

ANNUAL REPORT

Netlight AB

Make It Real – the year of engagement

As 2022 began, the world had left the pandemic lockdowns behind and Netlight was off to a strong start. This optimism was eventually replaced by uncertainty due to world events, resulting in a market slowdown towards the end of the year. Netlight's theme for the year was *Make It Real - the year of engagement*. Netlight had over 300 active clients, all at the forefront of their digital transformation, in sectors such as finance and insurance, telecoms, e-commerce, media and logistics. We reached the milestone of 2,000 employees, Netlight's total revenue increased by 20% to SEK 2.45 billion and the eleventh office opened in Cologne, Germany.



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 2022.

Netlight AB is the Group Parent Company and the only company in the Group that prepares consolidated accounts for 2022.

Company origin and business

Netlight is an IT and management consulting company with around 2,000 employees throughout Europe. We have almost 850 employees in Sweden, and internationally Netlight has operations in Denmark, Finland, the Netherlands, Norway, Germany, and Switzerland where we employ approximately 1,150 employees.

Since 1999, Netlight has been helping clients in industries such as media, finance, e-commerce and transport succeed in their ambitious digitalisation journeys. We offer our 300 clients worldwide a wide range of digital services. As an independent service provider in the digital industry, a broad range of knowledge is more important than narrow expertise. Competency, creativity and professionalism are vital to our work and also the hallmarks of our employees.

Netlight's success is rooted in our ability to nurture talent, create collectively and challenge ourselves. In recent years, we have received an array of awards for our growth and for our proactive approach to social issues such as gender equality.

The year in brief

In the aftermath of the pandemic and the lockdowns, the year was off to a strong start with high demand for our

services and a record high rate of new hires. The war in Ukraine changed the tone: while Netlight had no direct business activities in Ukraine, several of our clients had branches there and we also have employees who come from the region. As the year continued with high energy prices, inflation and increased caution in investments in digitalisation, this led to uncertainty and a slowdown in the market towards the end of the year. Netlight's performance reflected the general market climate, with a strong performance in the first half of the year, while the second half was less robust. Despite the weaker market towards the end of the year, the operating margin was 22%.

In terms of sales, the total volume of the German-speaking offices (Munich, Hamburg, Berlin, Zurich and Frankfurt) is equivalent to that of Stockholm, strengthening Netlight's position as an international company. Sales growth was mainly driven by the increased number of consultants, while also benefitting somewhat from a favourable exchange rate from EUR to SEK. We see continued growth potential in the German market and opened a new office in Cologne during the year. Netlight now has a presence in eleven cities in seven countries in Northern Europe.

2022 was a record year for new hires. Almost 600 new colleagues joined Netlight, and by the end of the year the company crossed the magic threshold of 2,000 employees. Stockholm continued to be the growth engine for the entire Group, which is a remarkable achievement given the size of the Stockholm office and its mature position in the market with over 850 employees. Netlight's share of women grew steadily to over 30% for the full year, demonstrating the success of our targeted gender equality efforts over the past decades. While we have learned much about how to build an equitable IT company, more needs to be done. We are committed to continuing to develop regarding the broader spectrum

of Diversity, Equity and Inclusion(DEI) and to support this we formulated our DEI strategy, *Kaleidoscope*, in the autumn.

Netlight is a movement with long-term intentions that is developing organically over time. To support this long-term development, Netlight works with strategic agendas that span several years. During the spring conference, Netlight launched its new strategic agenda, *Coming of Age*. The agenda introduced concepts such as *career journeys* (highlighting changes in personal development) and *office journeys* (a framework for working with offices at different stages of maturity), which will be fundamental in supporting our future growth.

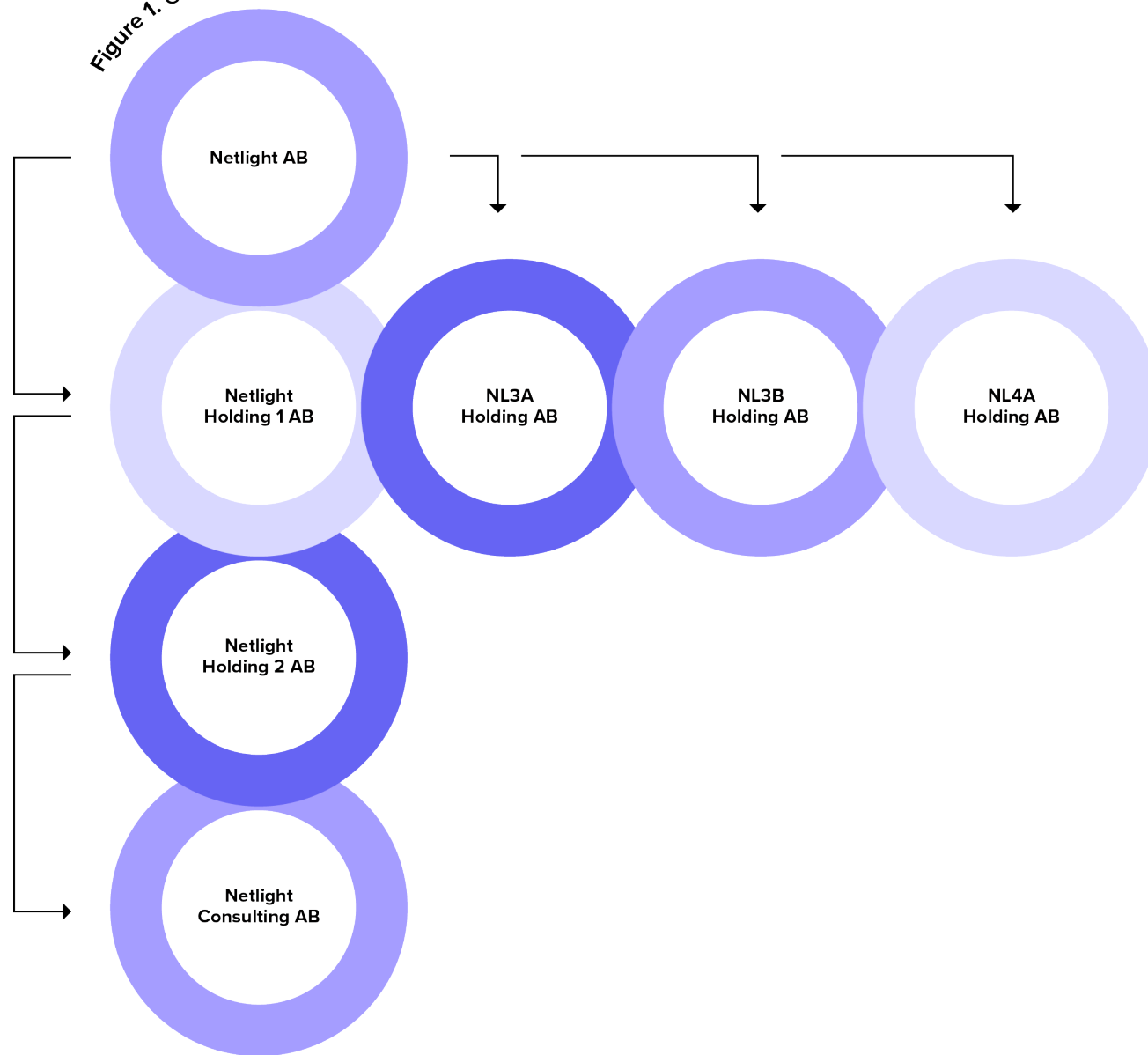
Another achievement in 2022 was the finalisation of the new corporate structure. Cultural ownership has always been strong among Netlight's employees, and the new corporate structure enables the development of share ownership for active employees, which we believe will provide long-term benefit for the company.

New corporate structure at Netlight

The new corporate structure was created at the end of 2021 with the vast majority of shareholders (98.5%) choosing to transfer their shares to Netlight AB. In 2022, three additional transactions were carried out whereby shares in Netlight Consulting AB (publ) were exchanged for shares in Netlight AB. Upon completion of the last transaction, all shareholders had transferred their shares to Netlight AB.

During the year, corporate governance arrangements and the roles of the Board of Directors and executive management were finalised for all companies under the new structure. Moreover, the Board and corporate management worked on the implementation of the new Group structure, mainly in three areas: transfer of ownership, bank loans and incentive schemes.

Figure 1. Group structure



Bank loans and dividends

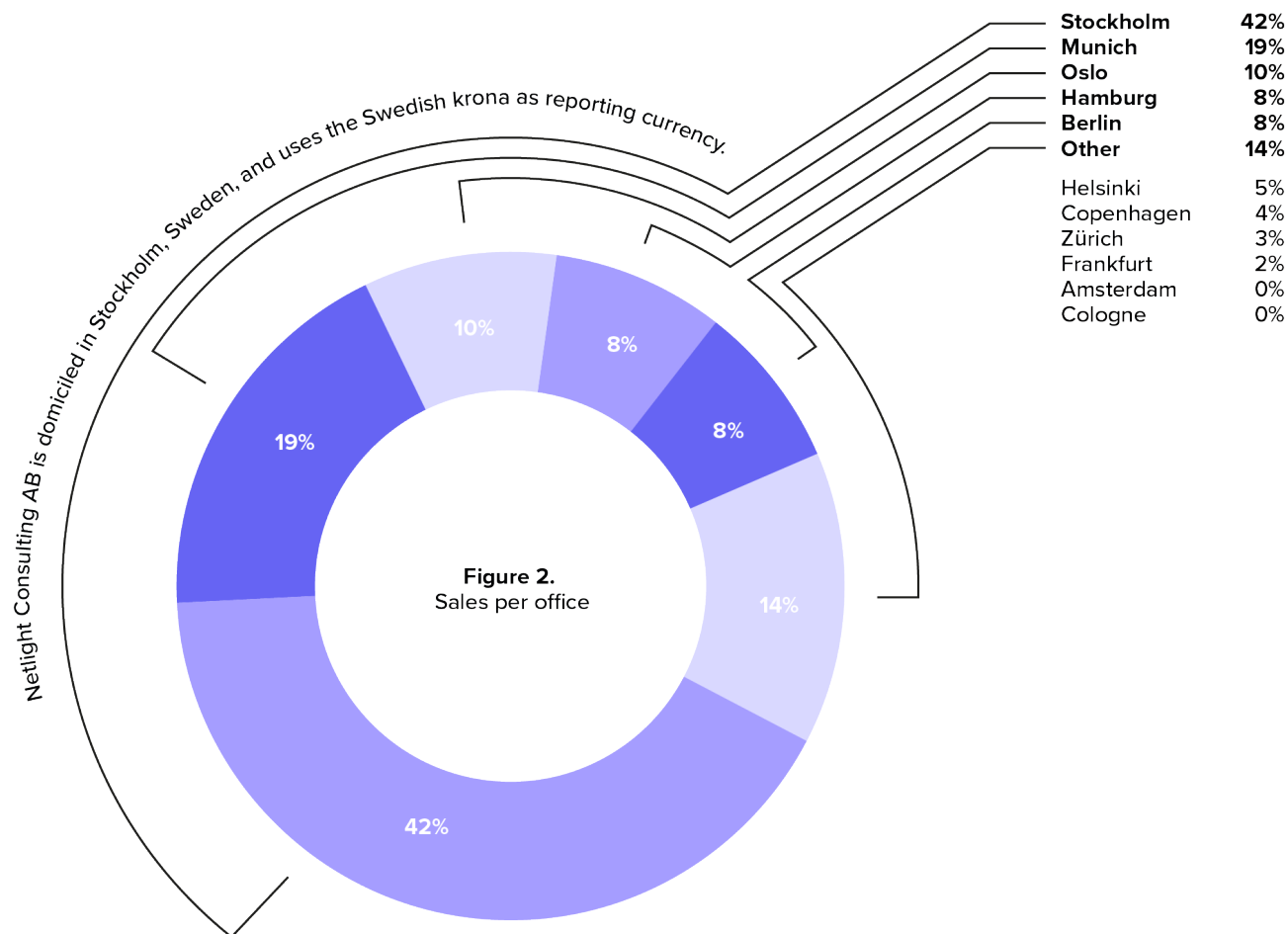
In the autumn of 2022, the company entered into a loan agreement with Danske Bank that allowed it to borrow up to SEK 2.23 billion. The external financing was an important component of the restructuring as it allowed for a significant share dividend. The Annual General Meeting of Netlight AB resolved to distribute a total of SEK 2.23 billion.

Share programme

The second stage of the new structure involves recurrent refinancing, which will enable the distribution of dividends to shareholders, and the redistribution of ownership through *aleveraged share* programme for senior staff. Annual share programmes for more junior staff are also part of the new structure.

More than 150 employees participated in the leveraged share programme, investing a total of SEK 58.8 million in Netlight Holding 1 AB. The shares were acquired with leverage and at market price.

Other employees were offered the opportunity to buy new shares in Netlight AB at a price of SEK 7.07 per share. A total of 1,576,801 shares were subscribed for, raising just over SEK 11.1 million including the premium.



Key events after the end of the year

Netlight launched its theme for 2023: *For the World*. The theme embraces our inner consultant and showcases our range of services. Being consultants defines our identity, whether we work in sales, recruitment, delivery, or one of our support functions. Our collective goal is to ensure that all of our activities provide an outstanding consulting experience for our clients. The theme also ties in with Netlight's core concepts: *creativity, competency and professionalism*.

Linked to this year's theme, Netlight's current market strategy *Rise to Challenge* was also launched with four focus areas, where we concentrate our activities to successfully navigate the current business climate:

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.*

Sustainability reporting

Sustainability is integral to Netlight's business. We want to be a role model in the IT industry and show that change is possible. The biggest impact we make is through our consultants working with clients every day, where we collectively contribute to positive change in society. We hope to spread our commitment further by pursuing an active and ambitious environmental and social responsibility agenda outside Netlight.

Netlight's environmental efforts are based on our climate policy, *Climate First*, which creates transparency and leads to concrete results. Since 2017, we have been measuring Netlight's CO₂ footprint, which enables us to monitor the impact and results of our initiatives. During the year, GoClimate was used as an aid to promote

understanding of Netlight's climate footprint and support analysis of our climate data.

A core requirement for an equitable company is maintaining a balanced gender representation, which is why recruitment and sales procedures consistently prioritise gender equality. In 2021, Netlight achieved a significant milestone in its history as the representation of women in the Group surpassed 31%. This achievement is a direct outcome of Netlight's dedication and diligent efforts to actively seek, attract, recruit, and retain more women. Throughout 2022, we continued to pursue this objective and our efforts culminated in a global representation of 34% women at Netlight.

Within the scope of our sustainability efforts, our employees and their well-being play a central role. Netlight as an organisation is based on a strong sense of community among our employees, with respect for their similarities, differences, experiences and characteristics. All of our employees are offered equal opportunities for professional and personal development. Our main focus is on creating a safe workplace where health and well-being are paramount. 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 21% (24%) of sales. No client accounts for more than approximately 3% (3%) of sales in 2022. Fixed price contracts continue to represent a very 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	
	2022	2021	2022	2021
Revenue (SEK million)	2,483.1	49.8	0.0	0.0
EBITDA	543	-2.4	-0.9	-0.3
Profit/loss after financial items (SEK million)	-144	-16.5	2,227.6	-0.3
Total assets (SEK million)	6,474.9	6,976.8	6,708.7	6,602.1
Total employees at year-end	1,696	1,707	0	0
Average number of employees	1,540	1,301	0	0
Operating margin (%)	21.9%	neg	neg	neg
Equity ratio (%)	65.8%	95.8%	100%	100%
Sales per active employee (SEK thousand)	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 2022, the Group had interest-bearing liabilities of SEK 1,925 (0) million in the form of loans from credit institutions. In addition, the Group has unutilised credit facilities of SEK 100 (0) million. The average maturity of interest-bearing liabilities was 0.9 (0.0) years.

Board of Directors

Composition of the Board of Directors

Netlight AB's Board of Directors currently consists of 7 (3) members elected at the Annual General Meeting on 7 February 2022. Erik Fröberg was elected Chairman of the Board. Birgitta Elfversson, Ellen Kugelberg, Gustaf Eriksson, Kristoffer Nilsson, Julie Axelsson and Djavad Hedayati were elected as new members 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 defined by efforts to shape the company's corporate structure, culminating mid-year with all the remaining shareholders being transferred to Netlight AB. During the 2022 financial year, the Board held 15 (29) minuted meetings. The Board also implemented a share programme aimed at employees of the Netlight Group, which increased the number of shares by 1,576,801 and share capital by SEK 6,276.52.

Remuneration of the Board of Directors

The 2022 AGM approved a resolution on remuneration to the Board of Directors totalling 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.

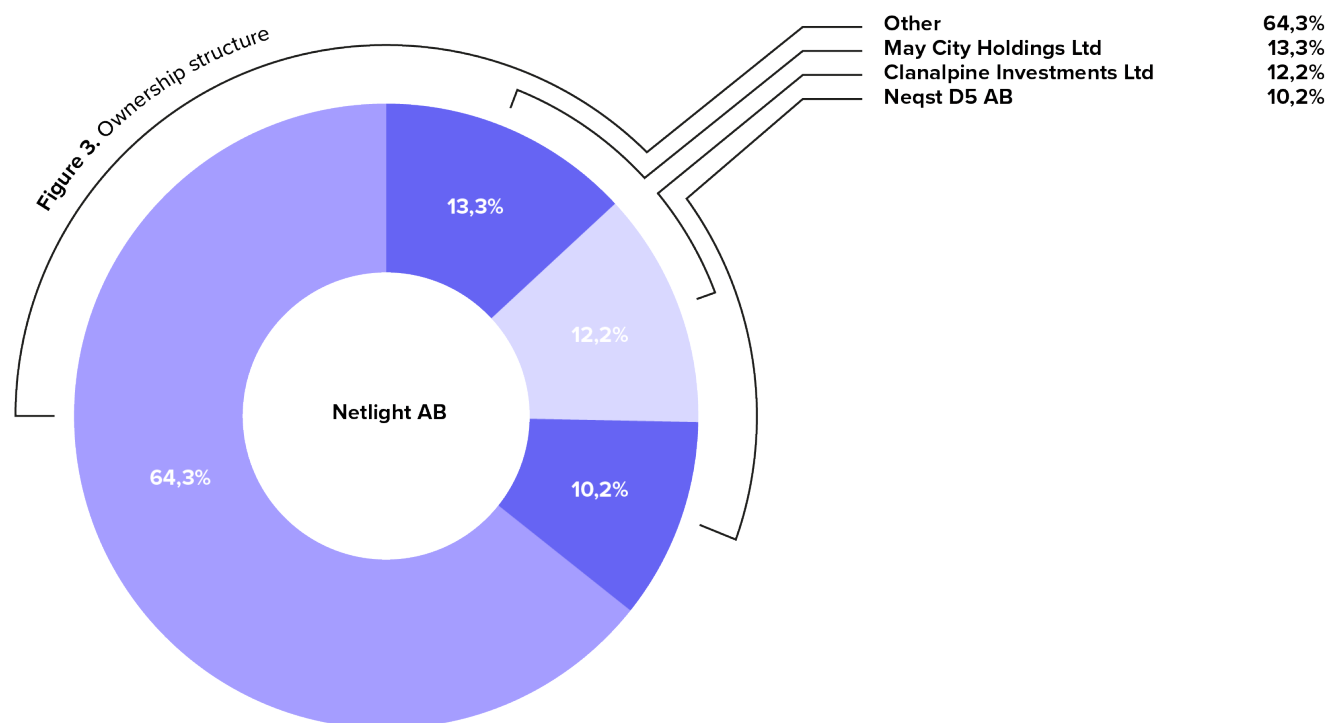
Auditor

During the year, the company's principal auditor decided to leave Ernst & Young and was replaced by Linn Haslum Lindgren, also 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.

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



Proposal for appropriation of profits

At the disposal of the Annual General Meeting [SEK]

Share premium reserve	3,135,689,132
Retained earnings	1,342,363,296
Profit for the year	2,227,614,234
Total	6,705,666,662

The Board of Directors and the Chief Executive Officer propose that the funds be allocated as follows

To be carried forward	6,705,666,662
Total	6,705,666,662



1. Accounts

This section presents the consolidated and parent company's income statement and balance sheet for 2022, 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

	Note	2022	2021 (9 days)
Net revenue	1, 3	2,458,438	49,738
Other operating income		24,664	72
Total revenue		2,483,102	49,809
Assignment-specific external costs		-23,070	-373
Other external costs	2, 3, 5	-188,156	-13,880
Staff expenses	4	-1,728,852	-37,983
Depreciation and amortisation	6	-638,274	-13,988
Total costs		-2,578,352	-66,224
Operating profit/loss		-95,250	-16,414
Profit/loss from financial items			
Impairment		-115	0
Other interest income and similar items		20,758	91
Interest expense and similar items		-69,418	-170
Total profit/loss from financial items	7	-48,775	-79
Profit/loss after financial items		-144,025	-16,494
Tax on profit/loss for the year	8	-127,799	-1,229
Profit for the year		-271,824	-17,722
Profit attributable to:			
Equity holders of the parent		-248,385	-17,594
Minority interest		-23,439	-128

1.1.2 Balance sheet

ASSETS

Fixed assets	Note	2022	2021
Intangible assets	9		
Goodwill		5,598,648	6,222,238
Total intangible assets		5,598,648	6,222,238
Property, plant and equipment	6		
Buildings and land		8,109	7,925
Machinery and other technical installations		28,279	25,081
Advances on property, plant and equipment		2,284	77
Total property, plant and equipment		38,672	33,082
Financial non-current assets	10		
Deferred tax assets	12	0	51
Deposits		31,625	26,197
Total financial non-current assets		31,625	26,247
Total fixed assets		5,668,945	6,281,568

Current assets	Note	2022	2021
Current receivables			
Accounts receivable		432,282	379,198
Other receivables		61,273	7,245
Prepayments and accrued income	14	29,874	18,177
Total current receivables		523,429	404,620
Cash and bank balances	15	282,544	290,669
Total current assets		805,973	695,289
TOTAL ASSETS		6,474,918	6,976,857

EQUITY AND LIABILITIES

Equity	Note	2022	2021
Share capital	16	2,523	2,479
Other contributed capital		4,467,166	6,599,633
Other equity including profit/loss for the year		-219,717	-17,595
Equity attributable to shareholders of the parent		4,249,972	6,584,517
Minority interest		12,220	98,874
Total equity		4,262,191	6,683,391
Provisions			
Deferred tax liability	12	882	0
Other provisions		458	0
Total provisions		1,340	0
Noncurrent liabilities			
Liabilities to credit institutions	17	1,525,000	0
Total noncurrent liabilities		1,525,000	0
Current liabilities			
Trade payables		35,953	29,595
Current tax liabilities		41,565	42,004
Other liabilities		520,924	126,121
Accruals and prepaid income	18	87,946	95,747
Total current liabilities		686,387	293,466
TOTAL EQUITY AND LIABILITIES		6,474,918	6,976,857

1.1.3 Cash flow

	Note	2022	2021		Note	2022	2021
Operating activities				Financing activities			
Operating profit/loss		-95,250	464,494	Change in noncurrent receivables		-40	0
Adjustments for non-cash items				Loans raised		2,228,790	0
Depreciation and amortisation	6	638,274	10,255	Amortisation		-303,750	0
Other non-cash items		1,502	-3,172	Dividends paid		-2,231,180	-302,817
Interest received	7	1,318	8,678	Share/warrant programme (new issue)		11,649	11,751
Interest paid	7	-58,774	-6,367	Share capital on incorporation		75	550
Income tax paid		-169,059	-130,305				
Cash flow from operating activities before change in working capital		318,011	343,583	Cash flow from financing activities		-294,457	-290,516
				Cash flow for the year		-19,171	-7,860
Cash flow from changes in working capital				Cash and cash equivalents, beginning of year		290,669	293,029
Increase/decrease in operating receivables		-241,899	-122,310	Exchange rate difference in cash and cash equivalents		11,046	5,499
Increase/decrease in operating liabilities		162,504	78,743				
Cash flow from changes in working capital		-79,395	-43,566	Cash and cash equivalents, year-end	15	282,544	290,669
Cash flow from operating activities		238,616	300,017				
Investing activities							
Acquisition of participations in Group companies		-3,308	-50				
Divestment of participations in Group companies		60,423	0				
Acquisition of financial non-current assets		-4,345	-1,629				
Acquisition of property, plant and equipment		-16,403	-15,823				
Sale of property, plant and equipment		303	142				
Cash flow from investing activities		36,669	-17,360				

1.1.4 Equity

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 24 August 2021	0	0	0	0	0	0
Profit for the year			-17,595	-17,595	-128	-17,722
Transactions with shareholders						
Paid-up share capital	500			500		500
New issue	1,979	5,268,156		5,270,135		5,270,135
Shareholder contributions received		1,331,477		1,331,477		1,331,477
Minority interests in business combinations					99,002	99,002
Total transactions with shareholders	2,479	6,599,633	0	6,602,112	99,002	6,701,114
Closing balance 31 December 2021	2,479	6,599,633	-17,595	6,584,517	98,874	6,683,391

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 1 January 2022	2,479	6,599,633	-17,595	6,584,517	98,874	6,683,391
Profit for the year			-248,384	-248,384	-23,439	-271,823
Changes in the carrying amounts of assets and liabilities						
Translation differences			11,756	11,756		11,756
Total changes in value	0	0	11,756	11,756	0	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

1.2 Parent Company

1.2.1 Income statement

	Note	2022	2021
Other external costs	2, 3, 5	-875	-256
Total costs		-875	-256
Operating profit/loss		-875	-256
Profit/loss from financial items			
Profit/loss from participations in Group companies		2,228,463	0
Other interest income and similar items		26	0
Total profit/loss from financial items	7	2,228,489	0
Profit/loss after financial items		2,227,614	-256
Profit for the year		2,227,614	-256

1.2.2 Balance sheet

ASSETS				EQUITY AND LIABILITIES			
Fixed assets	Note	2022	2021	Equity	Note	2022	2021
Financial non-current assets				Restricted equity			
Participations in Group companies	11	6,641,158	6,601,637	Share capital	16	2,523	2,479
Total financial non-current assets		6,641,158	6,601,637	Total restricted equity		2,523	2,479
<hr/>				<hr/>			
Total fixed assets		6,641,158	6,601,637	Unrestricted equity			
Current assets				Share premium reserve			
Current receivables				Retained earnings			
Receivables from Group companies	13	54	0	Profit for the year			
Total current receivables		54	0	Total unrestricted equity			
<hr/>				<hr/>			
Cash and bank balances		67,514	469	Total equity			
Total current assets	15	67,568	469	6,708,189 6,601,857			
<hr/>				<hr/>			
TOTAL ASSETS		6,708,726	6,602,107	Current liabilities			
				Trade payables			
				Accruals and prepaid income			
				Total current liabilities			
				35 0			
				18 502 250			
				537 250			
<hr/>				<hr/>			
				TOTAL EQUITY AND LIABILITIES			
				6,708,726 6,602,107			

1.2.3 Cash flow

	Note	2022	2021
Operating activities			
Operating profit/loss		-875	-256
Interest received		26	0
Cash flow from operating activities before changes in working capital		-849	-256
Cash flow from changes in working capital			
Increase/decrease in operating receivables		-54	0
Increase/decrease in operating liabilities		287	250
Cash flow from changes in working capital		233	250
Cash flow from operating activities			
		-616	-6
Investing activities			
Acquisition of participations in Group companies		-1,694	-25
Divestment of participations in Group companies		60,423	0
Cash flow from investing activities			
		58,729	-25

	Note	2022	2021
Financing activities			
Dividends paid		-2,231,180	0
Dividends received		2,228,463	
Share/warrant programme (new issue)		11,649	0
Share capital on incorporation		0	500
Cash flow from financing activities			
		8,932	500
Cash flow for the year			
		67,044	469
Cash and cash equivalents, beginning of year		469	0
Cash and cash equivalents, year-end			
		67,514	469

1.2.4 Equity

	Share capital	Share premium reserve	Other unrestricted equity	Total
Opening balance 24 August 2021	0	0	0	0
Profit for the year			-256	-256
Paid-up share capital	500			500
New issue	1,979	5,268,156		5,270,135
Shareholder contributions received			1,331,477	1,331,477
Closing balance 31 December 2021	2,479	5,268,156	1,331,222	6,601,857
Opening balance 1 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
Dividends		-2,231,180		-2,231,180
Closing balance 31 December 2022	2,523	3,135,689	3,569,978	6,708,189



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, uninvoiced 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	
	2022	2021
The Nordics	49%	50%
Rest of Europe	51%	50%
Total	100%	100%

Note 2 – Operating leases

Operating leases	Group		Parent Company	
	2022	2021	2022	2021
Expensed lease payments related to operating leases	65,920	1,454	0	0
Future minimum lease payments relating to non-cancellable operating leases:				
- to be paid within 1 year	93,754	59,039	0	0
- to be paid within 1-5 years	287,475	237,602	0	0
- to be paid > 5 years	66,344	79,697	0	0
Total future minimum lease payments	447,573	376,338	0	0

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

- New lease signed for office space in Berlin 1 Sept. 2022 - 31 Dec. 2024
- New lease signed for office space in Hamburg 1 June 2023 - 31 May 2028

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

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	
	2022	2021
Net revenue to subsidiaries	0 (0%)	0 (0%)
Purchases from subsidiaries	438 (50%)	0 (0%)

Note 4 – Remuneration to the employees and other data

	Salaries and other benefits * Group		Parent Company	
	2022	2021	2022	2021
Katri Junna (CEO)	2,527	37	0	0
Felix Sprick (deputy CEO)	6,747	80	0	0
Other employees	1,313,087	26,297	0	0
Total Board of Directors	442	14	0	0
Gustaf Eriksson	250	11	0	0
Kristoffer Nilsson	80	2	0	0
Patrik Wahlström	56	0	0	0
Ellen Kugelberg	56	0	0	0
Total	1,322,803	26,427	0	0

* 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	
	2022	2021	2022	2021
Social contributions CEO, Deputy CEO	229	20	0	0
Social security contributions Board of Directors	139	11	0	0
Social security contributions other employees	266,574	5,697	0	0
Total social security contributions	266,781	5,728	0	0
Pension expenses CEO	457	15	0	0
Other pension expenses	64,147	1,331	0	0
Total pension expenses	64,604	1,346	0	0
Total	331,385	7,074	0	0

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

Staff	Group		Parent Company	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Number of employees	2,029	1,707	-	-
- of which male	1,332	1,171	-	-
Senior management	25	23	-	-
- of which male	18	17	-	-
Board members	7	3	-	-
- of which male	4	3	-	-

Average number of employees by country	Group	
	2022	2021*
Sweden	690	617
- of which male	481	439
Denmark	59	44
- of which male	41	32
Finland	92	85
- of which male	66	61
Norway	124	106
- of which male	86	76
Germany	531	421
- of which male	363	307
Switzerland	38	28
- of which male	25	20
The Netherlands	7	-
- of which male	3	-
Total	1,541	1,301
- of which male	1,065	935

* Costs in the income statement relate to only 9 days in 2021.

Note 5 – Disclosure of auditors' fees

Disclosure of auditors' fees	Group		Parent Company	
	2022	2021	2022	2021
Ernst & Young (EY), All countries				
Audit assignments	1,318	24	50	0
Tax advice	237	14	0	0
Other services	412	0	144	0
Total, Ernst & Young (EY)	1,967	39	194	0
Oury Clark, United Kingdom				
Audit assignments	63	1	0	0
Other services	11	0	0	0
Total, Oury Clark	74	1	0	0
Caminada, Switzerland				
Audit assignments	125	3	0	0
Other services	0	2	0	0
Total, Caminada	125	5	0	0
Total	2,166	46	194	0

Note 6 – Property, plant and equipment

Machinery and other technical installations	Group	
	2022	2021
Opening cost	56,984	0
Added through formation of the Group	0	41,721
Adjustment of cost	0	-52
Purchases	13,716	14,912
Sales/Disposals	-1,386	-599
Exchange rate differences	4,317	1,002
Closing cost	73,631	56,984
Opening depreciation	-31,903	0
Added through formation of the Group	0	-31,556
Adjustment of depreciation	0	-59
Depreciation for the year	-12,050	-8,300
Depreciation relating to disposals	1,079	462
Exchange rate differences	-2,476	-545
Closing accumulated depreciation	-45,352	-31,903
Closing carrying amount	28,279	25,081

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	
	2022	2021
Opening cost	13,103	0
Added through formation of the Group	0	12,165
Purchases	2,687	857
Sales/Disposals	-119	0
Exchange rate differences	400	81
Closing cost	16,071	13,103
Opening depreciation	-5,178	0
Added through formation of the Group	0	-5,095
Depreciation for the year	-2,634	-48
Depreciation relating to disposals	119	0
Exchange rate differences	-269	-35
Closing accumulated depreciation	-7,962	-5,178
Closing carrying amount	8,109	7,925
Advances on property, plant and equipment	2022	2021
Opening cost	77	0
Purchases	2,284	77
Sales/Disposals	-77	0
Closing cost	2,284	77

Note 7 - Financial items

Impairment	Group		Parent Company	
	2022	2021	2022	2021
Impairment of loan to Netlight Consulting Ltd	-115	0	0	0
Total	-115	0	0	0
Profit/loss from participations in Group companies				
Profit/loss from participations in Group companies	0	0	2,228,463	0
Total	0	0	2,228,463	0
Interest income and similar items				
Interest income from Group companies	0	0	26	0
Exchange rate differences	20,684	88	0	0
Other interest income	74	3	0	0
Total	20,758	91	26	0
Interest expense and similar items				
Exchange rate differences	-12,027	-27	0	0
Interest expense on bank loans	-50,070	0		
Other interest expense	-7,321	-143	0	0
Total	-69,418	-170	0	0

Note 8 – Tax on profit/loss for the year

Tax on profit/loss for the year	Group		Parent Company	
	2022	2021	2022	2021
Current tax	128,097	1,229	0	0
Deferred tax	-298	0	0	0
Total current tax expense	127,799	1,229	0	0
<i>Average effective tax rate</i>	<i>-88.7%</i>	<i>-7.5%</i>	<i>0.0%</i>	<i>0.0%</i>

Reconciliation of effective tax rate	Group		Parent Company	
	2022	2021	2022	2021
Recognised profit/loss before tax	-144,025	-16,494	2,227,614	-255
Tax on recognised profit/loss at applicable tax rate (20.6%):	-29,669	-3,398	458,889	53
Tax effect of:				
Non-deductible expenses	3,290	57	0	0
Non-taxable income	-2,383	0	0	0
Non-taxable dividends from subsidiaries	0	0	-459,063	0
Non-deductible amortisation of goodwill	128,460	0	0	0
Increase in loss carry-forwards not capitalised	339	28,221	0	0
Deferred tax	-454	0	175	-53
Difference in effective tax rate between countries	28,216	1,172	0	0
Recognised tax	127,799	1,229	0	0

Note 9 – Intangible assets

Goodwill	2022	2021
Opening cost	6,235,902	0
Through the acquisition of subsidiaries	0	6,235,902
Exchange rate differences	0	0
Closing cost	6,235,902	6,235,902
Opening depreciation	-13,664	0
Depreciation for the year	-623,590	-13,664
Closing accumulated depreciation	-637,254	-13,664
Closing carrying amount	5,598,648	6,222,238

Note 10 – Financial non-current assets

Deposits	Group		Parent Company	
	2022	2021	2022	2021
Opening cost	26,197	0	0	0
Added through formation of the Group	0	24,165		
Additional receivables	5,445	2,218	0	0
Sales/Disposals	-1,100	-588	0	0
Exchange rate differences	1,083	402	0	0
Closing cost	31,625	26,197	0	0
Closing carrying amount	31,625	26,197	0	0

Note 11 – Participations in Group companies

Participations in Group companies	Share of capital	Share of votes	Carrying amount 2022	Carrying amount 2021
Netlight Holding 1 AB	100%	100%	6,641,083	6,601,637
NL3A Holding AB	100%	100%	25	0
NL3B Holding AB	100%	100%	25	0
NL4 Holding AB	100%	100%	25	0
Total			6,641,158	6,601,637

Revaluation of shares and participations in Group companies	2022	2021
Opening cost	6,601,637	0
Acquisitions during the year	943	6,601,637
Shareholder contributions	97,387	0
Divestments	-58,809	0
Closing cost	6,641,158	6,601,637

Closing carrying amount	2022	2021
	6,641,158	6,601,637

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

Note 12 – Deferred taxes

Deferred tax assets	Group		Parent Company	
	2022	2021	2022	2021
Opening balance	51	0	0	0
Change for the year	-51	51	0	0
Closing balance	0	51	0	0

Deferred tax liabilities	Group		Parent Company	
	2022	2021	2022	2021
Opening balance	0	0	0	0
Added through formation of the Group	0	443		
Change for the year	882	-443	0	0
Closing balance	882	0	0	0

Note 13 – Intra-group trade receivables and trade payables

Current receivables from Group companies	Parent Company	
	2022	2021
Receivables from Group companies	54	0
Total	54	0

Note 14 – Prepayments and accrued income

Prepayments and accrued income	Group		Parent Company	
	2022	2021	2022	2021
Prepaid lease expenses	8,993	8,186	0	0
Other prepayments	17,663	6,806	0	0
Prepaid insurance premiums	3,218	2,898	0	0
Accrued income	0	287	0	0
Total	29,874	18,177	0	0

Note 15 – Cash and bank balances

Cash and bank balances	Group		Parent Company	
	2022	2021	2022	2021
Cash	2	1	0	0
Available bank balances	282,542	290,668	67,514	469
Total	282,544	290,669	67,514	469

Note 16 – Total shares and par value

Shares	2022	2021
Number of shares outstanding (par value SEK 0.10)	633,710,125	622,793,610
Total	633,710,125	622,793,610

In 2021, 1,265,000 out of a total of 1,300,000 options were exercised during the redemption period of 6 November - 30 November 2021, resulting in subscription of 1,265,000 shares in the 2018 warrant programme. The subscription price was 9.44 per share and the share capital increased by SEK 1,265. The shares were registered at four separate times with Bolagsverket (Swedish Companies Registration Office) in November and December 2021.

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.

There are currently no outstanding warrants.

Note 17 – Pledged assets and contingent liabilities

Pledged assets and contingent liabilities	Group		Parent Company	
	2022	2021	2022	2021
Deposits	31,625	26,197	0	0
Shares in subsidiaries *	4,195,086	0	6,641,158	0
Contingent liability for the benefit of subsidiaries, proprietary guarantee **	1,925,000	0	1,925,000	0

* 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	
	2022	2021	2022	2021
Annual leave pay liability	53,327	45,385	0	0
Accrued salaries to employees	25,543	30,379	0	0
Other accrued expenses	8,869	19,983	502	250
Accrued interest expense	207	0	0	0
Total	87,946	95,747	502	250

Note 19 – Significant events after the end of the year

Netlight launched its 2023 theme, *For the World*, which highlights the consultant in us and, most importantly, puts our service offering first. Being consultants defines our identity, whether we work in sales, recruitment, delivery, or one of our support functions. Our collective goal is to ensure that all of our activities provide an outstanding consulting experience for our clients. The theme also ties in with Netlight's core concepts: *creativity, competency and professionalism*.

Linked to this year's theme, Netlight's current market strategy *Rise to Challenge* was also launched with four focus areas, where we concentrate our efforts to successfully navigate the current business climate:

- 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.

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	1,342,363,296
Profit for the year	2,227,614,234
Total	6,705,666,662

The Board of Directors and the CEO propose that the funds be allocated as follows

To be carried forward	6,705,666,662
Total	6,705,666,662

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

Djavad Hedayati

Director

Katri Junna

CEO

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

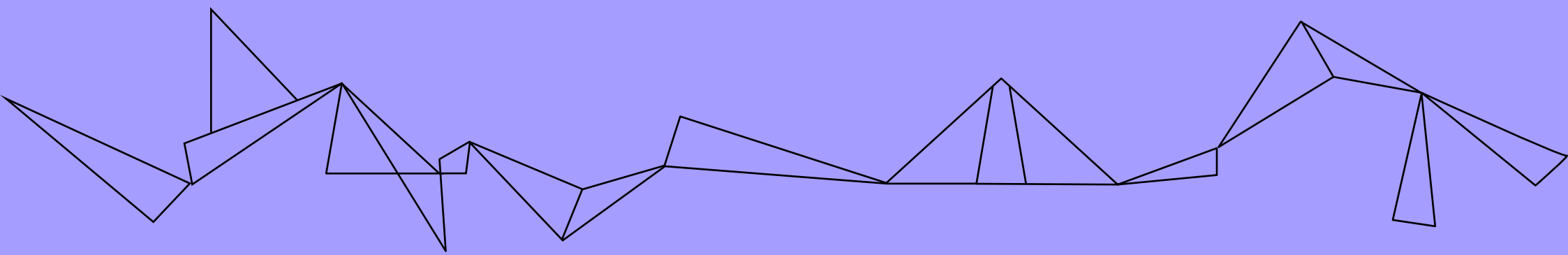
Ernst & Young AB

Linn Haslum Lindgren

Authorised Public Accountant



6. Audit report



Netlight AB, 559331-7034, Stockholm, Sweden