

# Interim Report

- Increased net sales
- Strong retained financial position

## JANUARY – JUNE 2020

NET SALES INCREASED BY 4.4 PERCENT TO SEK 1,793.9 (1,718.3) MILLION  
 THE OPERATING PROFIT (EBITA) INCREASED BY 1.5 PERCENT TO SEK 168.2 (165.7) MILLION  
 RESULTS AFTER TAXES INCREASED TO SEK 130.9 (124.2) MILLION  
 EARNINGS PER SHARE INCREASED TO SEK 6.50 (6.19)\*  
 THE OPERATING MARGIN (EBITA) DECREASED TO 9.4 (9.6) PERCENT  
 CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 280.4 (68.8) MILLION

## APRIL – JUNE 2020

NET SALES INCREASED BY 1.5 PERCENT TO SEK 857.6 (844.6) MILLION  
 THE OPERATING PROFIT (EBITA) INCREASED BY 11.3 PERCENT TO SEK 72.7 (65.3) MILLION  
 RESULTS AFTER TAXES DECREASED TO SEK 43.2 (47.4) MILLION  
 EARNINGS PER SHARE DECREASED TO SEK 2.10 (2.34)\*  
 THE OPERATING MARGIN (EBITA) INCREASED TO 8.5 (7.7) PERCENT  
 CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 240.2 (89.5) MILLION

\* Before and after dilution.

The information contained herein is such as shall be made public by Knowit AB (publ) in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was made public through the agency of CEO and President Per Wallentin, at 08.30 CEST on July 15, 2020.

## COMMENTS FROM THE CEO

# Strong development in our largest business area

Development during the second quarter has been affected by covid-19 and reinforced the challenging situation we experienced as we left the first quarter. Despite this, we have managed to increase net sales and improve our profit and margin. The profit and margin have been positively affected by the governmental support we have been granted. However, this impact does not extend to net sales, which have increased thanks to a strong offer that remains attractive to our clients.

**OUR OPERATIONS HAVE** swiftly shifted to new work methods. A large part of our employees are working from home. Travel, physical meetings, conferences, and client events have been cancelled or moved to digital channels. Sales have been somewhat affected by social distancing and restrictions in society, but we have developed new ways to meet, such as webinars and digital client meetings.

### A STRONG HALF YEAR FOR SOLUTIONS

Our largest business area Solutions continues to show strong development. For both the latest quarter and the first six months of the year, the business area shows higher net sales, profit, and margin as compared with the corresponding periods last year. Teleworking is suitable for services in system development, which is the core of this business area. Demand varies between different client sectors. For the manufacturing industry, demand has decreased substantially, while the public sector and others, like telecommunications operators and insurance, have been stable and strong. During the quarter, operations in southern Sweden have remained strong and the market in Stockholm has gained speed.

### POSITIVE SIGNS FOR EXPERIENCE

Within the business area Experience, development has been positive. As a result of improved efficiency, Experience is showing a greater profit and a better margin as compared with the corresponding periods last year. The focus on data-driven customer experiences, combined with e-commerce solutions, has been successful. Experience is doing well in Oslo in particular and the Swedish operations have improved significantly.

### CHALLENGES FOR MANAGEMENT CONSULTANTS

Our smallest business area Insight has continued challenges, during both the quarter and the first six months of the year. The business area is not achieving the same net sales, profit, or margin as compared with the corresponding periods in past years. Services for management consultants are affected early on when the economy shrinks. The strong slowdown in demand this spring has impacted Insight heavily. We are continuing with the work begun during the first quarter, reviewing our offering and organization to increase efficiency. This has entailed both measures to adapt the number of employees and more active ventures,




such as establishing operations in Finland. Gratingly, our offering in societal security and e-health continues to see strong demand and has grown during the quarter.

### POSITIVE IMPACT

The support offered by the government has had a positive impact on profit and margin, in particular through lower employer's contributions. We are continuously adapting our organization to the changing circumstances and following daily developments, to quickly take action when needed. Knowit's financial position is very good, with strong cash flow, a stable bank balance, and a sound balance sheet.

### DIGITALIZATION SOFTENS THE BLOW

Covid-19 has required major sacrifices for many citizens. With digital technology, we can soften the blow of these sacrifices. Teleworking, interacting with family and friends, and many necessary purchases are all done with digital tools. New behavior patterns are gaining ground as a result of the pandemic. Demand for digitalization services will likely be increased by the new circumstances.

The future is uncertain and none of us can say when the pandemic will retreat. We must all be humble in the face of this fact and do what we can to be a positive counterpoint to this uncertainty. 

**PER WALLENTIN**  
CEO and president

## EVENTS DURING THE YEAR



### APRIL – JUNE 2020

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The business area Insight has established operations in **HELSINKI**. Thus, Knowit is offering services from all business areas locally in Finland.

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Per Wallentin, CEO and President of Knowit, has been elected to the board of the member **ORGANIZATION SWEDISH IT AND TELECOM INDUSTRIES**. The organization has 1,300 members, which employ a total of 100,000 people in Sweden.

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Knowit participated as a partner to the **TECHARENAN CHALLENGE**, in a digital panel discussion on e-health, entitled “Health technology innovation – how we create the best conditions for the sustainable healthcare of the future.”

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The business area Experience has, together with companies in the healthcare industry, created a seminar series called “**HEALTH HACK**”. The initiative is a joint effort to contribute to Sweden becoming an e-health leader before 2025.

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For the Swedish National Veterinary Institute, Knowit has developed and deployed an **E-COMMERCE SOLUTION** and a new website.

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Knowit has developed an **ANALYTICAL TOOL** and a digital customer dialogue solution for Feelgood.

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Knowit participated as a partner with **COMPETENCE AND INNOVATIVE POWER** in the digital event “Hack the Crisis” in April. The event gathered 7,000 participants working to design and develop creative solutions to decrease the impact of covid-19.

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### JANUARY – MARCH 2020

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Experience participated in the **LARGEST E-COMMERCE TRADE SHOW IN THE NORDIC REGION**, D-congress, in Göteborg.

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Knowit contributed to a **CHARITY PROJECT** for the food center of the City Mission of Göteborg by developing an app to simplify and digitalize grocery donations.

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Knowit and StyrelseAkademien Stockholm jointly launched a training program in **DIGITAL BUSINESS DEVELOPMENT** for experienced board directors.

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Knowit Insight launched a **NEW CLIENT OFFERING** in sustainability, with a focus on creating business benefits.

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Knowit and HiQ were joint authors of an opinion piece published in Dagens Industri, stating that the governmental support for temporary layoffs was not **ADAPTED TO THE NEEDS OF** the consultancy sector.

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Knowit reviewed its work methods because of **COVID-19**, resulting in teleworking and digital meetings, travel restrictions, and some shortterm layoffs.

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Carin Strindmark was named the **NEW EVP** of Insight and has joined the corporate management team.

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Because of covid-19, the Board of Knowit has **DECIDED TO RETRACT THE DIVIDEND PROPOSAL**, in order to further reinforce the Company’s financial position.

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## THE PERIOD IN BRIEF

# Positive development for the Group

### JANUARY – JUNE 2020

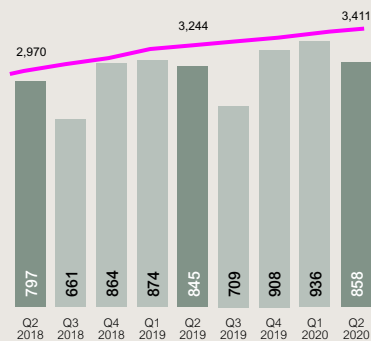
Profit before amortization of intangible assets (EBITA) increased to SEK 168.2 (165.7) million. Compared with the corresponding period last year, exchange rate developments had a negative effect on EBITA totaling SEK 7.3 million.

Cash flow from operating activities increased to SEK 280.4 (68.8) million, where the change in operating capital had an impact of SEK 164.7 million.

Goodwill and other intangible assets increased to SEK 1,036.8 (981.3) million.

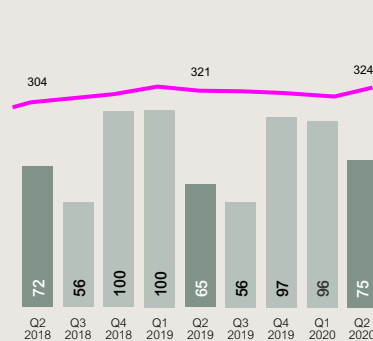
On June 30, 2020, a total of 2,326 (2,275) people were employed in the Group.

SEK, MILLIONS	JAN-JUN 2020	JAN-JUN 2019
Sales	<b>1,793.8</b>	1,718.3
EBITA	<b>168.2</b>	165.7
EBITA margin in percent	<b>9.4</b>	9.6
Cash flow from operating activities	<b>280.4</b>	68.8
Intangible assets	<b>1,036.8</b>	981.3
Number of employees	<b>2,326</b>	2,275



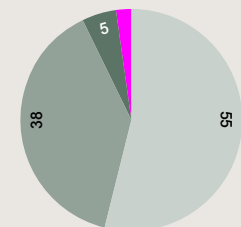
#### NET SALES, SEK, MILLIONS

- Net sales, quarterly data
- Rolling 12 months



#### EBITA, SEK, MILLIONS

- EBITA, quarterly data
- Rolling 12 months



#### SALES PER COUNTRY JANUARY – JUNE 2020

Sweden	55% (54)
Norway	38% (39)
Finland	5% (5)
Other	2% (2)

## MARKET AND OPERATIONS

# Clearly positioned business areas

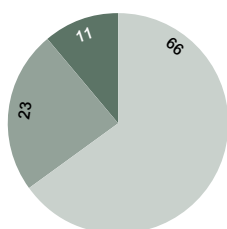
Knowit's strategy is to create long-term sustainable and innovative digital solutions that contribute to high business value for its clients. With its three business areas, Knowit can accommodate purchasers throughout its clients' organizations. The three business areas are: Solutions, system development and tech-associated services; Experience, digital communication solutions and data-driven customer experiences; Insight, management consultancy and organizational development.

### GOOD SPREAD ACROSS DIFFERENT CLIENT INDUSTRIES

Knowit's broad and specialized offerings mean that its clients are found in many different industries. The distribution of sales is relatively stable, with the largest net sales in the public sector, providing 38 percent of net sales. The shares in retail, banking and finance, and the manufacturing industry are relatively stable, each in the range 11-16 percent of sales.

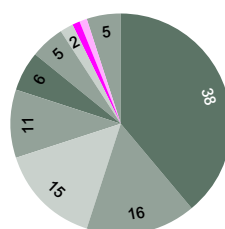
### A STRONG CLIENT OFFERING

Knowit's three business areas build on the clients' needs for support in various parts of their organizations. The business area Experience's most common client group encompasses sales and marketing departments. Insight mainly has corporate management and management teams as its clients, and Solutions usually collaborates with companies' operative departments.



SALES PER BUSINESS AREA  
JANUARY - JUNE 2020

Solutions	66% (62)
Experience	23% (25)
Insight	11% (13)



SALES PER INDUSTRY FIELD  
JANUARY - JUNE 2020

Public sector	38% (36)
Banking, finance and insurance	16% (15)
Retail and service companies	15% (15)
Industry	11% (13)
Telecommunications operators	6% (5)
Energy	5% (6)
Media, education and gaming	2% (2)
Telecommunications industry	1% (2)
Pharmaceuticals	1% (1)
Other	5% (5)

### CLIMATE-NEUTRAL COMPANY

The climate report published in April showed that Knowit is climate-neutral as of 2019. To achieve this, Knowit has performed carbon offsetting in projects outside Knowit's organization, in line with the rules on certified carbon offsetting. Knowit works actively to decrease emissions from all its emission areas, to stay below the curve for reaching halved emissions by 2030 and fossil-free operations by 2045.

### FINANCIAL OUTCOME

The Group's operations are organized so that the corporate management team primarily follows three business areas: Solutions, Experience, and Insight.

The net sales for Solutions increased to SEK 1,249.2 (1,118.9) million, for Experience, they decreased to SEK 429.8 (451.8) million, and for Insight, they decreased to SEK 200.1 (231.3) million.

Profit before amortization of intangible assets (EBITA) for Solutions increased to SEK 158.7 (130.6) million, for Experience increased to SEK 52.0 (33.6) million, and for Insight decreased to SEK 8.8 (32.1) million.

The EBITA margin for Solutions increased to 12.7 (11.7) percent, for Experience increased to 12.1 (7.4) percent, and for Insight decreased to 4.4 (13.9) percent.

## Solutions

SEK, MILLIONS	JAN-JUN 2020	JAN-JUN 2019
Sales	1,249.2	1,118.9
EBITA	158.7	130.6
EBITA margin in percent	12.7	11.7
Number of employees	1,419	1,355

Solutions is Knowit's largest business area, with operations on all of Knowit's markets in the Nordic region and with smaller operations in Germany.

The business area Solutions helps companies and organizations to develop their operations through IT and system solutions based on the latest technology. The 1,400 consultants offer cutting-edge competence in all parts of the systems development process: from idea, architecture and project governance, to programming, implementation, testing, and security.

## → MARKET AND OPERATIONS

### COMMENTS FROM THE EVP OF SOLUTIONS:

*“Solutions has had a continued positive trend for the second quarter of the year. We can look back on the first six months of the year and see increased net sales and profit and a retained margin, as compared with past years. Covid-19 has had a limited negative impact and Solutions has, on the whole, continued to deliver through teleworking. The outcome has been affected positively by decreased travel, fewer physical meetings, and lower sick leave rates. The Swedish operations have performed particularly well during the first half year, especially in Stockholm and Malmö. Uncertainty remains high ahead of the fall, but both we and our clients have adapted to new work methods,” says Åsa Holmberg.*

### HIGHER PACE IN DIGITALIZATION PROJECTS

Covid-19 has during the quarter had a relatively small impact on the execution of projects for existing clients in the business area Solutions. New work methods, with teleworking and digital meetings, have made it possible to continue deliveries to clients largely as before.

In both Norway and Sweden, the business area Solutions has the largest single share of its clients in the public sector. In this area, the current situation has led to an increased focus and greater willingness among clients to increase the pace in digitalization.

Solutions is supporting several municipalities in digital transformation. One example is the municipality of Sundsvall, where Knowit is contributing with project managers and developers for the digitalization journey of the municipality. This is a broad venture, with high expectations from the municipal leaders on improvements for citizens and speedier procedures. One project involves automation of applications for school transport.

Solutions has a strong offering in data-driven decision support. Knowit has, among other things, developed a digital analytical tool to create a more customer-tailored and proactive data-driven customer dialogue for the health company Feelgood. The purpose is to give Feelgood’s corporate clients better decision support to prevent ill health at multiple levels in their operations.

### A CURRENT REFERENCE CASE: AN APPLICATION FOR GATHERING PUBLIC HEALTH DATA

Knowit has worked with Health Care Services Stockholm County SLSO (The Center for Epidemiology and Community Health) to develop a smartphone application for gathering public health data. The app includes surveys on various topics, including covid-19, and collects step data. With the public health app, SLSO aims to gather the public health data that are essential for monitoring and analyzing the health status and prevalence of risk factors for ill health within the population.

## Experience

SEK, MILLIONS	JAN-JUN 2020	JAN-JUN 2019
Sales	429.8	451.8
EBITA	52.0	33.6
EBITA margin in percent	12.1	7.4
Number of employees	587	607

The business area Experience is one of the leading digital agencies in the Nordic region. With over 600 specialists in technology and communication, Experience takes responsibility for the entire digital customer experience. With competence in web, e-commerce, analysis, marketing, design, and big data, they help companies and organizations achieve their business-critical goals.

Experience’s clients are found in several different industries, with the public sector and retail well-represented among them.

### COMMENTS FROM THE EVP OF EXPERIENCE:

*“I am very pleased with the results for the first six months of the year. Our long-term efforts with internal efficiency are the main reason for the positive outcome. The first six months have required some difficult decisions, but both consultants and managers have shown a strong ability to change, which has contributed to our ability to act swiftly. It is not just covid-19 that has been the cause of our need for change. Our market changes continually and we must adapt our service offering and business model, so that we remain relevant in the future,” says Fredrik Ekerhovd.*

### A FOCUS ON THE DATA-DRIVEN CUSTOMER EXPERIENCE

Knowit Experience’s relationships with its clients are typically a combination of time-limited project assignments and long-term partnerships. During the quarter, covid-19 has affected some client assignments, which were decreased in scope or postponed. During the

## → MARKET AND OPERATIONS

quarter, a limited number of temporary furloughs were performed in Oslo and Stockholm.

Experience has several clients in the public sector, where it contributes in various ways to creating better and more accessible societal functions for citizens. One assignment in the public sector with a heavy focus on innovation and customer experience is the website and e-commerce solution that Experience conceptualized, designed, and developed for The Swedish National Veterinary Institute (SVA). The site and e-commerce solution are aimed at veterinaries and animal owners who want to learn more about animal health or order analyses and products from SVA.

Experience has specialist competence in e-commerce and collaborates with its clients to create efficient, integrated e-commerce platforms with a focus on data-driven customer experiences and increased sales, for clients such as KappAhl.

### A CURRENT REFERENCE CASE: KEY ROLE IN METSÄ GROUP'S CMS PROJECT

Knowit Experience Oy was chosen as the key partner in developing the digital system environment in the CMS solution of the Finnish forestry group Metsä Group. The assignment encompasses design, search engine optimization, data and analytics, web platform security, and technical implementation. The project extends through the better part of 2021.

## Insight

SEK, MILLIONS	JAN-JUN 2020	JAN-JUN 2019
Sales	200.1	231.3
EBITA	8.8	32.1
EBITA margin in percent	4.4	13.9
Number of employees	293	300

Knowit Insight helps mainly management teams in companies and organizations to create organizations that are quicker on their feet and adapted for the digital opportunities and challenges of the future. The changes driven by digitalization create a strong demand for management consultancy services.

The business area Insight, with around 300 employees, is a challenger on the Nordic management consulting market. Insight encompasses several clear offerings, to meet the needs arising from the clients' new circumstances. Data-driven growth, the organization of the future, efficiency and automation, cybersecurity, and strategy are offerings in areas where the clients' needs are growing.

Knowit is continuing to develop its offering on the Nordic market by establishing Knowit Insight Oy in Finland during the quarter. There is a demand for management consultancy combined with the services that the business areas Solutions and Experience provide. From the start, Insight in Finland offers development and execution of strategy, development of the future organization, and operating models.

### COMMENTS FROM THE EVP OF INSIGHT:

*"Insight's profit has been strongly affected by covid-19. The parts of the operations aimed at the manufacturing industry has seen several*

*clients forced to place assignments on hold or postpone decisions until this fall. We have continued working with adapting our organization and are using the possibility of short-term furloughs in those operations that are most strongly affected. We have also focused on working the market and on sales, continuing to reinforce our offering to establish-ment in Finland and in the security area. We are on a market that remains uncertain, but also have strong, expansive operations in the areas of e-health, sustainability, and societal security,"* says Carin Strindmark.


### A FOCUS ON DIGITAL TRANSFORMATION AND SECURITY

The business area Insight has, during the quarter, noticed a decreased demand for its services, both as an effect of covid-19 and as a continued effect of general economic slowdown. This has resulted in Insight reviewing its organization with short-term furloughs and some employees being given notice. These changes have primarily been made in western and southern Sweden. The Norwegian operations have also seen slower growth.

In the public sector, the business area supports several clients with strategic consultancy, connected to the need for societal security, and the increased requirements on processing of personal data and information security. Around 100 of Insight's consultants are currently in offerings related to the security area, delivering to clients like Göteborgs Energi and Joubel in information security.

Insight has an important role in developing and leading the implementation of the digital transformation for its clients. One example is Länsförsäkringar, where Insight is supporting the ongoing transformation of the HR function, focusing on the user experiences of employees. Using an in-depth status review and mapping of existing processes, Insight has ensured that the new system support matches future work methods.

### A CURRENT REFERENCE CASE: TEN-WEEK DIGITAL CHALLENGE

Over the course of ten weeks, the administrations within the municipality of Sollentuna have collaborated to create the greatest possible benefits with the help of digital tools. Knowit has supported the project in establishing new cross-functional work methods, with a focus on getting effects "here and now" instead of working with long investigations, through simple solutions for communication between different administrations, tests of simple RPA solutions, and improvements of "My Pages." 

## IMPACT OF COVID-19

# Unpredictable development

The long-term impact on the operations due to covid-19 remains hard to estimate and overview, and even harder to estimate regarding unemployment, consumption, and society in general. As already communicated, Knowit has taken several operative measures to manage the effects of the pandemic.

**THE COMPANY OBSERVES** the recommendations of authorities in so far as possible on each respective market. Local deviations occur, if these follow stricter rules than those recommended and are motivated for operational reasons. The health and wellbeing of our employees, and by extension our clients, are our highest priority. The continued spread of the pandemic in the form of a potential second wave is also hard to predict. It is already clear that the effects on society are dramatic, not least due to the restrictions imposed. These restrictions are having, and will likely continue to have, a significant impact on Knowit's operations and the demand for the Company's services.

### LARGE VARIATION IN DEMAND

In general, demand has decreased, but to a varying degree in different parts of the Company. Knowit is also seeing signs that demand is increasing in some parts of the operations, depending on the mix of clients and products. As the pandemic is accelerating the digital shift, the demand in some sectors – such as the public sector and retail – is expected to increase. The pace of recovery differs, not only between sectors, but also between clients, countries, and individual projects. Knowit's exposure to the sectors that are most affected, such as hotels, restaurants, and stores, is relatively limited. The largest share (38%) of clients is in the public sector.

### WORKING FROM HOME IS EFFICIENT

Most employees have had the possibility to work from home. Meetings and workshops work well and are taking place successfully with digital means. Knowit has performed an employee survey showing that work is efficient, largely thanks to decreased commuting between home and work, and decreased sick leave. The contingency plans of the Company have been updated during the quarter to ensure continued operation of projects and to avoid any delivery delays in case of illness.

### SUPPORT GRANTED

Around 230 people are, at the time this report is published, affected by short-time work, corresponding to around 120 full-time positions. The figure communicated

in the first interim report for 2020 was that around 200 people were affected. The fact that the figure has now been stable for a number of weeks indicates that Knowit has acted swiftly and decisively. Knowit has thus far been granted furlough support, reducing staff costs by SEK 6 million. The Company has also received support in the form of reduced employer's contributions totaling SEK 26 million. As of the end of the second quarter, this has meant reduced staff costs totaling around SEK 32 million.

### SOUND COST CONTROL

A review of costs has been performed after the covid-19 outbreak. Primarily, costs for travel and conferences have decreased, but other costs have also decreased, for example through lower sick leave. Further streamlining has been made possible as the organization has reviewed and adapted to new circumstances. This has meant mergers of some companies, terminations in some areas, and new positions in the areas where demand has increased.

The Company has, at the end of the second quarter, updated its calculations for valuation of intangible assets and done an impairment test, showing that there is no write-down requirement.

The risks related to bad debts and bad debt losses have increased in the short term. To deal with this risk, the Company continuously monitors the due dates on accounts receivable and makes provisions when it is considered necessary. In the cases where the Company considers the risk to be high, advance payment may be considered.

### STABLE FINANCIAL POSITION

The AGM on 28 April determined that no dividends would be paid and that the balance at the disposal of the AGM would be brought forward. Knowit has a stable financial position with net cash and cash equivalents of SEK 198.8 million. The Company has further reinforced liquidity in April by signing a three-year revolving credit facility of SEK 150 million. Loans under the facility are to be paid back in full on the due date. The Company's strong financial position permits a liquidity buffer and creates good conditions for seizing the opportunities of the future. **k**



## THE GROUP

# Continued increase in net sales

## Net sales and profit

### *The Group*

#### JANUARY – JUNE

Net sales increased to SEK 1,793.9 (1,718.3) million, an increase by 4.4 percent as compared with the corresponding period last year. Compared with the corresponding period last year, the exchange rate development has had a negative impact on net sales of SEK 60.4 million. Net sales increased to SEK 988.0 (921.3) million in Sweden, increased to SEK 678.1 (673.4) million in Norway, and decreased to SEK 88.3 (89.1) million in Finland. Sales per employee increased to SEK 807,000 (786,000).

The operating profit before amortization of intangible assets (EBITA) increased to SEK 168.2 (165.7) million. Compared with the corresponding period last year, the exchange rate development has had a negative impact on EBITA of SEK 7.3 million. In Sweden, EBITA increased to SEK 121.6 (106.1) million, in Norway it increased to SEK 88.5 (87.1) million, and in Finland to SEK 9.6 (6.2) million. The operating margin (EBITA) decreased to 9.4 (9.6) percent.

Amortization of intangible assets amounted to SEK -5.1 (-3.1) million.

The operating profit after financial items increased to SEK 170.4 (159.0) million. The financial net was SEK 7.3 (-3.6) million, affected primarily by exchange rate development.

The results after taxes increased to SEK 130.9 (124.2) million. Tax for the period was SEK -39.5 (-34.8) million. The non-controlling interests' share of profit for the year increased to SEK 5.8 (5.1) million. Earnings per share increased to SEK 6.50 (6.19).

#### THE SECOND QUARTER

Net sales increased to SEK 857.6 (844.6) million, an increase by 1.5 percent as compared with the corresponding period last year. Compared with the corresponding period last year, the exchange rate development has had a negative impact on net sales of SEK 43.7 million. Net sales increased to SEK 485.6 (456.2) million in Sweden, while it decreased to SEK 309.2 (328.8) million in Norway and to SEK 43.4 (43.7) million in Finland. Sales per employee increased to SEK 400,000 (386,000).

The operating profit before amortization of intangible assets (EBITA) increased to SEK 72.7 (65.3) million. Compared with the corresponding period last year, the exchange rate development has had a negative impact on EBITA of SEK 5.3 million. In Sweden, EBITA increased to SEK 56.0 (44.5) million, in Norway it increased to SEK 41.3 (40.1) million, and in Finland to SEK 5.1 (2.0) million. The operating margin (EBITA) increased to 8.5 (7.7) percent.

Amortization of intangible assets amounted to SEK -2.2 (-1.5) million.

The operating profit after financial items decreased to SEK 59.0 (62.0) million. The financial net was SEK -11.5 (-1.8) million, affected primarily by exchange rate development.

The results after taxes decreased to SEK 43.2 (47.4) million. Tax for the period was SEK -15.8 (-14.6) million.

The non-controlling interests' share of profit for the year increased to SEK 2.7 (2.3) million. Earnings per share decreased to SEK 2.10 (2.34).

### *Segments*

#### JANUARY – JUNE

The Group's operations are organized so that the corporate management mainly follows up on three business fields: Solutions, Experience, and Insight. The Parent Company's results, the effects of IFRS 16, and other consolidating adjustments are not included in segment reporting.

Net sales for the segment Solutions increased to SEK 1,249.2 (1,118.9) million, for the segment Experience they increased to SEK 429.8 (451.8) million, and for the segment Insight they decreased to SEK 200.1 (231.3) million.

EBITA increased to SEK 158.7 (130.6) million for the segment Solutions, to SEK 52.0 (33.6) million for the segment Experience, and decreased to SEK 8.8 (32.1) million for the segment Insight.

The EBITA margin increased to 12.7 (11.7) percent for the segment Solutions, to 12.1 (7.4) percent for the segment Experience, and decreased to 4.4 (13.9) percent for the segment Insight.

#### THE SECOND QUARTER

Net sales for the segment Solutions increased to SEK 608.0 (550.8) million, for the segment Experience they increased to SEK 198.1 (222.3) million, and for the segment Insight they decreased to SEK 90.7 (114.2) million.

EBITA increased to SEK 74.2 (56.7) million for the segment Solutions, increased to SEK 24.4 (13.0) million for the segment Experience, and decreased to SEK 2.2 (13.2) million for the segment Insight.

The EBITA margin increased to 12.2 (10.3) percent for the segment Solutions, increased to 12.3 (5.8) percent for the segment Experience, and decreased to 2.4 (11.6) percent for the segment Insight.

### *Cash flow*

#### JANUARY–JUNE

Cash flow from operating activities increased to SEK 280.4 (68.8) million, where the change in working capital is affected by increased operating liabilities. The operating capital is also affected by decreased accounts receivable.

Cash flow from investment activities amounted to SEK -73.7 (-13.1) million, affected by the acquisition of Invativa AB and, to a certain extent, by investments in tangible assets.

Cash flow from financing activities increased to SEK 33.8 (-152.6) million, affected by amortizations of leasing liabilities and non-forthcoming dividends.

Total cash flow increased to SEK 240.5 (-96.9) million.

#### THE SECOND QUARTER

Cash flow from operating activities increased to SEK 240.2 (89.5) million, where the change in working capital is affected by decreased accounts receivable and increased operating liabilities.

## → THE GROUP

Cash flow from investment activities amounted to SEK -12.7 (-10.1) million, affected by investments in tangible assets.

Cash flow from financing activities increased to SEK 49.6 (-135.2) million, affected by amortizations of leasing liabilities and non-forthcoming dividends.

Total cash flow increased to SEK 277.1 (-55.8) million.

### Financial position

In January 2020, Knowit acquired 92% of the shares in Invativa AB, a consultancy firm with specialists in digital business and service development. The company has around 25 consultants, primarily based in Göteborg, with branches in Östersund and Sundsvall. Through the acquisition of Invativa, Knowit further strengthened its offering in data-driven digital business development and supplemented its existing offering in system development.

### Financial position

#### JANUARY–JUNE

Cash and cash equivalents increased to SEK 518.6 (97.2) million as per June 30, 2020. Goodwill and other intangible assets increased to SEK 1,036.8 (981.3) million, of which goodwill was SEK 984.9 (957.5) million, and other intangible assets were SEK 51.9 (23.8) million.

Equity increased to SEK 1,319.4 (1,141.9) million. Interest-bearing liabilities totaled SEK 319.7 (289.3) million on June 30, 2020, of which SEK 159.3 (189.4) million were long-term and SEK 160.4 (99.9) million were short-term. Bank loans are SEK 91.3 (5.2) million, a used overdraft facility totaled SEK 0 (0) million of a granted overdraft facility of SEK 50.0 (25.0) million, leasing liabilities totaled SEK 180.5 (216.4) million and liabilities related to future consideration in subsidiaries totaled SEK 47.9 (67.6) million.

The equity/asset ratio increased to 53.2 (52.2) percent as per June 30, 2020.

### Employees

#### JANUARY–JUNE

On June 30, 2020, a total of 2,326 (2,275) people were employed by the Group. The number of employees has decreased by 11 people during 2020.

The average number of employees has during the period increased to 2,223 (2,186). The average number of employees in Sweden increased to 1,303 (1,298), in Norway to 757 (734), and in Finland to 120 (115).

### Seasonal variation

The Group's revenue and operating results are subject to seasonal variation, which means that they vary by quarter. The number of working days and, by extension, normal working hours, affect net sales and profit.

The quarter that includes the Easter period – the first or second – has lower revenue, leading to a lower profit, as the costs are largely unchanging, unlike the revenue. The revenue is affected negatively, as the activity on the market decreases or is non-existent on these days. Further, the second and third quarter of the Group's financial year are affected by including parts of the summer holiday period, which impacts on the demand for the Group's services. The fourth quarter is affected by the work days and normal working hours that are dropped due to the Christmas and New Year holidays.

### Transactions with related parties

No significant events have occurred after the end of the interim report. For more information, see Note 29 Transactions with related parties, page 92 in the Annual Report 2019. **k**

## PARENT COMPANY

# Results and financial position

#### JANUARY – JUNE

The operating profit/loss before amortization of intangible assets (EBITA) decreased to SEK -38.7 (-28.1) million. The financial net decreased to SEK 16.7 (34.6) million, affected mainly by exchange rate development and non-forthcoming dividends.

The profit/loss after financial net decreased to SEK -23.3 (5.2) million.

As per June 30, 2020, equity had increased to SEK 413.2 (266.4) million. Untaxed reserves, mainly accrual funds, were SEK 111.8 (92.9) million. **k**

## OTHER INFORMATION

# Accounting principles and forward-looking information

## Essential risks and uncertainty factors

Knowit's general essential business risks consist of reduced demand for consultancy services, problems with attracting and retaining skilled personnel, price pressures and financial risks related to credit and exchange rates and, to a lesser extent, risks related to fixed price projects.

Aside from that, the current covid-19 pandemic entails a risk for the Company. Covid-19 is a unique event in the sense that it is unpredictable, hard to assess and a risk for the market on which the Company operates, and for its clients. Thus, the pandemic will potentially also affect Knowit's possibilities of generating profits and growth in line with historic values.

For a more comprehensive description of the essential risks and uncertainty factors, see Note 2 in Knowit's Annual Report for 2019, pages 77-78.

## Accounting principles

This report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. The Interim Report for the Parent Company has been prepared in accordance with the Chapter 9 of the Swedish Annual Accounts Act, Interim Reporting.

For the Group and the Parent Company, the same accounting principles and bases for calculation have been applied as in the latest Annual Report, excepting the altered accounting principles described below.

Information in accordance with IAS 34.16A appears in the financial reports and connected notes, as well as in other parts of the Interim Report.

## Events after the end of the interim reporting period

Knowit is carefully monitoring the development of the covid-19 pandemic. Demand from the Company's clients is expected to be affected during the coming quarter, with capacity utilization of consultants decreasing. Knowit has been granted government support, such as reduced employer's contributions, the possibility of furloughs, and other actions. As of the date of publication for this interim report, Knowit has not been able to perform a full assessment of the financial impact of the pandemic. Around 230 people are thus far affected to varying degrees by short-time work.

## Forward-looking information

Forward-looking information in this report is based on the expectations of Knowit's management team at the time of the report. While Knowit's management team assesses

these expectations to be reasonable, there is no guarantee that these expectations are or will turn out to be correct. Consequently, future outcomes may vary significantly compared with what is presented in the future-oriented information. They depend, for example, on changed market conditions for the Knowit corporation's offerings and more general conditions related to economy, market, competition, regulatory changes and other alterations in policy, as well as variations on exchange rates. Knowit does not commit to update or correct such forward-looking information beyond what is required by law.

## Financial calendar

### INTERIM REPORT JANUARY – SEPTEMBER 2020

October 22, 2020 08.30 AM

### YEAR-END REPORT 2020

February 5, 2021 08.30 AM


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## Knowit AB (publ)

Knowit AB (publ) is a consultancy firm that creates unique customer values by offering digital and cross-functional solutions from three business areas: Experience, Insight and Solutions. It is the capacity to combine competences within IT, design and communication and management consultancy that sets us apart from other consultancy firms. Our culture is characterized by openness, understanding of the client's business, high competence and a drive to constantly develop. Knowit was founded in 1990 and currently has around 2,300 employees in 14 locations in Sweden, five locations in Norway, and one each in Denmark, Finland and Germany. Knowit AB (publ) is quoted on NASDAQ OMX in Stockholm. For further information about Knowit, please visit knowit.eu. 

→ OTHER INFORMATION

# Certification

The Board and the CEO certify that the Interim Report gives a fair overview of the Group's and the Parent Company's operations, position, and profit/loss, and

describes the significant risks and uncertainty factors faced by the Parent Company and the companies within the Group.

*This Interim Report has not been reviewed by Knowit's auditors.*

**STOCKHOLM JULY 15, 2020**

**JON RISFELT**  
Chairman

**PEDER RAMEL**  
Director

**CAMILLA MONEFELDT KIRSTEIN**  
Director

**STEFAN GARDEFJORD**  
Director

**GUNILLA ASKER**  
Director

**PER WALLENTIN**  
CEO

**KIA ORBACK PETERSSON**  
Director

## ACCOUNTS

# Consolidated income statement in summary

SEK, MILLIONS	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	JAN-DEC 2019
Net sales	857.6	844.6	1,793.9	1,718.3	3,335.1
Operating costs	-766.3	-761.3	-1,589.0	-1,516.7	-2,942.6
Depreciation of tangible fixed assets	-18.6	-18.0	-36.7	-35.9	-73.3
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>72.7</b>	<b>65.3</b>	<b>168.2</b>	<b>165.7</b>	<b>319.2</b>
Depreciation of intangible fixed assets	-2.2	-1.5	-5.1	-3.1	-6.1
<b>OPERATING RESULT (EBIT)</b>	<b>70.5</b>	<b>63.8</b>	<b>163.1</b>	<b>162.6</b>	<b>313.1</b>
Financial incomes	-10.2	0.4	9.3	1.0	15.5
Financial costs	-1.3	-2.2	-2.0	-4.6	-15.4
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>59.0</b>	<b>62.0</b>	<b>170.4</b>	<b>159.0</b>	<b>313.2</b>
Taxes	-15.8	-14.6	-39.5	-34.8	-71.5
<b>RESULT FOR THE PERIOD</b>	<b>43.2</b>	<b>47.4</b>	<b>130.9</b>	<b>124.2</b>	<b>241.7</b>
Result for the period assignable to shareholders in Parent Company	40.5	45.1	125.1	119.1	232.2
Result for the period assignable to non-controlling interests' holdings	2.7	2.3	5.8	5.1	9.5
<b>Earnings per share</b>					
Earnings per share, before dilution, SEK	2.10	2.34	6.50	6.19	12.06
Earnings per share, after dilution, SEK	2.10	2.34	6.50	6.19	12.06

# Consolidated total results in summary

SEK, MILLIONS	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	JAN-DEC 2019
<b>Result for the period</b>	<b>43.2</b>	<b>47.4</b>	<b>130.9</b>	<b>124.2</b>	<b>241.7</b>
<i>Items that may later be reclassified to profit or loss</i>					
Exchange rate differences	-5.3	8.0	-52.5	31.4	15.8
<b>OTHER TOTAL RESULTS FOR THE PERIOD, NET AFTER TAX</b>	<b>37.9</b>	<b>55.4</b>	<b>78.4</b>	<b>155.6</b>	<b>257.5</b>
<b>Total result for the period</b>					
Total result assignable to shareholders in Parent Company	35.3	53.1	72.7	150.5	247.8
Total result assignable to non-controlling interests' holdings	2.6	2.3	5.7	5.1	9.7

→ ACCOUNTS

## Consolidated balance sheet in summary

SEK, MILLIONS	2020-06-30	2019-06-30	2019-12-31
<b>Assets</b>			
Intangible fixed assets	1,036.8	981.3	983.4
Tangible fixed assets	207.9	247.8	234.3
Financial fixed assets	12.5	7.9	9.0
Deferred tax assets	3.1	2.8	2.6
Current assets	700.1	849.6	718.5
Cash equivalents	518.6	97.2	278.4
<b>TOTAL ASSETS</b>	<b>2,479.0</b>	<b>2,186.6</b>	<b>2,226.2</b>
<b>Equity and liabilities</b>			
Share capital	19.3	19.3	19.3
Other paid-in capital and provisions	522.9	590.3	574.4
Recognized profits, including profit for the year	756.7	520.1	631.4
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY</b>	<b>1,298.9</b>	<b>1,129.7</b>	<b>1,225.1</b>
Non-controlling interests	20.5	12.2	16.0
<b>TOTAL EQUITY</b>	<b>1,319.4</b>	<b>1,141.9</b>	<b>1,241.1</b>
Long-term provisions	57.9	44.4	50.7
Interest-bearing long-term liabilities	159.3	189.4	164.4
Interest-bearing short-term liabilities	160.4	99.9	105.8
Other short-term liabilities	782.0	711.0	664.2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,479.0</b>	<b>2,186.6</b>	<b>2,226.2</b>

## Consolidated cash flow analysis in summary

SEK, MILLIONS	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	JAN-DEC 2019
Cash flow current operations before changes in working capital	44.4	45.8	115.7	134.9	313.2
Change in working capital	195.8	43.7	164.7	-66.1	-8.2
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>240.2</b>	<b>89.5</b>	<b>280.4</b>	<b>68.8</b>	<b>305.0</b>
Cash flow from investing activities	-12.7	-10.1	-73.7	-13.1	-25.9
Cash flow from financing activities	49.6	-135.2	33.8	-152.6	-195.4
<b>CASH FLOW FOR THE PERIOD</b>	<b>277.1</b>	<b>-55.8</b>	<b>240.5</b>	<b>-96.9</b>	<b>83.7</b>
Opening balance at start of period	242.1	152.8	278.4	194.6	194.6
Exchange rate differences in cash equivalents	-0.6	0.2	-0.3	-0.5	0.1
<b>CLOSING BALANCE AT END OF PERIOD</b>	<b>518.6</b>	<b>97.2</b>	<b>518.6</b>	<b>97.2</b>	<b>278.4</b>

→ ACCOUNTS

## Statement of changes in equity in summary – Group

SEK, MILLIONS	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	JAN-DEC 2019
<b>Opening balance</b>	<b>1,281.6</b>	<b>1,206.5</b>	<b>1,241.1</b>	<b>1,106.3</b>	<b>1,106.3</b>
Exchange rate differences	-5.3	8.0	-52.5	31.4	15.8
Result for the period	43.2	47.4	130.9	124.2	241.7
<b>TOTAL RESULT FOR THE PERIOD</b>	<b>37.9</b>	<b>55.4</b>	<b>78.4</b>	<b>155.6</b>	<b>257.5</b>
<b>TOTAL BEFORE TRANSACTIONS WITH SHAREHOLDERS</b>	<b>1,319.5</b>	<b>1,261.9</b>	<b>1,319.5</b>	<b>1,261.9</b>	<b>1,363.8</b>
Non-controlling interests' holdings	-0.2	-	-0.2	-	-
Additional capital from non-controlling interests' holdings	0.1	0.1	0.1	0.1	0.2
Dividend payment	-	-120.1	-	-120.1	-122.9
<b>CLOSING BALANCE</b>	<b>1,319.4</b>	<b>1,141.9</b>	<b>1,319.4</b>	<b>1,141.9</b>	<b>1,241.1</b>

## Key figures

	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	JAN-DEC 2019
Average number of employees	2,135	2,186	2,223	2,185	2,213
Sales per average number of employees (SEK, 000s)	402	386	807	786	1,507
Result after financial items per average number of employees (SEK, 000s)	28	28	77	73	142
Return on total capital, %	2.5	2.9	7.3	8.0	15.8
Return on equity, %	3.3	4.0	10.2	11.0	20.6
Return on capital employed, %	3.8	4.4	10.9	12.4	24.1
EBITA margin, %	8.5	7.7	9.4	9.6	9.6
Equity ratio, %	53.2	52.2	53.2	52.2	55.7

## Data per share

	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	JAN-DEC 2019
<b>Earnings per share (SEK)</b>					
Before dilution	2.10	2.34	6.50	6.19	12.06
After dilution	2.10	2.34	6.50	6.19	12.06
<b>Equity per share (SEK)</b>					
Before dilution	67.46	58.67	67.46	58.67	63.63
After dilution	67.46	58.67	67.46	58.67	63.63
<b>Average number of shares (000s)</b>					
Before dilution	19,254	19,254	19,254	19,254	19,254
After dilution	19,254	19,254	19,254	19,254	19,254
<b>Number of shares on balance sheet day (000s)</b>					
Before dilution	19,254	19,254	19,254	19,254	19,254
After dilution	19,254	19,254	19,254	19,254	19,254

→ ACCOUNTS

## Group segment reporting in summary

APR-JUN 2020 SEK, MILLIONS	Solutions	Experience	Insight	Parent Company/ consol. adj.	TOTAL
External net sales	594.6	179.8	83.2	–	857.6
Net sales between segments	13.4	18.3	7.5	-39.2	–
<b>NET SALES</b>	<b>608.0</b>	<b>198.1</b>	<b>90.7</b>	<b>-39.2</b>	<b>857.6</b>
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>74.2</b>	<b>24.4</b>	<b>2.2</b>	<b>-28.1</b>	<b>72.7</b>
Depreciation of intangible assets	-1.6	-0.3	–	-0.3	-2.2
<b>OPERATING PROFIT (EBIT)</b>	<b>72.6</b>	<b>24.1</b>	<b>2.2</b>	<b>-28.4</b>	<b>70.5</b>
Result after financial items					59.0
<b>RESULT FOR THE PERIOD</b>					<b>43.2</b>
<b>EBITA margin in %</b>	<b>12.2</b>	<b>12.3</b>	<b>2.4</b>		<b>8.5</b>
<b>Average number of employees</b>	<b>1,358</b>	<b>520</b>	<b>234</b>	<b>23</b>	<b>2,135</b>
<b>APR-JUN 2019 SEK, MILLIONS</b>	<b>Solutions</b>	<b>Experience</b>	<b>Insight</b>	<b>Parent Company/ consol. adj.</b>	<b>TOTAL</b>
External net sales	528.5	210.6	105.5	–	844.6
Net sales between segments	22.3	11.7	8.7	-42.7	–
<b>NET SALES</b>	<b>550.8</b>	<b>222.3</b>	<b>114.2</b>	<b>-42.7</b>	<b>844.6</b>
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>56.7</b>	<b>13.0</b>	<b>13.2</b>	<b>-17.6</b>	<b>65.3</b>
Depreciation of intangible assets	-0.8	-0.2	–	-0.5	-1.5
<b>OPERATING PROFIT (EBIT)</b>	<b>55.9</b>	<b>12.8</b>	<b>13.2</b>	<b>-17.6</b>	<b>63.8</b>
Result after financial items					62.0
<b>RESULT FOR THE PERIOD</b>					<b>47.4</b>
<b>EBITA margin in %</b>	<b>10.3</b>	<b>5.8</b>	<b>11.6</b>		<b>7.7</b>
<b>Average number of employees</b>	<b>1,314</b>	<b>574</b>	<b>285</b>	<b>13</b>	<b>2,186</b>

The Group's operations are organized so that the management team primarily follows up on sales, EBITA profit, and average number of employees for the Group's segments. The management team does not follow up on balance sheets items other than intangible assets distributed across the different operating segments. Non-distributed costs consist of the Parent Company's group-wide costs relating to management, finance, market, and IFRS 16.



→ ACCOUNTS

## Group segment reporting in summary, continued

JAN-JUN 2020 SEK, MILLIONS	Solutions	Experience	Insight	Parent Company/ consol. adj.	TOTAL
External net sales	1,217.5	394.6	181.8	–	1,793.9
Net sales between segments	31.7	35.2	18.3	-85.2	–
<b>NET SALES</b>	<b>1,249.2</b>	<b>429.8</b>	<b>200.1</b>	<b>-85.2</b>	<b>1,793.9</b>
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>158.7</b>	<b>52.0</b>	<b>8.8</b>	<b>-51.3</b>	<b>168.2</b>
Depreciation of intangible assets	-3.2	-0.6	–	-1.3	-5.1
<b>OPERATING PROFIT (EBIT)</b>	<b>155.5</b>	<b>51.4</b>	<b>8.8</b>	<b>-52.6</b>	<b>163.1</b>
Result after financial items					170.4
<b>RESULT FOR THE PERIOD</b>					<b>130.9</b>
<b>EBITA margin in %</b>	<b>12.7</b>	<b>12.1</b>	<b>4.4</b>		<b>9.4</b>
<b>Average number of employees</b>	<b>1,389</b>	<b>544</b>	<b>266</b>	<b>24</b>	<b>2,223</b>
<b>Intangible assets</b>	<b>716.4</b>	<b>239.1</b>	<b>59.6</b>	<b>21.7</b>	<b>1,036.8</b>
<b>Tangible fixed assets</b>	<b>10.2</b>	<b>3.3</b>	<b>0.2</b>	<b>194.1</b>	<b>207.8</b>
<b>JAN-JUN 2019 SEK, MILLIONS</b>					
	Solutions	Experience	Insight	Parent Company/ consol. adj.	TOTAL
External net sales	1,084.0	421.4	212.9	–	1,718.3
Net sales between segments	34.9	30.4	18.4	-83.7	–
<b>NET SALES</b>	<b>1,118.9</b>	<b>451.8</b>	<b>231.3</b>	<b>-83.7</b>	<b>1,718.3</b>
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>130.6</b>	<b>33.6</b>	<b>32.1</b>	<b>-30.6</b>	<b>165.7</b>
Depreciation of intangible assets	-1.3	-0.5	–	-1.3	-3.1
<b>OPERATING PROFIT (EBIT)</b>	<b>129.3</b>	<b>33.1</b>	<b>32.1</b>	<b>-31.9</b>	<b>162.6</b>
Result after financial items					159.0
<b>RESULT FOR THE PERIOD</b>					<b>124.2</b>
<b>EBITA margin in %</b>	<b>11.7</b>	<b>7.4</b>	<b>13.9</b>		<b>9.6</b>
<b>Average number of employees</b>	<b>1,311</b>	<b>575</b>	<b>287</b>	<b>12</b>	<b>2,185</b>
<b>Intangible assets</b>	<b>666.1</b>	<b>239.4</b>	<b>61.6</b>	<b>14.2</b>	<b>981.3</b>
<b>Tangible fixed assets</b>	<b>12.0</b>	<b>2.4</b>	<b>0.3</b>	<b>233.1</b>	<b>247.8</b>

The Group's operations are organized so that the management team primarily follows up on sales, EBITA profit, and average number of employees for the Group's segments. The management team does not follow up on balance sheets items other than intangible assets distributed across the different operating segments. Non-distributed costs consist of the Parent Company's group-wide costs relating to management, finance, market, and IFRS 16.

→ ACCOUNTS

## Group revenue from client contracts

SEK, MILLIONS	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	JAN-DEC 2019
<b>GEOGRAPHIC CATEGORIZATION</b>					
<b>Fee revenue</b>					
Sweden	437.8	431.9	922.5	873.4	1,686.3
Norway	301.9	325.9	660.4	651.0	1,267.2
Finland	43.5	43.7	88.2	88.8	171.2
Other	18.6	15.9	38.9	34.3	69.8
<b>TOTAL FEE REVENUE</b>	<b>801.8</b>	<b>817.4</b>	<b>1,710.0</b>	<b>1,647.5</b>	<b>3,194.5</b>
<b>Other revenue</b>					
Sweden	48.0	24.3	65.5	47.9	93.7
Norway	7.3	2.9	17.7	22.4	44.7
Finland	-0.1	0.0	0.1	0.3	2.2
Other	0.6	0.0	0.6	0.2	0.0
<b>TOTAL OTHER REVENUE</b>	<b>55.8</b>	<b>27.2</b>	<b>83.9</b>	<b>70.8</b>	<b>140.6</b>
<b>TOTAL NET REVENUE</b>	<b>857.6</b>	<b>844.6</b>	<b>1,793.9</b>	<b>1,718.3</b>	<b>3,335.1</b>
<b>SEGMENT CATEGORIZATION</b>					
<b>Fee revenue</b>					
Solutions	563.1	538.9	1,189.5	407.6	2,146.6
Experience	182.3	206.1	396.6	225.8	783.4
Insight	89.7	110.9	196.8	1,088.4	409.2
Parent Company/consol. adjustments	-33.3	-38.5	-72.9	-74.3	-144.7
<b>TOTAL FEE REVENUE</b>	<b>801.8</b>	<b>817.4</b>	<b>1,710.0</b>	<b>1,647.5</b>	<b>3,194.5</b>
<b>Other revenue</b>					
Solutions	44.8	11.8	59.6	44.1	63.7
Experience	15.8	16.1	33.2	5.5	87.1
Insight	1.0	3.3	3.3	30.4	11.0
Parent Company/consol. adjustments	-5.8	-4.0	-12.2	-9.2	-21.2
<b>TOTAL OTHER REVENUE</b>	<b>55.8</b>	<b>27.2</b>	<b>83.9</b>	<b>70.8</b>	<b>140.6</b>
<b>TOTAL NET REVENUE</b>	<b>857.6</b>	<b>844.6</b>	<b>1,793.9</b>	<b>1,718.3</b>	<b>3,335.1</b>

The income category Licensing fees is reported under the category Other revenue, as the amount is not significant. For more information, see Note 1 Accounting and valuation principles, pages 70-76 in the Annual Report 2019.

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## Financial assets and liabilities

SEK, MILLIONS	2020-06-30			2019-06-30		
	Financial assets valued at amortized costs	Financial assets valued at actual value in income statement	Actual value	Financial assets valued at amortized costs	Financial assets valued at actual value in income statement	Actual value
<b>Assets in balance sheet</b>						
Other long-term securities holdings	–	3.4	3.4 <sup>1)</sup>	–	0.3	0.3 <sup>1)</sup>
Other long-term receivables	1.4	–	1.4	1.2	–	1.2
Accounts receivable and other receivables	620.0	–	620.0	768.4	–	768.4
Cash equivalents	518.6	–	518.6	97.2	–	97.2
<b>TOTAL</b>	<b>1,140.0</b>	<b>3.4</b>	<b>1,143.4</b>	<b>866.8</b>	<b>0.3</b>	<b>867.1</b>

SEK, MILLIONS	2020-06-30			2019-06-30		
	Other financial liabilities	Financial liabilities valued at actual value in income statement	Actual value	Other financial liabilities	Financial liabilities valued at actual value in income statement	Actual value
<b>Liabilities in balance sheet</b>						
Future additional considerations and options	–	24.4	24.4 <sup>2)</sup>	–	52.1	52.1 <sup>2)</sup>
Future consideration	23.6	–	23.6 <sup>2)</sup>	15.6	–	15.6 <sup>2)</sup>
Other interest-bearing liabilities	271.7	–	271.7	221.6	–	221.6
Accounts payable	135.0	–	135.0	130.8	–	130.8
Other liabilities	254.9	–	254.9	234.1	–	234.1
<b>TOTAL</b>	<b>685.2</b>	<b>24.4</b>	<b>709.6</b>	<b>602.1</b>	<b>52.1</b>	<b>654.2</b>

1) Actual value pursuant to categorization level 2

2) Actual value pursuant to categorization level 3

Reported values of Group financial assets and liabilities, distributed based on classification pursuant to IFRS 9, are summarized in the above table. No financial assets or liabilities are reported at a value that significantly deviates from actual value. For more information, see Note 23 in the Annual Report for 2019.

The table below shows a reconciliation of the opening and closing balances for financial instruments valued at level 3.

SEK, MILLIONS	Future additional considerations and options	Future considerations
<b>Fair value, 2020-01-01</b>	<b>52.0</b>	<b>14.6</b>
Total recognized profits and losses:		
Recognized in profit/loss for the year	–	–
Recognized in other comprehensive income	-0.4	-0.6
Settlement of future additional considerations, options and future consideration	-27.2	-7.3
Cost of acquisitions	–	16.9
<b>Fair value, 2020-06-30</b>	<b>24.4</b>	<b>23.6</b>
<b>Fair value, 2019-01-01</b>	<b>51.1</b>	<b>21.6</b>
Total recognized profits and losses:		
Recognized in profit/loss for the year	1.0	–
Recognized in other comprehensive income	–	1.7
Settlement of future additional considerations, options and future consideration	–	-7.7
<b>Fair value, 2019-06-30</b>	<b>52.1</b>	<b>15.6</b>

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## Income statement Parent Company in summary

SEK, MILLIONS	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	JAN-DEC 2019
Net sales	110.6	91.4	215.0	175.5	353.1
Operating costs	-127.8	-106.4	-253.1	-203.0	-404.7
Depreciation of tangible fixed ass	-0.3	-0.3	-0.6	-0.6	-1.2
<b>OPERATING RESULT BEFORE DEPRECIATION OF INTANGIBLE ASSETS (EBITA)</b>	<b>-17.5</b>	<b>-15.3</b>	<b>-38.7</b>	<b>-28.1</b>	<b>-52.8</b>
Depreciation of intangible fixed assets	-0.3	-0.5	-1.3	-1.3	-2.6
<b>OPERATING RESULT (EBIT)</b>	<b>-17.8</b>	<b>-15.8</b>	<b>-40.0</b>	<b>-29.4</b>	<b>-55.4</b>
Financial items	-6.6	10.8	16.7	34.6	267.0
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>-24.4</b>	<b>-5.0</b>	<b>-23.3</b>	<b>5.2</b>	<b>211.6</b>
Appropriations	-	-	-	-	-18.9
Income taxes	-	-	-	-	-17.9
<b>RESULT FOR THE PERIOD</b>	<b>-24.4</b>	<b>-5.0</b>	<b>-23.3</b>	<b>5.2</b>	<b>174.8</b>

## Balance sheet Parent Company in summary

SEK, MILLIONS	2020-06-30	2019-06-30	2019-12-31
<b>Assets</b>			
Intangible fixed assets	18.3	14.2	16.5
Tangible fixed assets	3.0	3.9	3.4
Financial fixed assets	948.7	865.3	874.5
Current assets	137.9	114.5	97.7
Cash equivalents	505.3	91.2	273.5
<b>TOTAL ASSETS</b>	<b>1,613.2</b>	<b>1,089.1</b>	<b>1,265.6</b>
<b>Equity and liabilities</b>			
Share capital	19.3	19.3	19.3
Statutory reserve	68.0	68.0	68.0
Fund for development costs	7.4	10.0	8.7
Unrestricted share capital including result for the period	318.5	169.1	340.1
<b>TOTAL EQUITY</b>	<b>413.2</b>	<b>266.4</b>	<b>436.1</b>
Untaxed reserves	111.8	92.9	111.8
Long-term provisions	4.9	-	2.4
Interest-bearing long-term liabilities	7.9	-	7.9
Interest-bearing short-term liabilities	91.3	5.2	0.4
Other short-term liabilities	984.1	724.6	707.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,613.2</b>	<b>1,089.1</b>	<b>1,265.6</b>

→ ACCOUNTS

## Acquired Group companies 2020

In January 2020, Knowit acquired 92% of the shares in Invativa AB, a consultancy firm with specialists in digital business and service development. The company has around 25 consultants, primarily based in Göteborg, with branches in Östersund and Sundsvall. Through the acquisition of Invativa, Knowit further strengthened its offering in data-driven digital business development and supplemented its existing offering in system development.

For the acquired company, the values of assets and liabilities, considerations, and impact on the Group's liquidity were as follows:

SEK, MILLIONS	INVATIVA AB
<b>Considerations</b>	
Paid in cash	70.0
Provisions for considerations	16.9
<b>Total consideration</b>	<b>86.9</b>
Identifiable net assets	-13.7
Other intangible assets	-26.1
Deferred tax on intangible assets	5.4
<b>Goodwill</b>	<b>52.5</b>

Goodwill is attributable to the profitability of the acquired companies and the synergy effects expected to arise with other Knowit companies. Other intangible assets are attributable to the client relationships of the acquired companies.

The assets and liabilities included in the acquisition are the following:


SEK, MILLIONS	INVATIVA AB
Property, plant and equipment	3.0
Current assets	6.4
Liquid assets	11.7
Other liabilities	-7.4
<b>Identifiable net assets</b>	<b>13.7</b>
Consideration settled in cash	-70.0
Liquid assets in acquired companies	11.7
<b>Impact on the Group's liquid assets from this year's acquisitions</b>	<b>-58.3</b>
Additional considerations paid for acquisitions made in past years	-8.7
<b>Impact on the Group's liquid assets from acquisitions of operations</b>	<b>-67.0</b>

The acquired company has during the period contributed with net sales of SEK 13.6 million and with profit before amortization of intangible assets (EBITA) of SEK 2.0 million.

## OTHER INFORMATION

# Definitioner

## Alternative key figures

In this interim report, we are using the following alternative key figures as a supplement to the measures defined in applicable provisions for financial reporting, as we believe they supplement and provide clearer and more detailed information directly relevant to our consultancy operations. These measures are used for follow-up of our long-term financial targets and to give a fair idea of Knowit's results and financial position to the Board, corporate management team, shareholders, and other stakeholders on the financial market. The Board has, among other things, determined that the EBITA profit should exceed the net debt, that the EBITA margin should exceed a 10% average over a period of five years, and that equity should exceed the intangible assets. We also monitor capital employed, as it is an important aspect of the working capital turnover. The key figures that Knowit's management follows up on a monthly basis have been chosen so that they provide an idea of profitability, growth, and cash flow. Through such measures, we can ensure that the Board's longterm goals are achieved by the operations. For more information on our long-term financial targets and further definitions of key figures, see the Annual Report for 2019, pages 12 and 101. 

**EBITA PROFIT** The profit before amortization of intangible assets.

**EBITA-MARGIN** The profit before amortization of intangible assets (EBITA) in relation to the turnover of the period.  $(168.2 / 1,793.9 = 9.4\%)$

**NET LIABILITIES** Interest-bearing liabilities less financial interest-bearing assets.  $(159.3 + 160.4 - 518.6 = -198.9)$

**AVERAGE EQUITY** The average of the opening equity of the period and the closing equity of the period.  $((1,241.1 + 1,319.4) / 2 = 1,280.3)$

**EARNINGS ON EQUITY** The profit after taxes in percent of average equity including non-controlling interest shares.  $(130.9 / 1,280.3 = 10.2\%)$

**AVERAGE CAPITAL EMPLOYED** Total assets plus interest-bearing liabilities.  $((1,319.4 + 159.3 + 160.4 + 1,241.1 + 164.4 + 105.8) / 2 = 1,575.2)$

**EARNINGS ON CAPITAL EMPLOYED** Profit after financial items plus financial costs in percent of average capital employed.  $((170.4 + 2) / 1,575.2 = 10.9\%)$