Netlight AB

ANNUAL REPORT

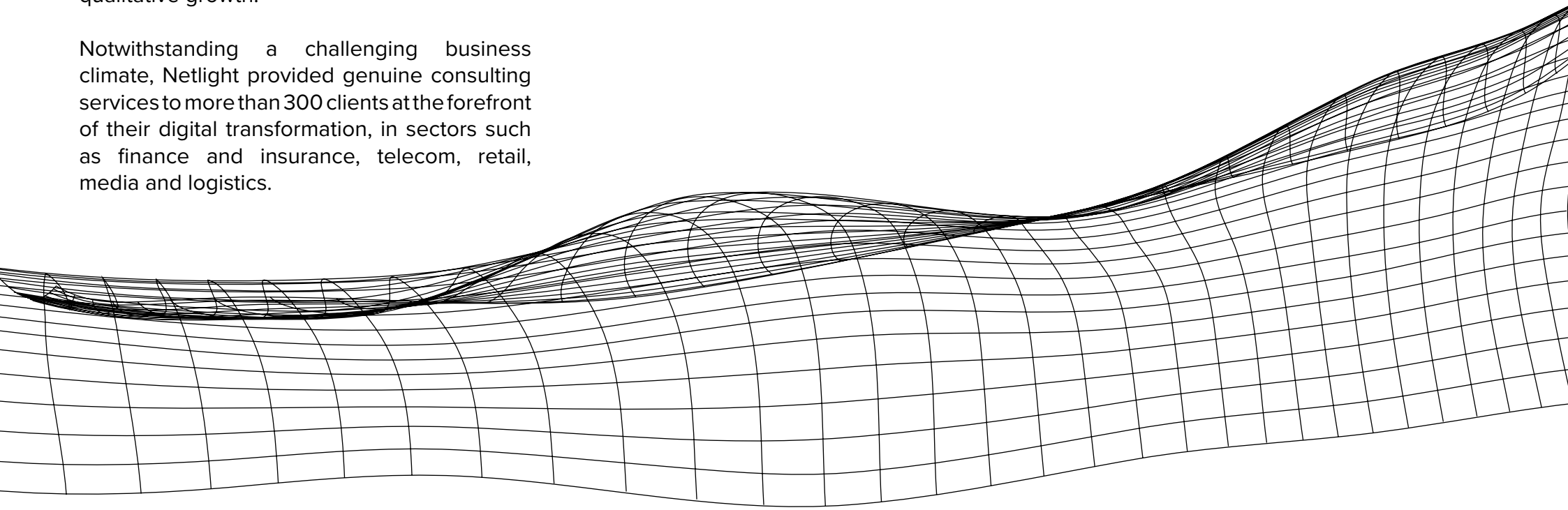
2023

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.

Company origin and business

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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.



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