166**	**-316,738**	**4,152,951**	**8,269**	**4,161,220**

** Netlight AB owns all preference shares as well as 91,221,215 ordinary shares, which corresponds to 94% of the outstanding ordinary shares in the subsidiary Netlight Holding 1 AB. The preference shares are divided into four series (A, B, C, and D), which grant the shareholder a preemptive right. The terms differ among the preference share series, granting shareholders entitlement to either the paid amount plus Stibor with a margin of 2.5%, or a fixed rate of 5.5%. Notably, the interest rate cannot drop below the agreed margin. When calculating the rights of the preference shareholders according to the terms, these correspond to an amount of 4.4 billion SEK. The available equity attributable to the shareholders in Netlight Holding 1 AB amounted to 4 billion SEK as of the end of 2023. As the total rights of the preference shareholders exceed the available equity, no minority attributable to minority shareholders' ordinary shares is thus reported. The minority that exists is related to a minority interest in the subsidiary Netlight Holding 2 AB.*

1.2 Parent Company

1.2.1 Income statement

	Not	2023	2022
Other external costs	2, 3, 5	-1,282	-875
Staff costs		-2,301	0
Total costs		-3,583	-875
Operating profit/loss		**-3,583**	**-875**
Profit/loss from financial items			
Profit/loss from participations in Group companies		-	2,228,463
Other interest income and similar items		630	26
Interest costs and similar income items		-3	-
Total profit/loss from financial items	7	627	2,228,489
Profit/loss after financial items		**-2,955**	**2,227,614**
Profit for the year		**-2,955**	**2,227,614**

1.2.2 Balance sheet

ASSETS			
Fixed assets	**Not**	**2023**	**2022**
Financial non-current assets	10		
Participations in Group companies	11	6,642,847	6,641,158
Total financial non-current assets		6,642,847	6,641,158
Total fixed assets		**6,642,847**	**6,641,158**
Current assets			
Current receivables			
Receivables from Group companies	13	117	54
Total current receivables		117	54
Cash and bank balances	15	63,246	67,514
Total current assets		**63,363**	**67,568**
TOTAL ASSETS		**6,706,210**	**6,708,726**

EQUITY AND LIABILITIES			
Equity	**Not**	**2023**	**2022**
Restricted equity			
Share capital	16	2,523	2,523
Total restricted equity		2,523	2,523
Unrestricted equity			
Share premium reserve		3,135,689	3,135,689
Retained earnings		3,569,977	1,342,362
Profit for the year		-2,955	2,227,614
Total unrestricted equity		6,702,711	6,705,666
Total equity		**6,705,233**	**6,708,189**
Current liabilities			
Trade payables		-	35
Supplier debts to group companies		926	-
Accruals and prepaid income	18	50	502
Total current liabilities		976	537
TOTAL EQUITY AND LIABILITIES		**6,706,210**	**6,708,726**

1.2.3 Cash flow

Operating activities	Not	2023	2022
Operating profit/loss		-3,583	-875
Interest received		630	26
Cash flow from operating activities before changes in working capital		-2,953	-849
Cash flow from changes in working capital			
Increase/decrease in operating receivables		-64	-54
Increase/decrease in operating liabilities		439	287
Cash flow from changes in working capital		375	233
Cash flow from operating activities		-2,579	-616
Investing activities			
Acquisition of participations in Group companies		-1,689	-1,694
Divestment of participations in Group companies		-	60,423
Cash flow from investing activities		**-1,689**	**58,729**

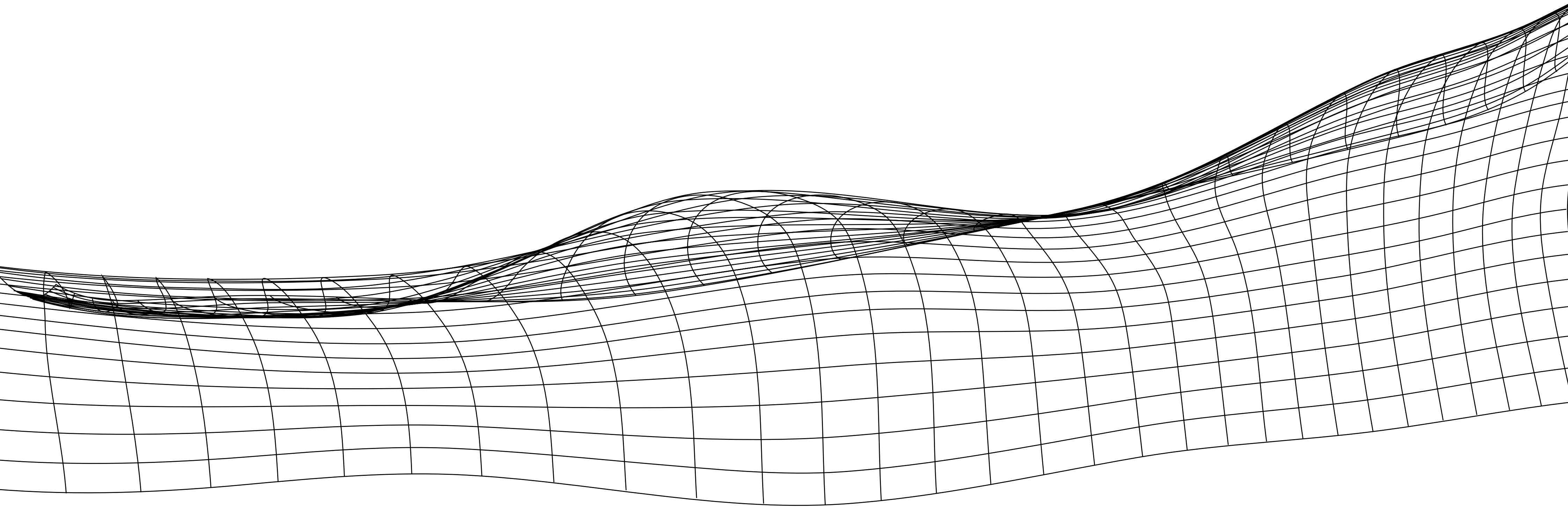
Financing activities	Not	2023	2022
Dividends paid		-	-2,231 180
Dividends received		-	2,228,463
Share/warrant programme (new issue)		-	11,649
Share capital on incorporation		-	-
Cash flow from financing activities		**-**	**8,932**
Cash flow for the year		**-4,268**	**67,044**
Cash and cash equivalents, beginning of year		67,514	469
Cash and cash equivalents, year-end		**63,246**	**67,514**

1.2.4 Equity

	Share capital	Share premium reserve	Other unrestricted equity	Total
Opening balance 01 January 2022	**2,479**	**5,268,156**	**1,331 222**	**6,601,857**
Profit for the year			2,227,614	2,227,614
New issue	43	98,714	11,142	109,899
Shareholder contributions received		-2,231,180		-2,231,180
Closing balance 31 December 2022	**2 523**	**3 135 689**	**3 569 978**	**6 708 189**

Opening balance 01 January 2023	**2,523**	**3,135,689**	**3,569,978**	**6,708,189**
Profit for the year			-2,955	-2,955
New issue				
Dividends				
Closing balance 31 December 2023	**2,523**	**3,135,689**	**3,567,022**	**6,705,234**

2. NOTES



Additional disclosures

Accounting policies, etc.

General accounting policies
This annual report and the consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and Swedish Accounting Standards Board (BFNAR) regulation 2012:1 on Annual Reports and Consolidated Financial Statements (K3).

Basis of consolidation
These consolidated financial statements were prepared using the acquisition method. The consolidated financial statements cover the parent and its subsidiaries. Subsidiaries are those companies where the parent directly or indirectly exercises control. Normally, this refers to companies where the parent holds more than 50% of the voting rights. The consolidated financial statements include subsidiaries as of the date the Group gains control until the date that controlling influence ceases. The accounting policies of the subsidiaries are otherwise consistent with those of the Group.

In the consolidated accounts, the appropriations of the Group entities are cancelled and included in profit/loss less deferred taxes. Therefore, the untaxed reserves in Group companies recognised in the consolidated statement of financial position is allocated between deferred tax liability and equity.

All intra-group transactions and balances have been eliminated in the preparation of the consolidated accounts.

Minority interest
The Group's earnings and components of equity are attributable to the owners of the parent and minority interests. Minority interests are recognised separately within equity in the consolidated balance sheet and directly in the item Profit or loss for the year in the consolidated profit and loss account.

If the consolidated equity of a subsidiary is negative, the minority interest in the subsidiary is recognised as a receivable from the minority, a negative equity item, only if the minority has a binding obligation to cover the capital shortfall and has the ability to fulfil the obligation.

Business combinations
Business combinations are recognised using the acquisition method.

The purchase price of the business combination is measured at fair value at the acquisition date, which is calculated as the sum of the fair values at the acquisition date of assets paid, liabilities incurred or assumed, equity instruments issued and expenses directly attributable to the business combination.

When acquiring fewer than all the shares of the acquired entity, the value of the minority share is deducted from the cost. The minority interest in the assets and liabilities of the acquired entity, including goodwill or negative goodwill, is measured at fair value.

Changes in holdings
Acquisition or divestment of participations in subsidiaries both before and after the change are considered to be a transaction between owners and the effect of the transaction is recognised directly in equity.

Goodwill
Goodwill represents the difference between the cost of acquisition and the Group's share of the fair value of the identifiable assets and liabilities of an acquired

subsidiary at the date of acquisition. At the time of acquisition, goodwill is recognised at cost and after initial recognition it is measured at cost less amortisation and any impairment losses.

At each balance sheet date, the entity assesses whether there is any indication that the value of goodwill is less than its carrying amount. If there is such an indication, the entity calculates the recoverable amount of goodwill and performs an impairment test. When testing for impairment, goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition. If the recoverable amount of a cash-generating unit is determined to be less than the carrying amount, the impairment loss is allocated, first reducing the carrying amount of goodwill allocated to the cash-generating unit and then reducing the carrying amount of other assets in proportion to the carrying amount of each asset in the unit.

A recognised impairment of goodwill is reversed in a subsequent period only if the impairment was caused by a specific external event of an unusual nature that is not expected to recur and subsequent events have occurred that negate the effects of that event.

Revenue recognition
Revenue is recognised at the fair value of the consideration received or receivable, net of value added tax, discounts and similar deductions.

Interest, royalties and dividends
Remuneration in the form of interest, royalties or dividends is recognised as revenue when it is probable that the economic benefits associated with the transaction will flow to the Group and when the income can be reliably measured.

Interest is recognised as revenue using the effective interest method.

Royalties are accrued according to the economic substance of the agreement.

Dividends from subsidiaries are recognised as revenue when the right to receive dividends is deemed certain and can be reliably calculated.

Services and contractual assignments
Services and contractual assignments on current account are recognised as revenue as the work is performed. Accrued, nonvoiced revenue is recognised in the balance sheet at the amount expected to be invoiced and is presented in the item Work performed but not yet invoiced.

Income from services and contractual assignments is recognised as revenue as work is completed, using the percentage of completion method. When calculating accrued profit, the percentage of completion is measured as the relationship of expenses paid as of the balance sheet date and estimated total expense for the completed contract. The difference between revenue recognised and billed partial payments is recognised in the statement of financial position as Work performed but not yet invoiced.

Borrowing costs
Borrowing costs for loan capital are recognised in the income statement in the period in which they arise.

Leases
The Group is a lessee in operating leases when the economic risks and benefits associated with the asset have not been transferred to the Group. Lease payments, including any initial increase in rent, are recognised as an expense on a straight-line basis over the lease term.

Appropriations
Group contributions are recognised as appropriations. Group contributions made to a subsidiary are recognised in the income statement.

Employee benefits
Employee benefits refer to all types of benefits provided by the Group to its employees. The Group's remuneration includes salaries, paid annual leave, other paid leave and bonuses. It is recognised as it is earned.

The Group only offers defined contribution pension plans. Expenditure for defined contribution plans is recognised as an expense in the period in which the employees render the services related to the obligation.

Estimates and judgements
Estimates and judgements are reviewed periodically and are based on historical experience and other factors, including expectations of future events considered reasonable under the prevailing circumstances. The Group makes estimates and assumptions about the future for accounting purposes. The resulting estimates for accounting purposes will, by definition, rarely correspond to the actual figures.

In Netlight's case, relatively few assessment items are involved, and these are mainly related to trade receivables.

Foreign currency
The parent company's reporting currency is the Swedish krona (SEK).

Translation of items in foreign currencies
Receivables and liabilities in foreign currency have been measured at the closing rate. Exchange rate gains and losses on operating receivables and liabilities are recognised in operating profit or loss, while exchange rate gains and losses on financial receivables and liabilities are recognised as financial items.

Taxes
Tax expense is the sum of current and deferred tax. Taxes are recognised in the income statement, except when the underlying transaction is recognised directly in equity, in which case the related tax effect is recognised in equity.

Current tax
Current tax refers to income tax for the current financial year and the portion of income tax for previous financial years that has not yet been recognised. Current tax is calculated using the tax rate applicable as of the balance sheet date.

Deferred tax
Deferred tax is income tax related to future financial years resulting from previous events and is recognised using the balance sheet liability method. Under this approach, deferred tax liabilities and deferred tax assets are recognised for temporary differences arising between the carrying amounts and tax bases of assets and liabilities, as well as for other tax deductions or losses.

Deferred tax assets are netted against deferred tax liabilities only if they can be paid with a net amount. Deferred tax is calculated using the tax rate applicable at the balance sheet date. The effects of changes in tax rates are recognised in the period in which the change is enacted. Deferred tax assets are reduced to the extent that it is not probable that the underlying tax asset will be realised in the foreseeable future. Deferred tax assets are recognised as financial assets and deferred tax liabilities as provisions.

Fixed assets

Property, plant and equipment and intangible fixed assets are recognised at cost less accumulated depreciation and any impairment losses.

Intangible assets

Intangible assets are amortised on a straight-line basis over their expected useful life. The estimated useful life of goodwill is 10 years.

Property, plant and equipment

Property, plant and equipment have been separated into significant components when the components have significantly different useful lives.

The depreciable amount is the cost of an asset less its estimated residual value if it is material. Depreciation is on a straight-line basis over the expected useful life.

The following depreciation periods are applied:

Depreciation Policy - Group	Per year
Office improvements	Lease period
Other equipment	20%

Financial non-current assets

For financial non-current assets measured at amortised cost, impairment is calculated as the difference between the asset's carrying amount and the present value of senior management's best estimate of future cash flows. Discounting is done at a rate equal to the original effective interest rate of the asset. The interest rate at the balance sheet date is used for floating rate assets.

Pledged assets

For each liability item in the balance sheet, if collateral has been provided, the extent of the collateral and its nature and form shall be disclosed.

Assets pledged as security for the benefit of a Group company, associate or jointly controlled entity with which the company shares ownership, shall be disclosed separately.

Receivables, liabilities and provisions

Receivables are recognised at the lower of cost and the amount that is anticipated to flow to the company, unless otherwise stated. Non-current receivables and non-current liabilities are measured after initial recognition at amortised cost. Other liabilities and provisions are measured at the amounts at which they are expected to be settled. Other assets are recognised at cost unless otherwise stated above.

Cash flow

Cash flow was prepared using the indirect method. Cash and cash equivalents relate to cash and bank balances. Only transactions that result in cash inflows and outflows are reported in cash flow.

Definition of key performance indicators

Key performance indicators	Definition
Equity ratio (%)	Equity + 79.4% of untaxed reserves in relation to total assets
Growth (%)	Change in total revenue in relation to the previous year
Sales per employee	(Total revenue) divided by (average number of employees)
EBITDA (Operating profit/loss)	Earnings before interest income and expenses, taxes, depreciation of property, plant and equipment and amortisation of intangible assets (goodwill)
Operating margin (%)	EBITDA in relation to total revenue

Accounting policies – Parent company

Only accounting policies that differ from those applied in the consolidated accounts are presented.

Participations in Group companies

Participations in Group companies are recognised at cost less any impairment. Dividends are recognised as income, even if the dividends relate to profits accumulated before the date of acquisition. Dividends from subsidiaries are recognised as revenue when the right to receive dividends is deemed certain and can be reliably calculated.

Note 1 – Breakdown of net revenue

Net sales are broken down by geographical markets as follows:

Allocation of net revenue	Group	
	2023	2022
The Nordics	44%	49%
Rest of Europe	55%	51%
Rest of World	1%	-
Total	**100%**	**100%**

The Group has entered into the following new material leases which are recognised as operating leases:

- *New lease signed for office space in Copenhagen 1 Jan. 2024 - 31 Dec. 2027*
- *New lease signed for office space in Hamburg 1 June 2023 - 31 May 2028*
- *New lease signed for office space in Frankfurt 1 Jan 2023 - 31 Dec. 2025*
- *New lease signed for office space in Munich 1 July 2023 - 30 June 2032*

The remaining lease costs of significant value relate to office premises in Stockholm, Oslo, Berlin, Helsinki, Zurich, Cologne and Amsterdam, along with electronic equipment and pre-school facilities in Munich.

Note 2 – Operating leases

Operating leases	Group		Parent Company	
	2023	2022	2023	2022
Expensed lease payments related to operating leases	104,384	65,920	-	-
Future minimum lease payments relating to non-cancellable operating leases:				
- to be paid within 1 year	118,815	93,754	-	-
- to be paid within 1-5 years	351,254	287,475	-	-
- to be paid > 5 years	1,218	66,344	-	-
Total future minimum lease payments	**575,671**	**513,493**	**-**	**-**

Note 3 – Related party transactions (Parent)

Related party transactions:
The parent has a related party relationship with its subsidiaries (see note 11).

Related party transactions	Parent Company	
	2023	2022
Net revenue to subsidiaries	0 (0%)	0 (0%)
Purchases from subsidiaries	927 (25.9%)	438 (50%)

The parent company does not have any sales.

Note 4 – Remuneration to the employees and other data

Salaries and other benefits*	Group		Parent Company	
	2023	2022	2023	2022
Katri Junna (CEO)	2,612	2,527	-	-
Felix Sprick (deputy CEO)	5,881	6,747	-	-
Other employees	1,469,573	1,313,087	-	-
Total Board of Directors	1,750	442	1,750	-
Gustaf Eriksson	250	250	250	-
Kristoffer Nilsson	250	80	250	-
Patrik Wahlström	-	56	-	-
Julie Axelsson	250	-	250	-
Erik Fröberg	500	-	500	-
Birgitta Elfversson	250	-	250	-
Mattias Falkehag	-	-	-	-
Ellen Kugelberg	250	56	250	-
Total	**1,478,066**	**1,322,803**	**1,750**	**-**

** Refers to expenses for the financial year. No bonus or similar was paid and no contractual terms were agreed regarding severance pay or similar benefits to members of the Board of Directors, the CEO, or other individuals in senior management.*

Other staff costs*	Group		Parent Company	
	2023	2022	2023	2022
Social contributions CEO, Deputy CEO	225	229	-	-
Social security contributions Board of Directors	550	139	550	-
Social security contributions other employees	302,629	266,574	-	-
Total social security contributions	303,405	266,781	550	-
Pension expenses CEO	474	457	-	-
Other pension expenses	68,045	64,147	-	-
Total pension expenses	68,519	64,604	-	-
Total	**371,924**	**331,385**	**550**	**-**

** There are no outstanding pension obligations to the CEO, employees, or the Board of Directors.*

Staff	Group		Parent Company	
	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Number of employees	2,033	2,029	-	-
- of which male	*1,297*	*1,332*	-	-
Senior management	28	25	-	-
- of which male	*20*	*18*	-	-
Board members	7	7	-	-
- of which male	*4*	*4*	-	-

Average number of employees by country	Group	
	2023	2022
Sweden	719	690
- of which male	*482*	*481*
Denmark	70	59
- of which male	*51*	*41*
Finland	103	92
- of which male	*72*	*66*
Norway	135	124
- of which male	*86*	*86*
Germany	638	531
- of which male	*420*	*363*
Switzerland	42	38
- of which male	*24*	*25*
The Netherlands	12	7
- of which male	*7*	*3*
Total	1,719	1,541
- of which male	*1,142*	*1,065*

Note 5 – Disclosure of auditors' fees

Disclosure of auditors' fees	Group		Parent Company	
Ernst & Young (EY), All countries	2023	2022	2023	2022
Audit assignments	1,872	1,318	104	50
Tax advice	178	237	-	-
Other services	97	412	-	144
Total, Ernst & Young (EY)	2,147	1,967	104	194
Oury Clark, United Kingdom				
Audit assignments	69	63	-	-
Other services	23	11	-	-
Total, Oury Clark	92	74	-	-
Caminada, Switzerland				
Audit assignments	144	125	-	-
Other services	-	-	-	-
Total, Caminada	144	125	-	-
Total	**2,383**	**2,166**	**104**	**194**

Note 6 – Property, plant and equipment

Machinery and other technical installations	Group	
	2023	2022
Opening cost	73,638	56,984
Purchases	27,198	13,716
Sales/Disposals	-1,981	-1,386
Exchange rate differences	-1,050	4,317
Closing cost	97,805	73,631
Opening depreciation	-45,353	-31,903
Depreciation for the year	-16,773	-12,050
Depreciation relating to disposals	1,591	1,079
Exchange rate differences	590	-2,476
Closing accumulated depreciation	-59,946	-45,352
Closing carrying amount	**37,860**	**28,279**

Depreciation according to plan is charged against operating profit in the income statement, which is calculated from the original cost and based on the estimated economic useful life of the asset. No excess depreciation was recognised.

Note 6 – Property, plant and equipment continued

Buildings and land	Group	
	2023	2022
Opening cost	16,071	13,103
Purchases	811	2,687
Sales/Disposals	-82	-119
Exchange rate differences	-38	400
Closing cost	16,762	16,071
Opening depreciation	-7,963	-5,178
Depreciation for the year	-2,577	-2,634
Depreciation relating to disposals	33	119
Exchange rate differences	42	-269
Closing accumulated depreciation	-10,464	-7,962
Closing carrying amount	**6,297**	**8,109**

Advances on property, plant and equipment	2023	2022
Opening cost	2,284	77
Purchases	163	2,284
Sales/Disposals	-152	-77
Closing cost	**2,296**	**2,284**

Note 7 - Financial items

Impairment	Group		Parent Company	
	2023	2022	2023	2022
Impairment of loan to Netlight Consulting Ltd	-98	-115	-	-
Total	**-98**	**-115**	**-**	**-**

Profit/loss from participations in Group companies				
Profit/loss from participations in Group companies	-	-	-	2,228,463
Total	**-**	**-**	**-**	**2,228,463**

Interest income and similar items				
Interest income from Group companies	-	-	-	26
Exchange rate differences	3,803	20,684	11	-
Other interest income	2,468	74	619	-
Total	**6,272**	**20,758**	**630**	**26**

Interest expense and similar items				
Exchange rate differences	-129	-12,027	-3	-
Interest expense on bank loans	-96,681	-50,070	-	-
Other interest expense	-7,135	-7,321	-	-
Total	**-103,945**	**-69,418**	**-3**	**-**

Note 8 – Tax on profit/loss for the year

Tax on profit/loss for the year	Group		Parent Company	
	2023	2022	2023	2022
Current tax	144,419	128,097	-	-
Deferred tax	134	-298	-	-
Total current tax expense	**144,553**	**127,799**	**-**	**-**
Average effective tax rate	*-66.0%*	*-88.7%*	*0.0 %*	*0.0 %*

Reconciliation of effective tax rate	Group		Parent Company	
	2023	2022	2023	2022
Recognised profit/loss before tax	-219,060	-144,025	-2,955	2,227,614
Tax on recognised profit/loss at applicable tax rate (20.6%):	-45,126	-29,669	-609	458,889
Tax effect of:				
Non-deductible expenses	6,469	3,290	-	-
Non-taxable income	-2,847	-2,383	-	-
Non-taxable dividends from subsidiaries	-	-	-	-459,063
Non-deductible amortisation of goodwill	136,639	128,460	-	-
Increase in loss carry-forwards not capitalised	21,975	339	609	-
Deferred tax	-108	-454	-	175
Difference in effective tax rate between countries	27,511	28,216	-	-
Recognised tax	**144,553**	**127,799**	**-**	**-**

Note 9 – Intangible assets

Goodwill	2023	2022
Opening cost	6 235 902	6 235 902
Through the acquisition of subsidiaries	-	-
Exchange rate differences	258 101	-
Closing cost	6 494 003	6 235 902
Opening depreciation	-637 254	-13 664
Depreciation for the year	-663 296	-623 590
Closing accumulated depreciation	-1 300 551	-637 254
Closing carrying amount	**5 193 452**	**5 598 648**

Note 10 – Financial non-current assets

Depositioner	Group		Parent Company	
	2023	2022	2023	2022
Opening cost	31,625	26,197	-	-
Additional receivables	10,629	5,445	-	-
Sales/Disposals	-747	-1,100	-	-
Exchange rate differences	-85	1,083	-	-
Closing cost	41,422	31,625	-	-
Closing carrying amount	**41,422**	**31,625**	**-**	**-**

Note 11 – Participations in Group companies

Participations in Group companies	Share of capital	Share of votes	Carrying amount 2023	Carrying amount 2022
Netlight Holding 1 AB	91%	91%	6,642,271	6,641,083
NL3A Holding AB	100%	100%	25	25
NL3B Holding AB	100%	100%	25	25
Netlight Employees AB (publ)	94%	99%	500	0
NL4 Holding AB	100%	100%	25	25
Total			**6,642,846**	**6,641,158**

Revaluation of shares and participations in Group companies	2023	2022
Opening cost	6,641,158	6,601,637
Acquisitions during the year	1,688	943
- Whereof repurchase of shares in subsidiaries	1,188	868
- Whereof establishment of new subsidiaries	500	75
Shareholder contributions		97,387
Divestments		-58,809
Closing cost	6,642,846	6,641,158
Closing carrying amount	**6,642,846**	**6,641,158**

Details of the company registration numbers and registered offices of the subsidiaries are presented below.

Subsidiary	Company registration number	Registered office
Netlight Holding 1 AB	559342-0655	Stockholm
NL3A Holding AB	559407-1580	Stockholm
NL3B Holding AB	559407-1598	Stockholm
NL4 Holding AB	559407-1606	Stockholm
Netlight Employees AB (publ)	559419-1685	Stockholm

Note 12 – Deferred taxes

Deferred tax assets	Group		Parent Company	
	2023	2022	2023	2022
Opening balance	-	51	-	-
Change for the year	681	-51	-	-
Closing balance	**681**	**-**	**-**	**-**

Deferred tax liabilities	Group		Parent Company	
	2023	2022	2023	2022
Opening balance	882	-	-	-
Change for the year	1,586	882	-	-
Closing balance	**2,468**	**882**	**-**	**-**

Note 13 – Intra-group trade receivables and trade payables

Current receivables from Group companies	Parent Company	
	2023	2022
Receivables from Group companies	117	54
Total	**117**	**54**

Current payables from Group companies	Parent Company	
	2023	2022
Payables to Group companies	927	-
Total	**927**	**-**

Note 14 – Prepayments and accrued income

Prepayments and accrued income	Group		Parent Company	
	2023	2022	2023	2022
Prepaid lease expenses	9,538	8,993	-	-
Other prepayments	13,340	17,663	-	-
Prepaid insurance premiums	3,565	3,218	-	-
Accrued income	11,563	-	-	-
Total	**38,006**	**29,874**	**-**	**-**

Note 15 – Cash and bank balances

Cash and bank balances	Koncern		Parent Company	
	2022	2021	2023	2022
Cash	1	2	-	-
Available bank balances	181,038	282,542	63,246	67,514
Total	**181,039**	**282,544**	**63,246**	**67,514**

Note 16 – Total shares and par value

Shares	2023	2022
Number of shares outstanding (par value SEK 0.10)	633,710,125	633,710,125
Total	**633,710,125**	**633,710,125**

In 2022, a share programme was implemented for those employees not covered by the leverage programme. A total of 1,576,801 shares were issued at a subscription price of SEK 7.07 per share, and the share capital increased by SEK 6,276.51. The shares were registered in June 2022. In 2023 no new shares were issued.

There are currently no outstanding warrants.

Note 17 – Pledged assets and contingent liabilities

Pledged assets and contingent liabilities	Group		Parent Company	
	2023	2022	2023	2022
Deposits	41,422	31,625	-	-
Shares in subsidiaries *	4,095,169	4,195,086	6,642,847	6,641,158
Contingent liability for the benefit of subsidiaries, proprietary guarantee **	1,540,000	1,925,000	1,540,000	1,925,000

** Shares in the subsidiaries Netlight Holding 2 AB, Netlight Consulting AB (publ), Netlight Consulting ApS, Netlight AS and Netlight Consulting OY are pledged to Danske Bank as security for the Group's loan in Netlight Holding 2 AB. The amount refers to the carrying amount.*
*** Netlight Consulting AB (publ), Netlight Consulting ApS, Netlight Consulting Oy, Netlight Consulting GmbH have issued guarantee obligations.*

Note 18 – Accruals and prepaid income

Accruals and prepaid income	Group		Parent Company	
	2023	2022	2023	2022
Annual leave pay liability	62,362	53,327	-	-
Accrued salaries to employees	15,484	25,543	-	-
Other accrued expenses	7,437	8,869	50	502
Accrued interest expense	482	207	-	-
Total	**85,765**	**87,946**	**50**	**502**

Note 19 – Significant events after the end of the year

After the end of the financial year, Netlight launched the theme for 2024, *Play*. This year's theme highlights creative entrepreneurship. It is not about a break from work - Play and work are not opposites - but instead it is about how we do things and an attitude to work that is based on us creating together. By building on each other's ideas and thoughts, we can achieve a result that exceeds expectations. The theme Play also reinforces Netlight's core concept: Creativity, Competence and Business.

Finally, Netlight also celebrates 25 years as a company in 2024.

Note 20 – Proposal for appropriation of profits

At the disposal of the Annual General Meeting [SEK]	
Share premium reserve	3,135,689,132
Retained earnings	3,569,977,529
Profit for the year	-2,955,322
Total	**6,702,711,339**

The Board of Directors and the CEO propose that the funds be allocated as follows	
Dividend to shareholders	380,226,075
To be carried forward	6,322,485,264
Total	**6,702,711,339**

The Board of Directors and CEO of Netlight AB in Stockholm as of the date indicated by our electronic signature.

Erik Fröberg
Chair

Birgitta Elfversson
Director

Ellen Kugelberg
Director

Gustaf Eriksson
Director

Kristoffer Nilsson
Director

Julie Axelsson
Director

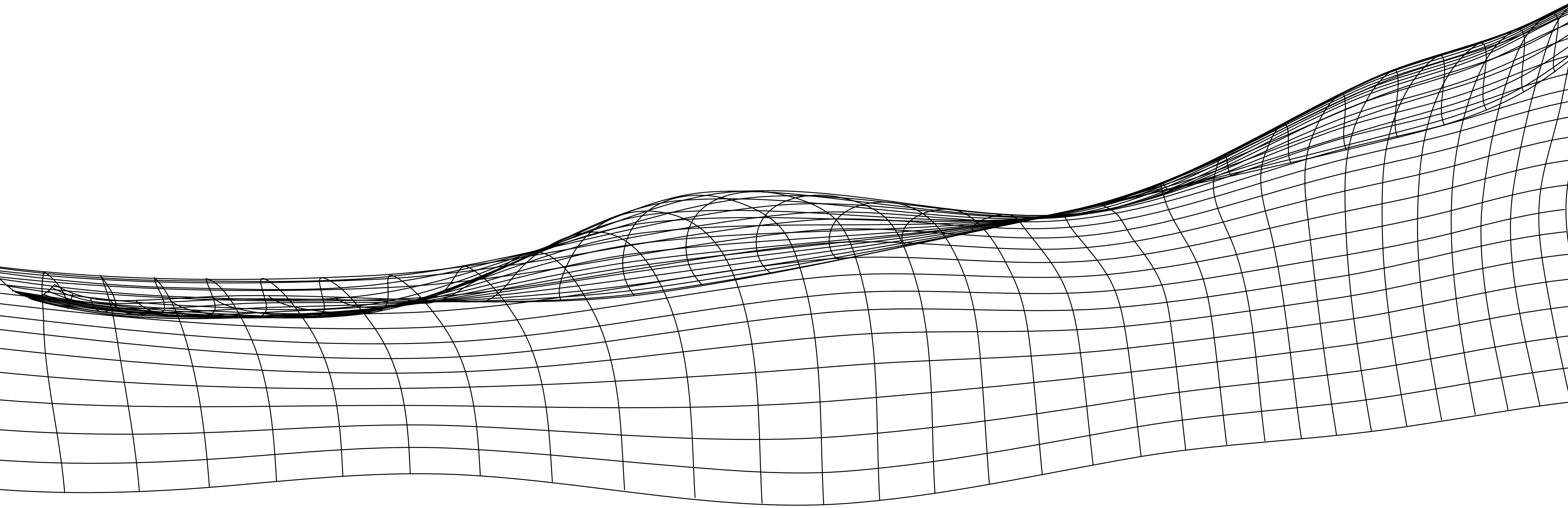
Mattias Falkehag
Director

Katri Junna
CEO

Our audit report was submitted on the date indicated by our electronic signature.

Ernst & Young AB
Linn Haslum Lindgren
Authorised Public Accountant

6. AUDIT REPORT



Netlight AB, 559331-7034, Stockholm, Sweden

netlight