



# INTERIM REPORT

January - March 2019

## Increased sales and profit Continued strong market Positive development in Norway

### JANUARY – MARCH 2019

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NET SALES INCREASED BY 14.8 PERCENT TO SEK 873.7 (761.0) MILLION

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THE OPERATING PROFIT (EBITA) INCREASED BY 16.3 PERCENT, TO SEK 100.4 (86.3) MILLION\*

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RESULTS AFTER TAXES INCREASED TO SEK 76.8 (65.5) MILLION

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EARNINGS PER SHARE, BEFORE AND AFTER DILUTION, INCREASED TO SEK 3.84 (3.29)

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THE OPERATING MARGIN (EBITA) WAS 11.5 (11.3) PERCENT

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CASH FLOW FROM OPERATING ACTIVITIES WAS SEK -20.7 (6.8) MILLION

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\*) IFRS 16 has a positive effect on the EBITA profit with SEK 0.4 million.

The information contained herein is such as shall be made public by Knowit AB (publ) in accordance with the EU Market Abuse Regulation. The information was made public through the agency of CEO and President Per Wallentin, at 8.30 AM CEST on April 26 2019.

# Positive start to 2019

We have started off 2019 with a decidedly acceptable quarter. The sales, profit and margin are higher as compared with the same period 2018. We remain strong on a strong market. We can with confidence note that demand remains high on all the markets where we operate.

We have had strong growth in our Norwegian operations. Both the public and the private sectors are investing in digitalization. This is something that we, with our well-known brand, successful recruitment, and wellfunctioning delivery organization with skilled employees, have been able to benefit from.

## THREE WELL-POSITIONED BUSINESS AREAS

During the quarter, we have invested in Experience's future growth by establishing new operations in Customer Relationship Management in Norway and Sweden. There is now a strong focus among our clients on data-driven sales with the help of e-commerce. In this fast-growing segment of the market, Knowit Experience holds a strong position.

Within Insight, we have also performed organizational changes and established a new company to reinforce our offering in management consulting in southern Sweden. Digitalization means that our clients' business models are reevaluated and fundamentally changed. The possibilities of technology now create entirely new business models. It is increasingly important with competence regarding operative processes and business development, combined with technical expertise, which is exactly what Insight offers its clients.

Knowit Solutions is increasing its sales and profit most, but is also the largest business area with its 1,350 employees. We see a fast development in automation, AI technology, and machine learning, not least in the public sector, where the ambition is to provide improved service and use resources in a better way. Investments in the area are expected to increase. Knowit Solutions has both the competence and a history of working close to its clients in such projects.

It is more important than ever to understand how technology can contribute to new deals. Here, Knowit has a strong position with its combination of operative competence and technical knowledge in three business areas.


## A STRONG CULTURE CREATES SUCCESS

Our decentralized model, with independent and strong units, which Knowit has been building for many years, is important to our success. Every employee is granted space to take their own initiatives and responsibility. This contributes to a commitment that permeates the entire organization, from management to consultants. It is my ambition to continue building on this culture in the long term to contribute to increased client value, increased employee value, and increased shareholder value.



## ORGANIC GROWTH

As before, we continue to strive for organic growth through recruitment. We have a very strong employer brand, an attractive corporate culture, and three well-positioned business areas that continue to attract new colleagues.

Our efforts into sustainable business were made manifest in the roadmap for a fossil-free Sweden that we created along with around 30 other companies in the sector. The goal is to create climate-positive solutions for our clients. But we will not be satisfied with that. We have also performed a carbon footprint assessment for Knowit. This is one step on the path toward our goal of being an entirely climate-neutral company as of 2019. 

Per Wallentin  
CEO and president

January – March 2019

# Important events during the quarter

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Knowit was in **SHARED FIRST PLACE IN THE NORDIC HACK SAS VIYA**, with an algorithm for facial recognition

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In collaboration with Oslo Green Capital, the **OSLO ENVIRONMENTAL HACK** was performed

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Knowit was named **EPISERVER PARTNER OF THE YEAR 2019** in Sweden

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**NEW OPERATIONS** in Customer Relationship Management were established by Knowit Experience in Norway and Sweden

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The digitalization consultancy industry handed over a **JOINT ROADMAP FOR A FOSSIL-FREE SWEDEN** to the Swedish government

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Knowit was ranked **ONE OF THE MOST ATTRACTIVE IT CONSULTANCY FIRMS** in Universum's FöretagsBarometern 2019 among students

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In Malmö, Knowit Insight established **NEW OPERATIONS** in management consulting

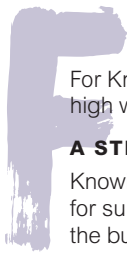
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Knowit has developed a **NEW TECHNICAL PLATFORM FOR 1177.SE**, which is one of the most visited websites in Sweden for health and health care information

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# Specialists with solid operative competence

Knowit's geographic market is the Nordic region. An increasing share of Knowit's sales comes from purchases within the clients' business operations. This is a general trend, according to the analyst Radar Ecosystem Specialists. For Knowit, this means it is becoming increasingly important to understand the clients' business operations in order to stay relevant as a supplier. Knowit, which has invested in management consulting and communication competence for many years, in addition to systems development and technology-intensive services, is well-positioned for this development.



For Knowit's three business areas, demand is generally high within all operations and on all geographic markets.

## A STRONG CLIENT OFFERING

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

## EXPERIENCE

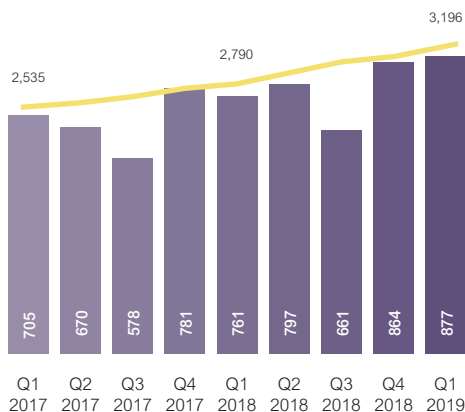
The business area Experience is one of the leading digital agencies in the Nordic region. With over 600 specialists in technology and communication, Experience takes responsibility for the entire digital customer experience. With competence in web, e-commerce, analysis, marketing, and design, they help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

The business area Experience is at the intersection between humans and technology and works on solutions to develop and reinforce the interaction with the client's customers.

Experience's clients are found in several different industries, but especially in the public sector and retail.

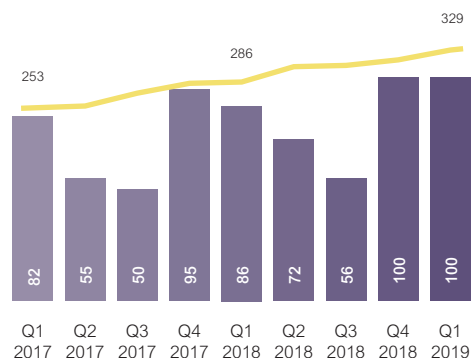
Examples of clients in the public sector include the Swedish Public Employment Service and Oslo's new national museum, for which Experience is taking part in developing the digital strategy and customer experience. Inera has tasked Knowit Experience with developing a new technical platform for Vårdguiden's website 1177.se. The target group is all citizens of Sweden, which places far-reaching requirements on the site as regards accessibility and usability.

In retail, Experience has specialist competence in e-commerce and works with its clients to create modern e-commerce platforms with a focus on data-driven customer experiences and increased sales. Bertel O. Steen, one of Norway's larger car retailers are a few examples of clients in this industry.



NET SALES, SEK, MILLIONS

● Net sales, quarterly data  
● Rolling 12 months



EBITA, SEK, MILLIONS

● Net sales, quarterly data  
● Rolling 12 months

## Market and operations cont.

Knowit Experience also has assignments in banking and finance. For Santander Consumer Bank in Norway, Experience has developed a new customer interface, and for Bulders Bank, a mobile bank owned by Sparbanken Vest, Experience has contributed with digital strategy and brand development.

### INSIGHT

The most important client group of the business area Insight is the management teams of companies and organizations. Knowit Insight helps its clients 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 competitor on the Nordic management consulting market. Insight encompasses several clear offerings, to meet the needs arising from the clients' new circumstances. Data-driven growth, e-commerce, cybersecurity, and strategy are areas in which the clients' needs are growing quickly.

Insight's clients are often found in the public sector, but the business area also has many clients in the energy sector and the manufacturing industry.

The education office and digitalization department of the municipality of Norrköping has entered into a partnership with Knowit Insight to develop the new generation's digital school. The goal is to get more students to meet the knowledge requirements by providing them with appropriate supportive digital conditions. The students will get equal access to digital tools based on their needs, and the teachers are given digital tools to facilitate administrative duties.

Volvo Cars is a client in the manufacturing industry with which Knowit has collaborated closely to create the conditions for agile project development.


In the public sector, the business area supports several clients with strategic consultancy connected to needs in cybersecurity and the increased requirements on processing of personal data and information security. One example of such a client is the Swedish Transport Administration.

### SOLUTIONS

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

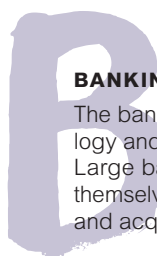
The business area Solutions helps companies and organizations to develop their operations through IT and system solutions based on the latest technology. The 1,350 consultants offer cutting-edge competence in all parts of the systems development process: from idea, architecture and project governance, to programming, implementation, testing, and security.

In both Norway and Sweden, the business area Solutions has its largest proportion of clients in the public sector. Some examples of important clients include the municipality of Oslo, SALAR (the Swedish Association of Local Authorities and Regions), the Swedish Defence Materiel Administration, the municipality of Nacka, and Vinnova.

With the aim of exploring AI with a focus on machine learning in the defense industry, Knowit has initiated a project relating to underwater sensors for detection and classification of vessels. During the spring, a pilot project is being performed with the Marine Home Guard relating to surveillance of archipelagic areas. 

# Four stable client markets

Knowit's broad offering means that it has clients in many different industries. The distribution of sales is relatively stable, with the highest sales in the public sector. The shares in banking and finance, retail, and the manufacturing industry are relatively stable at around 13-16 percent each of total sales.



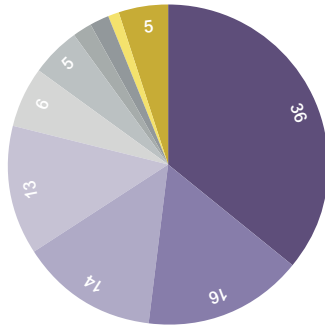
### BANKING AND FINANCE

The banking market is changing quickly. New technology and new regulations accelerate this development. Large banks and private equity firms are positioning themselves for an uncertain future by investing in FinTech and acquiring smaller banks. At the same time, niche

banks and other financial entities have gained strong positions in their respective areas.

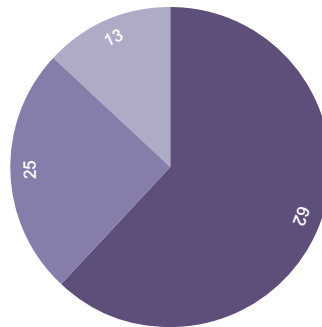
Knowit offers services for innovation, customer experiences, system and process transformation, and development of brands and marketing.

## Market and operations cont.



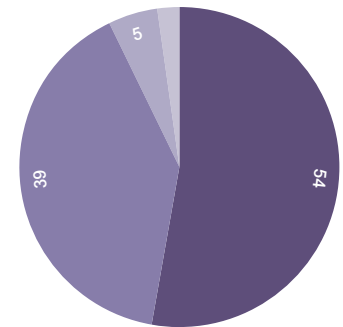
**SALES PER INDUSTRY FIELD  
JANUARY – MARCH 2019**

Public sector	36% (36)
Banking, finance and insurance	16% (14)
Retail and service companies	14% (16)
Industry	13% (13)
Telecommunications operators	6% (6)
Energy	5% (5)
Media, education and gaming	2% (2)
Telecommunications industry	2% (2)
Pharmaceuticals	1% (1)
Other	5% (5)



**SALES PER SEGMENT  
JANUARY – MARCH 2019**

Solutions	62% (63)
Experience	25% (23)
Insight	13% (14)



**SALES PER COUNTRY  
JANUARY – MARCH 2019**

Sweden	54% (60)
Norway	39% (33)
Finland	5% (5)
Other	2% (2)

Among the purchasers, we find DNB Sverige, Marginalen Bank, Santander, and Skandia.

### RETAIL

The structural changes in the retail sector are continuing. The development of the last year shows that the digital transformation in retail is accelerating. Growth is now occurring online, which results in the emergence of new business models. Around 5,000 stores in the durable goods sector have disappeared in just six years.

With extensive knowledge of e-commerce, purchasing, logistics systems, customer management, and business intelligence, Knowit contributes to increasing its clients' competitiveness.

Clients include Bertel O. Steen, Bokhandelsgruppen, and Systembolaget.

### THE MANUFACTURING INDUSTRY

Digitalization is having a strong impact on industrial companies, for instance as regards product development, manufacturing methods, integration of value chains, logistics management, and customer contact. For many companies, digital solutions are already a natural part of the operations. A significant driving force for digitalization in the manufacturing industry is the benefits that can be gained through extensive connection of equipment.

Knowit supports clients with methods and architecture for faster, more efficient product development, for instance using AI technology. Knowit also contributes with competence in procurement, to maximize customer benefits.


In the manufacturing industry, we have clients like Bixia, Volvo Cars, and Väderstad.

### THE PUBLIC SECTOR

Developing operations in the public sector with the help of digitalization is both a way to use tax monies more efficiently and a way to improve the services offered by authorities to citizens and companies. The work has focused on entirely transforming how the public sector interacts with private citizens and companies.

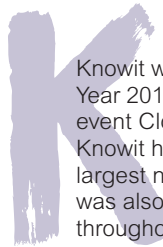
Examples of Knowit's deliveries include web solutions, mobile solutions, intranets, errand and document management solutions, archiving solutions, and business systems connected to specific needs.

Knowit has framework agreements with a number of large entities in this sector, including the Legal, Financial and Administrative Services Agency (Kammarkollegiet) in Sweden and Hansel in Finland.

Examples of clients include the municipality of Norrköping, Region Skåne, Vinnova, and the municipality of Uppsala. 

# Winner in the Nordic Hack and Partner of the Year

A Nordic team from Knowit was awarded shared first place in the Nordic Hack SAS Viya competition in Oslo. The task was to use the possibilities of creating an algorithm based on data, analysis, and the latest technology from SAS Viya®. The team from Knowit won with an app for facial recognition that can help displaced families find and identify missing family members.



Knowit was awarded the title Episerver Partner of the Year 2019 in Sweden during Episerver's annual partner event Closeup in February. The justification was that Knowit has stood out with the highest revenue and the largest number of new clients during the year. Knowit was also recognized for offering Episerver competence throughout all of Sweden.

## FOSSIL-FREE SWEDEN

A roadmap for a Fossil-Free Sweden has been created by Knowit with around 30 other companies in the field. The roadmap clarifies how the digitization industry, along with its customers, politicians, and other decision-makers, can facilitate a shift to a Fossil-Free Sweden.

Knowit has made the decision to work for making the group entirely climate-neutral as of 2019.

## ORGANIZATIONAL DEVELOPMENT

Knowit has established a new operative branch with management consultants in Malmö. Knowit Insight Syd has been established to facilitate a faster growth rate in southern Sweden.

During the quarter, Knowit has expanded its offering with Customer Relationship Management (CRM)


in the business area Experience. The new venture in Norway and Sweden makes it possible for Knowit to help companies, municipalities, and authorities maximize the use of their customer data, in order to create even better experiences for their customers.

Knowit has appointed Marie Björklund as new CFO of Knowit. She will be taking up her new duties in August and will be part of the corporate management team. Marie has most recently been working at the e-commerce company Lyko.

Tommy Berg was, as of March 1, appointed as the new EVP for Knowit Insight and thus replaces the former EVP, Tomas Sandén, in the corporate management team.

## ORGANIC GROWTH

When students in Sweden vote for the most desirable employers, Knowit is ranked among the most attractive employers. This is revealed in Universum's annual survey FöretagsBarometern.

During the quarter, Knowit has had a net recruitment of 14 employees. The organic growth is in line with Knowit's strategy of primarily developing its existing operations and growing organically. 

# Positive development of sales, profit, and margin

## Net sales and profit

### JANUARY-MARCH

Net sales increased to SEK 873.7 (761.0) million, an increase by 14.8 percent as compared with the corresponding period last year. Net sales increased to SEK 465.1 (451.6) million in Sweden, SEK 344.6 (249.7) million in Norway, and SEK 45.4 (41.4) million in Finland. Sales per employee increased to SEK 400 (381) thousand.

The operating profit before amortization of intangible assets (EBITA) increased to SEK 100.4 (86.3) million, an increase by 16.3 percent as compared with the corresponding period last year. If IFRS 16 (Leases) had not been applied, EBITA would have increased to SEK 100.0 (86.3) million. In Sweden, EBITA was SEK 61.6 (63.3) million, in Norway it increased to SEK 47.0 (32.9) million, and in Finland it was SEK 4.2 (5.5) million. The operating margin (EBITA) increased to 11.5 (11.3) percent.

Amortization of intangible assets amounted to SEK -1.6 (-1.6) million.

The operating profit after financial items increased to SEK 97.0 (84.4) million. The financial net was SEK -1.8 (-0.3) million. The financial net was affected by costs for synthetic options, interest relating to bank loans and leasing. IFRS 16 has affected the financial net by SEK -0.9 million.

The results after taxes increased to SEK 76.8 (65.5) million. Tax for the period amounted to SEK -20.2 (-18.9) million. The non-controlling interests' share of profit for the year increased to SEK 2.8 (2.5) million. Earnings per share increased to SEK 3.84 (3.29).

## Segments

### JANUARY-MARCH

The group's operations are organized so that the corporate management mainly follows up on three business areas: Experience, Insight, and Solutions. Net sales for the segment Experience increased to SEK 229.5 (181.4) million, for the segment Insight they increased to SEK 117.1 (111.4) million, and for the segment Solutions they increased to SEK 568.1 (507.6) million.

The operating profit before amortization of intangible assets (EBITA) increased to SEK 20.6 (18.0) million for the segment Experience, it was SEK 18.9 (19.1) for the segment Insight, and increased to SEK 73.9 (66.6) for the segment Solutions.

The EBITA margin was 9.0 (9.9) percent for the segment Experience, 16.1 (17.1) percent for the segment Insight, and 13.0 (13.1) percent for the segment Solutions.

The parent company's results, the effects of IFRS 16 and other consolidating adjustments are not included in segment reporting.

## Cash flow and financial position

### JANUARY-MARCH

Cash flow from operating activities was SEK -20.7 (6.8) million, where the change in working capital is affected by increased accounts receivable and decreased short-term liabilities, as well as by IFRS 16. The increase in accounts receivable is subject to a calendar effect because the due date fell on Sunday 31 March.

Cash flow from investment activities totaled SEK -3.0 (-5.2) million, affected mainly by investments in equipment.

Cash flow from financing activities was SEK -17.4 (-3.5) million, affected by IFRS 16 and amortization of bank loans.

Total cash flow was SEK -41.1 (-1.9) million. Cash and cash equivalents were SEK 152.8 (106.3) million as per March 31 2019.

Goodwill and other intangible assets amounted to SEK 976.5 (939.7) million, of which goodwill was SEK 952.8 (921.4) million, and other intangible assets were SEK 23.7 (18.3) million.


Equity increased to SEK 1,206.5 (1,045.0) million. Interest-bearing liabilities totaled SEK 311.6 (147.3) million on March 31 2019, of which SEK 224.3 (53.1) million were long-term and SEK 87.3 (94.2) million were short-term. Bank loans decreased to SEK 7.0 (19.8) million, a used overdraft facility totaled SEK 0 (0) million of a granted overdraft facility of SEK 25.0 (170.0) million, financial leasing liabilities totaled SEK 230.3 (21.8) million and liabilities related to future consideration and synthetic options in subsidiaries totaled SEK 74.3 (105.7) million.

The equity ratio was 52.9 (56.6) percent as per March 31 2019.

## Employees

### JANUARY-MARCH

On March 31 2019, a total of 2,274 (2,074) people were employed by the group. The number of employees has increased by 14 people during 2019.

The average number of employees during the period increased to 2,184 (1,996). The average number of employees in Sweden increased to 1,287 (1,247), in Norway to 729 (606), and in Finland to 116 (108). 



## Parent company

# Results and financial position

### JANUARY-MARCH

The operating profit before amortization of intangible assets (EBITA) totaled SEK -12.8 (-13.3) million. The financial net was SEK 23.8 (4.3) million, affected mainly by dividends to subsidiaries. The result after financial net was SEK 10.2 (-9.0) million.

As per March 31 2019, equity was SEK 383.1 (387.7) million. Untaxed reserves, mainly accrual funds, were SEK 92.9 (78.5) million. **k**

## Other information

# Changed accounting principles

## Essential risks and uncertainty factors

Knowit's general essential business risks consist of reduced demand for consultancy services, problems 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.

For a comprehensive description of the essential risks and uncertainty factors, see Knowit's annual report for 2018, pages 70-71. No significant changes have occurred since.

## Accounting principles

This report has been prepared in accordance with IAS 34, Interim Financial Reporting, and applicable regulations in 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 changed 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.

The group applies IFRS 16 Leases as of January 1 2019. The parent company does not apply IFRS 16 in accordance with the exception in RFR 2. Description of IFRS 16 and the effects of the transition to this standard are presented in brief below.

### ALTERED ACCOUNTING PRINCIPLES

IFRS 16 Leases replaces IAS 17 Leases and the associated interpretations IFRIC 4, SIC-15, and SIC 27. The standard requires that all assets and liabilities attributable to all leasing contracts, with some exceptions, are presented in the balance sheet. The reporting for the leaser is largely un-changed. The standard is applicable to fiscal years starting after January 1 2019. Knowit applies IFRS 16 as of January 1 2019.

The standard has mainly affected Knowit's reporting of the group's operational leasing agreements, such as rental agreements for offices and the like. The standard provides for various transitional methods and Knowit has chosen not to apply the standard retroactively. Instead, Knowit will apply IFRS 16 as of January 1 2019. The transitional rule selected means that the financial reports for 2018 will not be recalculated.

The group reports a usufruct asset and a leasing liability on the start date of the leasing contract. The usufruct asset is initially valued at the cost of acquisition, plus leasing fees paid at or before the start date plus any initial direct fees. The usufruct asset is then written off linearly, from the start date until the end of the use period of the asset or the end of the leasing period, whichever comes first.

## Other information cont.

The leasing liability is initially valued at the present value of the future leasing fees that have not been paid at the start date. The leasing fees are discounted at the marginal borrowing rate of the leasing contract. If this interest rate cannot easily be determined, Knowit AB's marginal borrowing rate is used. The leasing liability is then valued at amortized cost with the effective interest method. The leasing liability is revalued if the future leasing fees are changed as a result of changes in an index or a rate. When the leasing liability is revalued in this way, a corresponding adjustment is made to the reported value of the usufruct asset.

The group has chosen not to report usufruct assets and leasing liabilities for leasing contracts with a leasing period of 12 months or less, or underlying assets of lesser value. Leasing fees for these leasing contracts are reported as a cost linearly throughout the leasing period.

The opening effect on the balance sheet of the group as per January 1 2019 is that a leasing asset (usufruct) totaling SEK 229 million and a leasing liability totaling SEK 216 million are added, of which SEK 13 million have been reclassified from prepaid expenses. The effects on the balance sheet, in-come statement, and cash flow for the period are reported in the table "Comparative figures as if IAS 17 had been used in 2019."

To estimate the effects of IFRS 16, the group has used a weighted average of the marginal interest rate as the discount rate. The marginal interest rate applied is 1.7 percent.

For the segments, the effects of IFRS 16 are reported as Parent company and consolidating adjustments, see the segment reporting for the group.

### DISCLOSURE REQUIREMENTS PER QUARTER IN ACCORDANCE WITH IFRS

#### *Financial instruments reported at other than actual value*

There are no significant differences between reported values and actual values for financial instruments in the balance sheet.

## Events after the end of the interim reporting period

No significant events have occurred after the end of the interim reporting period.

## Alternative key figures

In this interim report, we are using the following alternative key figures, as a supplement to the measures defined in applicable rules for the financial report, as we believe they supplement and provide clearer and more in-depth information directly related to our consultancy operations. These measures are used in follow-up of our long-term financial targets and to give a fair idea of Knowit's results and financial position to the Board, 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 percent 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 team follows up on each month have been selected so that they give an idea of profitability, growth, and cash flow. Through these measure, we can ensure that the Board's long-term goals are achieved in the operations. For more information on our long-term financial targets and further definitions of key figures, see the annual report for 2018, pages 9 and 93.

**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.  $(100.4/873.7 = 11.5\%)$

**NET LIABILITIES** Interest-bearing liabilities less financial interest-bearing assets.  $(224.3+87.3-152.8 = \text{SEK } 158.8 \text{ million})$

**AVERAGE EQUITY** The average of the opening equity of the period and the closing equity of the period.  $((1,206.5+1,106.3)/2 = \text{SEK } 1,156.4 \text{ million})$

**EARNINGS ON EQUITY** The profit after taxes in percent of average equity including non-controlling interest shares.  $(76.8/1,156.4 = 6.6\%)$

**CAPITAL EMPLOYED** Total assets plus interest-bearing liabilities.  $(1,206.5+224.3+87.3 = 1,518.1 \text{ SEK, millions})$

**EARNINGS ON CAPITAL EMPLOYED** Profit after financial items plus financial costs in percent of average capital employed.  $((97.0+2.4)/((1,518.1+1,212.6)/2) = 7.3\%)$

## 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, depending 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 Q2

July 15 2019 1 PM

### INTERIM REPORT Q3

October 23 2019 08.30 AM

### YEAR-END REPORT 2019

February 6 2020 08.30 AM

## Other information cont.

### Certification

Stockholm, April 26 2019

Per Wallentin  
**CEO**

*This interim report has not been reviewed  
by Knowit's auditors.*


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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 competencies 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](http://knowit.eu). 

# Consolidated income statement

SEK MILLIONS	JAN-MAR 2019	JAN-MAR 2018	JAN-DEC 2018
Net sales	873.7	761.0	3,083.3
Operating costs	-755.4	-671.6	-2,756.3
Depreciation of tangible fixed assets	-17.9	-3.1	-11.9
<b>OPERATING RESULT BEFORE DEPRECIATIONS OF INTANGIBLE ASSETS (EBITA)</b>	<b>100.4</b>	<b>86.3</b>	<b>315.1</b>
Depreciation of intangible fixed assets	-1.6	-1.6	-6.1
<b>OPERATING RESULT (EBIT)</b>	<b>98.8</b>	<b>84.7</b>	<b>309.0</b>
Financial incomes	0.6	1.1	1.0
Financial costs	-2.4	-1.4	-6.4
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>97.0</b>	<b>84.4</b>	<b>303.6</b>
Taxes	-20.2	-18.9	-71.7
<b>RESULT FOR THE PERIOD</b>	<b>76.8</b>	<b>65.5</b>	<b>231.9</b>
Result for the period assignable to shareholders in Parent Company	74.0	63.0	223.0
Result for the period assignable to non-controlling interests' holdings	2.8	2.5	8.9
<b>Earnings per share</b>			
Earnings per share, before dilution, SEK	3.84	3.29	11.62
Earnings per share, after dilution, SEK	3.84	3.29	11.62

# Consolidated total results

SEK MILLIONS	JAN-MAR 2019	JAN-MAR 2018	JAN-DEC 2018
<b>Result for the period</b>	<b>76.8</b>	<b>65.5</b>	<b>231.9</b>
<i>Items that may later be reclassified to profit or loss</i>			
Hedging of net investments	-	-0.4	-0.5
Tax effect, hedging of net investments	-	0.1	0.1
Exchange rate differences	23.4	28.6	10.0
<b>OTHER TOTAL RESULTS FOR THE PERIOD, NET AFTER TAX</b>	<b>100.2</b>	<b>93.8</b>	<b>241.5</b>
<b>Total result for the period</b>			
Total result assignable to shareholders in Parent Company	97.4	91.3	232.6
Total result assignable to non-controlling interests' holdings	2.8	2.5	8.9

# Consolidated balance sheet

SEK MILLIONS	MAR 31 2019	MAR 31 2018	DEC 31 2018
<b>Assets</b>			
Intangible fixed assets	976.5	939.7	962.9
Tangible fixed assets	262.5	41.7	42.5
Financial fixed assets	6.0	4.7	6.0
Deferred tax assets	2.7	4.8	2.6
Current assets	881.5	750.5	714.0
Cash equivalents	152.8	106.3	194.6
<b>TOTAL ASSETS</b>	<b>2,282.0</b>	<b>1,847.7</b>	<b>1,922.6</b>
<b>Equity and liabilities</b>			
Share capital	19.3	19.1	19.3
Other paid-in capital and provisions	582.6	557.7	558.8
Recognized profits, including result for the period	586.3	452.6	513.3
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY</b>	<b>1,188.2</b>	<b>1,029.4</b>	<b>1,091.4</b>
Non-controlling interests	18.3	15.6	14.9
<b>TOTAL EQUITY</b>	<b>1,206.5</b>	<b>1,045.0</b>	<b>1,106.3</b>
Long-term provisions	44.6	38.2	45.0
Interest-bearing long-term liabilities	224.3	53.1	79.5
Interest-bearing short-term liabilities	87.3	94.2	26.8
Other short-term liabilities	719.3	617.2	665.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,282.0</b>	<b>1,847.7</b>	<b>1,922.6</b>

# Consolidated cash flow analysis

SEK MILLIONS	JAN-MAR 2019	JAN-MAR 2018	JAN-DEC 2018
Cash flow current operations before changes in working capital	89.1	64.9	250.9
Change in working capital	-109.8	-58.1	23.2
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>-20.7</b>	<b>6.8</b>	<b>274.1</b>
Cash flow from investing activities	-3.0	-5.2	-68.0
Cash flow from financing activities	-17.4	-3.5	-113.8
<b>CASH FLOW FOR THE PERIOD</b>	<b>-41.1</b>	<b>-1.9</b>	<b>92.3</b>
Opening balance at start of period	194.6	107.3	107.3
Exchange rate differences in cash equivalents	-0.7	0.9	-5.0
<b>CLOSING BALANCE AT END OF PERIOD</b>	<b>152.8</b>	<b>106.3</b>	<b>194.6</b>

# Statement of changes in equity – Group

SEK MILLIONS	JAN-MAR 2019	JAN-MAR 2018	JAN-DEC 2018
<b>Opening balance</b>	<b>1,106.3</b>	<b>951.2</b>	<b>951.2</b>
Exchange rate differences	23.4	28.6	10.0
Hedging of net investment	–	-0.4	-0.5
Tax effect hedging of net investment	–	0.1	0.1
Result for the period	76.8	65.5	231.9
<b>TOTAL RESULT FOR THE PERIOD</b>	<b>100.2</b>	<b>93.8</b>	<b>241.5</b>
<b>TOTAL BEFORE TRANSACTIONS WITH SHAREHOLDERS</b>	<b>1,206.5</b>	<b>1,045.0</b>	<b>1,192.8</b>
Non-controlling interests' holdings	–	–	-0.8
Additional capital from non-controlling interests' holdings	–	–	-6.9
Dividend payment	–	–	-99.1
New issue in connection with acquisitions	–	–	5.0
New issue in connection with synthetic options	–	–	5.3
Share issue for the acquisition of non-controlling interests	–	–	10.0
<b>CLOSING BALANCE</b>	<b>1,206.5</b>	<b>1,045.0</b>	<b>1,106.3</b>

## Key figures

SEK MILLIONS	JAN-MAR 2019	JAN-MAR 2018	JAN-DEC 2018
Average number of employees	2,184	1,996	2,032
Sales per average number of employees (SEK, 000s)400	400	381	1,517
Result after financial items per average number of employees (SEK, 000s)	44	42	149
Return on total capital, %	4.7	4.7	16.7
Return on equity, %	6.6	6.6	22.5
Return on capital employed, %	7.3	7.5	26.8
EBITA margin, %	11.5	11.3	10.2
Equity ratio, %	52.9	56.6	57.5

## Data per share

	JAN-MAR 2019	JAN-MAR 2018	JAN-DEC 2018
<b>Earnings per share (SEK)</b>			
Before dilution	3.84	3.29	11.62
After dilution	3.84	3.29	11.62
<b>Equity per share (SEK)</b>			
Before dilution	61.71	53.79	56.68
After dilution	61.71	53.79	56.68
<b>Average number of shares (000s)</b>			
Before dilution	19,254	19,139	19,191
After dilution	19,254	19,139	19,191
<b>Number of shares on balance sheet day (000s)</b>			
Before dilution	19,254	19,139	19,254
After dilution	19,254	19,139	19,254

# Group segment reporting

JAN-MAR 2019, SEK MILLIONS	Experience	Insight	Solutions	Parent company/ consol. adj.	Total
External net sales	210.8	107.4	555.5	–	873.7
Net sales between segments	18.7	9.7	12.6	-41.0	–
<b>NET SALES</b>	<b>229.5</b>	<b>117.1</b>	<b>568.1</b>	<b>-41.0</b>	<b>873.7</b>
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>20.6</b>	<b>18.9</b>	<b>73.9</b>	<b>-13.0</b>	<b>100.4</b>
Depreciation of intangible assets	-0.3	–	-0.5	-0.8	-1.6
<b>OPERATING PROFIT (EBIT)</b>	<b>20.3</b>	<b>18.9</b>	<b>73.4</b>	<b>-13.8</b>	<b>98.8</b>
Result after financial items					97.0
<b>RESULT FOR THE PERIOD</b>					<b>76.8</b>
<b>EBITA-margin in %</b>	<b>9.0</b>	<b>16.1</b>	<b>13.0</b>		<b>11.5</b>
<b>Average number of employees</b>	<b>574</b>	<b>289</b>	<b>1,309</b>	<b>12</b>	<b>2,184</b>
<b>Intangible assets</b>	<b>238.5</b>	<b>61.4</b>	<b>663.4</b>	<b>13.2</b>	<b>976.5</b>
<b>Tangible fixed assets</b>	<b>2.7</b>	<b>0.3</b>	<b>12.3</b>	<b>247.2</b>	<b>262.5</b>

JAN-MAR 2018, SEK MILLIONS	Experience	Insight	Solutions	Parent company/ consol. adj.	Total
External net sales	170.3	100.1	490.6	–	761.0
Net sales between segments	11.1	11.3	17.0	-39.4	–
<b>NET SALES</b>	<b>181.4</b>	<b>111.4</b>	<b>507.6</b>	<b>-39.4</b>	<b>761.0</b>
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>18.0</b>	<b>19.1</b>	<b>66.6</b>	<b>-17.4</b>	<b>86.3</b>
Depreciation of intangible assets	–	–	-1.6	–	-1.6
<b>OPERATING PROFIT (EBIT)</b>	<b>18.0</b>	<b>19.1</b>	<b>65.0</b>	<b>-17.4</b>	<b>84.7</b>
Result after financial items					84.4
<b>RESULT FOR THE PERIOD</b>					<b>65.5</b>
<b>EBITA-margin in %</b>	<b>9.9</b>	<b>17.1</b>	<b>13.1</b>		<b>11.3</b>
<b>Average number of employees</b>	<b>512</b>	<b>253</b>	<b>1,220</b>	<b>11</b>	<b>1,996</b>
<b>Intangible assets</b>	<b>204.7</b>	<b>61.1</b>	<b>665.4</b>	<b>8.5</b>	<b>939.7</b>
<b>Tangible fixed assets</b>	<b>3.1</b>	<b>0.5</b>	<b>13.5</b>	<b>24.6</b>	<b>41.7</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 the effects of IFRS 16.

# Group revenue from client contracts

SEK MILLIONS	JAN-MAR 2019	JAN-MAR 2018	JAN-DEC 2018
<b>GEOGRAPHIC CATEGORIZATION</b>			
<b>Fee revenue</b>			
Sweden	441.5	437.9	1,666.0
Norway	325.1	238.1	1,055.0
Finland	45.1	40.8	158.9
Other	18.4	18.1	69.6
<b>TOTAL FEE REVENUE</b>	<b>830.1</b>	<b>734.9</b>	<b>2,949.5</b>
<b>Other revenue</b>			
Sweden	23.6	13.7	71.2
Norway	19.5	11.6	59.8
Finland	0.3	0.6	2.7
Other	0.2	0.2	0.1
<b>TOTAL OTHER REVENUE</b>	<b>43.6</b>	<b>26.1</b>	<b>133.8</b>
<b>TOTAL NET REVENUE</b>	<b>873.7</b>	<b>761.0</b>	<b>3,083.3</b>
<b>SEK MILLIONS</b>			
<b>SEGMENT CATEGORIZATION</b>			
<b>Fee revenue</b>			
Experience	201.5	164.4	701.9
Insight	114.9	109.2	417.7
Solutions	549.5	494.3	1,955.6
Parent company/consol. adjustments	-35.8	-33.0	-125.7
<b>TOTAL FEE REVENUE</b>	<b>830.1</b>	<b>734.9</b>	<b>2,949.5</b>
<b>Other revenue</b>			
Experience	28.0	17.0	78.2
Insight	2.2	2.2	8.9
Solutions	18.6	13.3	82.3
Parent company/consol. adjustments	-5.2	-6.4	-35.6
<b>TOTAL OTHER REVENUE</b>	<b>43.6</b>	<b>26.1</b>	<b>133.8</b>
<b>TOTAL NET REVENUE</b>	<b>873.7</b>	<b>761.0</b>	<b>3,083.3</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 64-69 in the Annual report 2018.



# Comparative figures as if IAS 17 had been used in 2019

SEK MILLIONS	IFRS 16	IAS 17	
	JAN-MAR 2019	JAN-MAR 2019	JAN-MAR 2018
<b>Profit before depreciation of tangible fixed assets</b>	<b>118.3</b>	<b>103.0</b>	<b>89.4</b>
Depreciation of tangible fixed assets	-17.9	-3.0	-3.1
<b>OPERATING RESULT BEFORE DEPRECIATIONS OF INTANGIBLE ASSETS (EBITA)</b>	<b>100.4</b>	<b>100.0</b>	<b>86.3</b>
Depreciation of intangible assets	-1.6	-1.6	-1.6
Financial net	-1.8	-0.9	-0.3
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>97.0</b>	<b>97.5</b>	<b>84.4</b>
<b>RESULT AFTER TAX</b>	<b>76.8</b>	<b>77.2</b>	<b>65.5</b>
<b>Assets</b>			
Usufruct assets	241.3	–	–
Other tangible assets	21.2	42.7	41.7
<b>TOTAL TANGIBLE ASSETS</b>	<b>262.5</b>	<b>42.7</b>	<b>41.7</b>
<b>TOTAL ASSETS</b>	<b>2,282.0</b>	<b>2,076.9</b>	<b>1,847.7</b>
<b>EQUITY</b>	<b>1,206.5</b>	<b>1,206.9</b>	<b>1,045.0</b>
<b>Liabilities</b>			
Long-term leasing liabilities	162.7	–	–
Other long-term interest-bearing liabilities	61.6	79.1	53.1
<b>TOTAL LONG-TERM INTEREST-BEARING LIABILITIES</b>	<b>224.3</b>	<b>79.1</b>	<b>53.1</b>
Short-term leasing liabilities	67.5	–	–
Other short-term interest-bearing liabilities	19.8	26.3	94.2
<b>TOTAL SHORT-TERM INTEREST-BEARING LIABILITIES</b>	<b>87.3</b>	<b>26.3</b>	<b>94.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,282.0</b>	<b>2,076.2</b>	<b>1,847.7</b>
<b>Cash flow</b>			
Cash flow before changes in working capital	89.1	73.5	64.9
Changes in working capital	-109.8	-109.8	-58.1
<b>Cash flow from operating activities</b>	<b>-20.7</b>	<b>-36.3</b>	<b>6.8</b>
Cash flow from investments activities	-3.0	-3.0	-5.2
Cash flow from financing activities	-17.4	-1.8	-3.5
<b>CASH FLOW FOR THE PERIOD</b>	<b>-41.1</b>	<b>-41.1</b>	<b>-1.9</b>

# Financial assets and liabilities

SEK MILLIONS	MARCH 31 2019			MARCH 31 2018		
	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	–	0.3	0.3 <sup>1)</sup>	–	0.4	0.4 <sup>1)</sup>
Other long-term receivables	1.3	–	1.3	1.3	–	1.3
Accounts receivable and other receivables	794.9	–	794.9	665.7	–	665.7
Cash equivalents	152.8	–	152.8	106.3	–	106.3
<b>TOTAL</b>	<b>949.0</b>	<b>0.3</b>	<b>949.3</b>	<b>773.3</b>	<b>0.4</b>	<b>773.7</b>

SEK MILLIONS	MARCH 31 2019			MARCH 31 2018		
	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	–	52.1	52.1 <sup>2)</sup>	–	19.8	19.8 <sup>2)</sup>
Future consideration	22.2	–	22.2 <sup>2)</sup>	85.9	–	85.9 <sup>2)</sup>
Other interest-bearing liabilities	237.3	–	237.3	41.5	–	41.5
Accounts payable	156.1	–	156.1	111.1	–	111.1
Other liabilities	263.2	–	263.2	224.8	–	224.8
<b>TOTAL</b>	<b>678.8</b>	<b>52.1</b>	<b>730.9</b>	<b>463.3</b>	<b>19.8</b>	<b>483.1</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 IAS 39 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 2018.

# Income statement Parent Company

SEK MILLIONS	JAN-MAR 2019	JAN-MAR 2018	JAN-DEC 2018
Net sales	84.1	70.8	307.6
Operating costs	-96.6	-83.8	-361.7
Depreciation of tangible fixed assets	-0.3	-0.3	-1.3
<b>OPERATING RESULT BEFORE DEPRECIATION OF INTANGIBLE ASSETS (EBITA)</b>	<b>-12.8</b>	<b>-13.3</b>	<b>-55.4</b>
Depreciation of intangible fixed assets	-0.8	-	-0.7
<b>OPERATING RESULT (EBIT)</b>	<b>-13.6</b>	<b>-13.3</b>	<b>-56.1</b>
Financial items	23.8	4.3	130.2
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>10.2</b>	<b>-9.0</b>	<b>74.1</b>
Appropriations	-	-	-14.4
Income taxes	-	-	-12.9
<b>RESULT FOR THE PERIOD</b>	<b>10.2</b>	<b>-9.0</b>	<b>46.8</b>

# Balance sheet Parent Company

SEK MILLIONS	MAR 31 2019	MAR 31 2018	DEC 31 2018
<b>Assets</b>			
Intangible fixed assets	13.2	8.5	12.7
Tangible fixed assets	4.1	5.0	4.1
Financial fixed assets	862.8	816.0	871.8
Current assets	116.7	96.9	102.8
Cash equivalents	147.1	96.6	189.6
<b>TOTAL ASSETS</b>	<b>1,143.9</b>	<b>1,023.0</b>	<b>1,181.0</b>
<b>Equity and liabilities</b>			
Share capital	19.3	19.1	19.3
Statutory reserve	68.0	68.0	68.0
Fund for development costs	10.5	8.5	11.3
Unrestricted share capital including result for the period	285.3	292.1	274.3
<b>TOTAL EQUITY</b>	<b>383.1</b>	<b>387.7</b>	<b>372.9</b>
Untaxed reserves	92.9	78.5	92.9
Interest-bearing long-term liabilities	-	7.0	1.6
Interest-bearing short-term liabilities	7.0	12.8	7.2
Other short-term liabilities	660.9	537.0	706.4
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,143.9</b>	<b>1,023.0</b>	<b>1,181.0</b>