

# Interim report

- Good growth
- Retained profit
- Strong cash flow

## JANUARY – SEPTEMBER 2019

NET SALES INCREASED BY 9.4 PERCENT TO SEK 2,426.9 (2,219.3) MILLION

THE OPERATING PROFIT (EBITA) INCREASED BY 3.3 PERCENT TO SEK 222.0 (214.9) MILLION \*

RESULTS AFTER TAXES INCREASED TO SEK 163.9 (159.5) MILLION

EARNINGS PER SHARE, BEFORE AND AFTER DILUTION, INCREASED TO SEK 8.18 (7.99)

THE OPERATING MARGIN (EBITA) WAS 9.1 (9.7) PERCENT

CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 190.9 (121.7) MILLION

## JULY – SEPTEMBER 2019

NET SALES INCREASED BY 7.2 PERCENT TO SEK 708.6 (661.1) MILLION

THE OPERATING PROFIT (EBITA) INCREASED TO SEK 56.3 (56.2) MILLION \*\*

RESULTS AFTER TAXES WERE SEK 39.7 (42.1) MILLION

EARNINGS PER SHARE, BEFORE AND AFTER DILUTION, WERE SEK 1.99 (2.10)

THE OPERATING MARGIN (EBITA) WAS 7.9 (8.5) PERCENT

CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 122.1 (42.1) MILLION

\*) IFRS 16 has a positive impact on the EBITA profit of SEK 1.4 million

\*\*) IFRS 16 has a positive impact on the EBITA profit of SEK 0.5 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 October 23.

## COMMENTS FROM THE CEO

# Increased net sales and retained profit

In the third quarter, we have increased our net sales, while retaining the profit as compared with the corresponding period last year.



It is gratifying that we, within Solutions, have a positive development on a market that remains strong, with increased net sales, profit and margin. I am also pleased that we increased net sales in the business area Experience, even if the margin has not developed as positively. Within Insight, we have met with a more hesitant market after the summer, and the extent of a few larger client projects has suddenly and unexpectedly decreased. This has meant a lower debit ratio and that we have not managed to keep net sales, profit and margin up within the business area.

We continue to reinforce our position as an important partner in our clients' digital transformations and have during the quarter delivered several innovative solutions. For Knowit I have a strong belief in our capacity for continued growth with high profitability.

### **FUTURE-ORIENTED VENTURES**

In the business area Experience, we have invested in new operations in Norway within CRM. A corresponding investment has been made in Sweden through a small acquisition specialized in data-driven customer experiences. The acquisition reinforces our focus in Experience on e-commerce and CRM. The deal is also fully in line with our acquisition strategy to supplement our operations with new specialist competence.


Within the business area Insight we have invested in a clearer client offering, to increase our ability to be successful on the market. We have also devised a new

consultant development program for newly employed management consultants and performed a new cycle of the corresponding program for our operations in cybersecurity. These investments are performed in order to improve our competitiveness.

The business area Solutions remains strong, especially in Norway. During the quarter, we have also had success in southern Sweden and in order to increase our service levels we have opened an office in Helsingborg. Within the business area, we have also recruited at a high pace to meet demand.

### **CONTINUED GROWTH**

We have grown organically and during the quarter we have had a net recruitment of 100 new employees, especially within business area Solutions. Knowit is an attractive company to work for, thanks to our investments into corporate culture, equality and our vision of a sustainable society.

One example of how digital solutions contribute to a more humane society is the 112 app, which we have developed alongside SOS Alarm. It makes it possible to communicate fast, relevant and reliable information about emergent events and position the person making a call, which facilitates emergency responses. I am proud that Knowit contributes in creating true societal benefits and a more humane society. 

Per Wallentin  
**Vd och koncernchef**

# Events during the period



## JULY – SEPTEMBER 2019

---

Knowit develops **THE 112 APP FOR SOS ALARM** which already has one million users.

---

Knowit is named **PREMIUM PLATINUM PARTNER** to Episerver.

---

The Salesforce agency **4FRONT**, with a focus on data-driven customer experiences, is acquired by Knowit.

---

To increase the service level, Knowit opened a **NEW OFFICE IN HELSINGBORG**.

---

Knowit, in collaboration with Dagens Industri, organizes a popular seminar during **THE ALMEDALEN WEEK**, with the topic “How do we ensure justice and equality when decision-making is moved to robots?”.



## APRIL – JUNE 2019

---

**TEKNISKA VERKEN IN LINKÖPING** has chosen Knowit as its **DIGITAL PARTNER** for its websites.

---

Knowit has signed a **FRAMEWORK AGREEMENT WITH THE AMBULANCE CARE** in Stockholm (AISAB).

---

When the business journal Dagens Industri named **THE BEST IT CONSULTANCY FIRMS ON THE STOCKHOLM STOCK EXCHANGE**, Knowit was in **FIRST PLACE**.

---

Together with **FURHAT ROBOTICS**, Knowit is developing a concept to help clients and stakeholders to study new uses for **SOCIAL ROBOTS**.

---

For **BEIJER BYGGMATERIAL**, Knowit is contributing to leading the **DIGITAL TRANSFORMATION** in the organization, from strategy to implementation.

---

Knowit has created a **NEW FOCUS AREA** encompassing the **FORESTRY INDUSTRY’S INCREASED NEEDS** of digitalization and new technology.

---

The Finnish Council for Gender Equality **REWARDS** the **DAD CHALLENGE** campaign **IN FINLAND**, for which Knowit was one of the initiators.

---

When **IT STUDENTS IN THE NORDIC REGION** vote for their **FAVORITE EMPLOYERS**, Knowit is in tenth place among all companies with operations in the Nordic countries.



## JANUARY – MARCH 2019

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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.

---

# The period in brief

## JANUARY – SEPTEMBER 2019

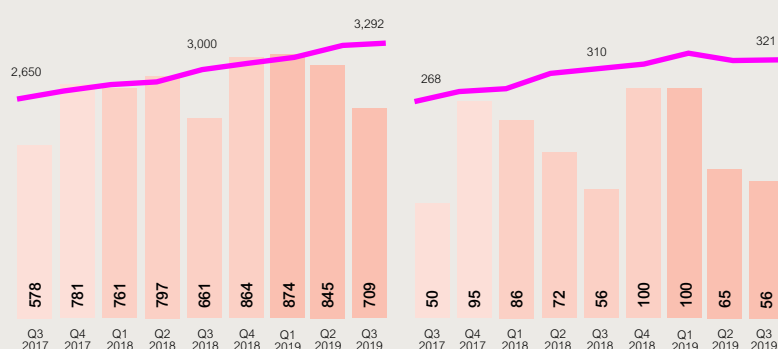
Profit before amortization of intangible assets (EBITA) increased to SEK 222.0 (214.9) million, an increase by 3.3 percent as compared with the corresponding period last year. If IFRS 16 (Leases) had not been applied, EBITA would have increased to SEK 220.6 (214.9) million.

Cash flow from operating activities was SEK 190.9 (121.7) million, where the change in operating capital is affected by decreased accounts receivable.

Goodwill and other intangible assets were SEK 988.8 (946.3) million.

On September 30 2019, a total of 2,383 (2,241) people were employed in the group.

	JAN-SEPT 2019	JAN-SEPT 2018
Sales, SEK, millions	<b>2,426.9</b>	2,219.3
EBITA, SEK, millions	<b>222.0</b>	214.9
EBITA margin in percent	<b>9.1</b>	9.7
Cash flow from operating activities, SEK, millions	<b>190.9</b>	121.7
Intangible assets, SEK, millions	<b>988.8</b>	946.3
Number of employees	<b>2,383</b>	2,241

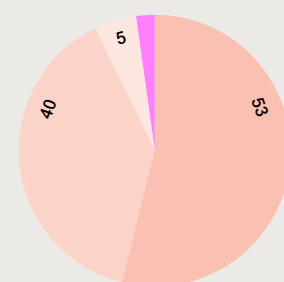


### NET SALES, SEK, MILLIONS

- Net sales, quarterly data
- Rolling 12 months

### EBITA, SEK, MILLIONS

- EBITA, quarterly data
- Rolling 12 months



### SALES PER COUNTRY JANUARY – SEPTEMBER 2019

Sweden	53% (57)
Norway	40% (36)
Finland	5% (5)
Other	2% (2)

## MARKET AND OPERATIONS

# Clearly positioned business areas

Knowit's geographic market is the Nordic region, with operations primarily in Norway and Sweden. The group's strategy is to become an important partner in clients' digital transformations through innovative and tailored solutions, and the proportion of Knowit's sales that comes from other departments than IT in its clients' operations continues to increase. For several years, Knowit has been investing in management consultancy, analysis of big data, design and communication, in addition to systems development and tech-associated services, which means that the group is well-positioned for this development.

Knowit has a strong brand in the private and public sectors and is seeing increased demand for more complex assignments.

### GOOD SPREAD ACROSS DIFFERENT CLIENT INDUSTRIES

Knowit's broad offering means 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 36 percent of net sales. The shares in banking and finance, retail and the manufacturing industry are relatively stable, each in the range 13–15 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

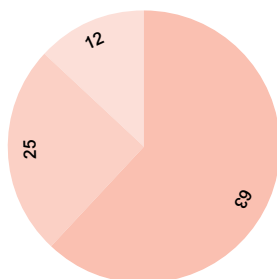
client group encompasses sales and marketing departments. Insight mainly has corporate management and management teams as its clients, and Solutions usually collaborates with companies' operative departments.

### FINANCIAL OUTCOME

The group's operations are organized so that the corporate management team primarily follows three business areas: Experience, Insight, and Solutions. The net sales for the segment Experience increased to SEK 636.5 (551.4) million, for the segment Insight to SEK 309.1 (307.0) million, and for the segment Solutions to SEK 1,601.9 (1,471.9) million.

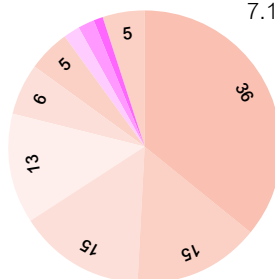
Profit before amortization of intangible assets (EBITA) for the segment Experience was SEK 45.3 (47.5) million, for the segment Insight was SEK 30.2 (43.9) million, and for the segment Solutions increased to SEK 183.2 (167.7) million.

The EBITA margin for the segment Experience was 7.1 (8.6) percent, for the segment Insight was 9.8 (14.3) percent, and for the segment Solutions was 11.4 (11.4) percent.



**SALES PER BUSINESS AREA  
JANUARY - SEPTEMBER 2019**

Solutions	63% (63)
Experience	25% (24)
Insight	12% (13)



**SALES PER INDUSTRY FIELD  
JANUARY - SEPTEMBER 2019**

Public sector	36% (35)
Banking, finance and insurance	15% (15)
Retail and service companies	15% (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)



## → MARKET AND OPERATIONS cont.

### Experience

	JAN-SEPT 2019	JAN-SEPT 2018
Sales, SEK, millions	636.5	551.4
EBITA, SEK, millions	45.3	47.5
EBITA margin in percent	7.1	8.6
Number of employees	623	594

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, but the public sector and retail are well-represented among them.

#### COMMENTS FROM THE EVP OF EXPERIENCE:

*“The business area Experience has, during the last quarter, continued to refine its offering and we now have a clearer focus on data-driven customer experiences thanks to the creation of new, specialized units. This has initially affected both our profit and margin, although net sales have increased as compared with last year. We see a retained potential, particularly in the Swedish operations, but also in Oslo,” says EVP of Experience, Fredrik Ekerhovd.*

#### LONG-TERM CLIENT RELATIONSHIPS

Knowit Experience's relationships with its clients are typically a combination of time-limited project assignments and long-term partnerships. Norsirk is a company, with operations throughout Norway, that helps other companies take their producer responsibility for electronic products. Experience has a long-term collaboration with Norsirk, developing a modern digital platform and customer portal to facilitate management and contribute to increased product recycling.

Experience has several clients in the public sector, where they contribute in various ways to creating a better society for citizens. A recent example is the assignment for Swedish 1177.se, one of Sweden's most visited sites. A similar example is 113.no, where Experience has developed Norway's public website for first aid, on assignment from the Norwegian Directorate of Health.

In retail, 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. The clothing retailers MQ and KappAhl, the industry group Hiab and the retail group Åhléns are examples of clients in e-commerce.

The pace of change in banking and finance is high, and an increased focus on personalization of services has created new possibilities in digital customer meetings. For Santander Consumer Bank in Norway, Knowit Experience has designed a new website, internet bank and banking app. For Marginalen Bank, they are assisting with development of the internet bank and on the Norwegian market they are also collaborating with DNB, Storebrand and Sparbanken Vest.

#### REFERENCE CASE

The telecommunications industry is changing and new players are disrupting old business models. One relatively new player is a subsidiary to Norwegian Telenor, Talkmore, which offers entirely online-based mobile contracts, without physical stores. In collaboration with Experience, Talkmore has created a new digital platform with personalized content, based on analysis of user behaviors from digital data sources. The new solution has generated both increased sales and greater customer loyalty. Talkmore's solution won an award for “Most innovative use of Sitecore as a digital experience platform” in 2019.

### Insight

	JAN-SEPT 2019	JAN-SEPT 2018
Sales, SEK, millions	309.1	307.0
EBITA, SEK, millions	30.2	43.9
EBITA margin in percent	9.8	14.3
Number of employees	318	305

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 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, the organization of the future, efficiency and automation, cybersecurity, and strategy are areas in which the clients' needs are growing quickly.

#### COMMENTS FROM THE EVP OF INSIGHT:

*“Insight has noticed a certain slowdown on the market, resulting in longer sales processes. We have invested in further development of our client offering and*



## → MARKET AND OPERATIONS forts.

*focused on increasing our performance power, to help our clients in their digital transformations. We meet the relatively weak quarter with several new ventures, for instance into e-health and societal security, and our venture onto the Norwegian market is continuing at an unchanged pace. During this quarter, the extent of a few larger assignments has decreased. This has meant that we, at short notice, have moved resources to new client projects,” says EVP of Insight, Tommy Berg.*

### **TRANSFORMATION AND THE ORGANIZATION OF THE FUTURE**

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

In the public sector, the business area is supporting several clients with strategic consultancy connected to needs in cybersecurity and the increased demands for management of personal data and information security. Today, around one hundred of Insight's consultants are in the security area.

In banking and finance, Insight is delivering new strategies and solutions to several clients. An example is the Norwegian Central Securities Depository, for which it has developed both new processes and implemented new technical solutions. Vipps, which is the Norwegian equivalent of Swedish Swish, is a client assignment in which Insight has also contributed with optimization of processes and new work methods.

The healthcare of tomorrow is changing through new digital technology and along with the Capio/Ramsay innovation hub, Insight held a workshop this fall, with the aim of identifying new possibilities that will now be made concrete as methods going forward.

### **REFERENCE CASE**

Another example in digital health is the collaboration with region Kronoberg, which Insight is supporting in development of digital triage. Triage is the phase when a patient first comes into contact with healthcare and an initial assessment of injury or disease is made. Here, new methods are being explored, with AI being put to greater practical use, to support doctors and nurses in care assessments and planning.

## Solutions

	JAN-SEPT 2019	JAN-SEPT 2018
Sales, SEK, millions	1,601.9	1,471.9
EBITA, SEK, millions	183.2	167.7
EEBITA margin in percent	11.4	11.4
Number of employees	1,428	1,329

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.

### **COMMENTS FROM THE EVP OF SOLUTIONS:**

“Net sales and profit are both increasing compared with the same period last year. Norway and southern Sweden are behind the largest increase. Both in Sweden and Norway, we have a relatively large proportion of assignments in the public sector, where there is still a lot to be done in digitalization of important societal functions. On a tough recruitment market, we have a high attractiveness and have increased our number of employees to be able to meet the demand,” says EVP of Solutions, Åsa Holmberg.

### **NEW BUSINESS MODELS ENTAIL REQUIREMENTS ON NEW TECHNOLOGY**

In both Norway and Sweden, the business area Solutions has the largest single share of its clients in the public sector. It has, for several years, been an important partner to the municipality of Oslo, in its digital transformation focusing on the municipality's citizens. In an assignment for the Norwegian National Registry, Solutions is also contributing to facilitating for citizens, while streamlining the processing of personal data. Solutions has a strong offering in data-driven decision support. In collaboration with the Norwegian transport company VY-gruppen AS (formerly NSB), Knowit is developing a dynamic pricing



## → MARKET AND OPERATIONS cont.

system which can calculate optimal prices in real time, based on data regarding customers' travel behaviors and advanced machine learning algorithms.

In the telecommunications industry, the business area Solutions has long-term relations with several larger clients, where they both develop new system solutions and are in charge of application management. Here, deliveries are increasingly made with agile teams.


In banking and finance, the clients are both larger entities, like Sparebanken1 and DNB, and smaller and more niche players that challenge old business models, like Eika and Santander Consumer Bank.

A new framework agreement with Länsförsäkring was signed in the third quarter, with Solutions taking on an important role in developing and maintaining IT systems. Another new client is Skandikon, for which Solutions is shouldering a long-term assignment as a systems development partner. Skandikon administrates occupational pensions and foundations. Solutions will be contributing to modernization and further develop-

ment of the business systems. Cloud-based services make up an offer that is growing quickly.

A new partnership has been initiated with Metaforce, a company developing software. Solutions will be delivering tailored cloud solutions for digitalization of the customer dialogue with companies and authorities in Norway.

### REFERENCE CASE

At the turn of the month, SOS Alarm launched a 112 app, developed in collaboration with Knowit. One purpose for creating the app was to communicate fast, relevant and reliable information about emergent events. The solution makes it possible for an emergency response operator to position a person making a call with a GPS function. The launch was well-received: the app has now been downloaded one million times and has already been very useful in several emergency calls. 



## CORPORATE DEVELOPMENT

# Acquisition of specialist company reinforces client offering

Knowit's strategy for expansion and increased growth is primarily to develop existing operations, secondarily to recruit and to establish companies, and also to perform acquisitions. During the quarter, Knowit has acquired a specialist company, while also recruiting a net of 100 employees.

During the quarter, the Swedish Salesforce agency 4front was acquired. Through the acquisition, Knowit Experience gained increased competence in data-driven customer experiences. With the new employees from 4front, Knowit has reinforced its existing offering in CRM with 13 Salesforce specialists, thus offering a total of about 25 employees in CRM in Sweden and Norway.

In Helsingborg, Knowit has established a new office to increase the local service level towards larger client sites.

### **CERTIFIED SUSTAINABILITY REPORTING**

Knowit has been awarded the certification ESG Transparency Partner by the Nasdaq OMX Group. The certification is awarded to companies listed on Nasdaq, for their sustainability efforts. ESG (environmental, social and governance) encompasses the effects of sustainability matters, specifically in issues related to the environment, society and corporate governance.

### **CUSTOMER EVENTS AND SPECIALIST CONFERENCES**


For the fifth year running, Knowit organized its one-day conference Testit, one of the largest testing conferences in Sweden. Since 2015, Knowit has been gathering testers from throughout southern Sweden to a conference featuring talks and workshops for specialists in the field.

Knowit Secure once again participated as a sponsor of the largest IT security conference in Sweden, SEC-T. The conference lasted for two days and broke a new record with over 750 participants. Several security specialists from Knowit participated and the conference also worked as a kick-off for this year's trainee program within our security offering.

Knowit's business areas Insight and Solutions held a joint event in Umeå, inviting local representatives for electrical companies, with an aim to increase their understanding and create a dialogue regarding the changes which the energy industry is faced with.

### **EMPLOYEE DEVELOPMENT**

During Knowit's annual introduction days for new employees, held in Stockholm, Oslo and Malmö, around 250 new employees gained greater insight into Knowit's client offerings, vision and values.

The business area Insight has created the Insight Consulting Program, a development program for newly recruited management consultants. The aim is to offer new employees knowledge about Knowit's methodology for management consulting. 

## THE GROUP

# Increased net sales and strong cash flow

## Net sales and profit

### *The group*

#### **JANUARY – SEPTEMBER**

Net sales increased to SEK 2,426.9 (2,219.3) million, an increase by 9.4 percent as compared with the corresponding period last year. Compared with the corresponding period last year, the exchange rate development has had a positive effect on net sales of SEK 18.6 million. Net sales increased to SEK 1,279.3 (1,256.9) million in Sweden, SEK 969.9 (794.1) million in Norway and SEK 126.5 (116.6) million in Finland. Sales per employee increased to SEK 1,109 (1,103) thousand.

The operating profit before amortization of intangible assets (EBITA) increased to SEK 222.0 (214.9) million, an increase by 3.3 percent as compared with the corresponding period last year. If IFRS 16 (Leases) had not been applied, EBITA would have increased to SEK 220.6 (214.9) million. Compared with the corresponding period last year, the exchange rate development has had a positive effect on EBITA of SEK 1.6 million. In Sweden, EBITA was SEK 137.5 (151.5) million, in Norway it increased to SEK 118.2 (94.4) million, and in Finland it was SEK 8.6 (11.7) million. The operating margin (EBITA) was 9.1 (9.7) percent.

Amortization of intangible assets amounted to SEK -4.7 (-4.5) million.

The operating profit after financial items increased to SEK 210.4 (207.7) million. The financial net was SEK -6.9 (-2.7) million. The financial net was affected by costs for synthetic options, as well as costs for interest relating to bank loans and leasing. IFRS 16 has affected by financial net by SEK -2.7 million in 2019.

The results after taxes increased to SEK 163.9 (159.5) million. Tax for the period amounted to SEK -46.5 (-48.2) million. The non-controlling interests' share of profit for the year increased to SEK 6.4 (6.3) million. Earnings per share increased to SEK 8.18 (7.99).

#### **THE THIRD QUARTER**

Net sales increased to SEK 708.6 (661.1) million, an increase by 7.2 percent as compared with the corresponding period last year. Compared with the corresponding period last year, the exchange rate development had a positive effect on net sales of SEK 5.6 million. Net sales increased to SEK 358.0 (355.2) million in Sweden, SEK 296.4 (258.8) million in Norway and SEK 37.3 (33.0) million in Finland. Sales per employee were SEK 322 (330) thousand.

The operating profit before amortization of intangible assets (EBITA) was SEK 56.3 (56.2) million. Compared with the corresponding period last year, the exchange rate development had a positive effect on EBITA of SEK 0.4 million. If IFRS 16 (Leases) had not been applied, EBITA would have been SEK 56.8 (56.2) million. In Sweden, EBITA was SEK 31.4 (34.3) million, in Norway it increased to SEK 31.1 (28.6) million, and in Finland it increased to SEK 2.4 (2.3) million. The operating margin (EBITA) was 7.9 (8.5) percent.

Amortization of intangible assets amounted to SEK -1.6 (-1.3) million.

The operating profit after financial items was SEK 51.4 (53.7) million. The financial net was SEK -3.3 (-1.2) million. The financial net was affected by costs for synthetic options, as well as costs for interest relating to bank loans and leasing. IFRS 16 has affected the financial net by SEK -0.8 million.

The results after taxes were SEK 39.7 (42.1) million. Tax for the period amounted to SEK -11.7 (-11.6) million. The non-controlling interests' share of profit for the year were SEK 1.3 (1.7) million. Earnings per share were SEK 1.99 (2.10).

### *Segment*

#### **JANUARY – SEPTEMBER**

The group's operations are organized so that the corporate management mainly follows up on three business fields: Experience, Insight, and Solutions. 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 Experience increased to SEK 636.5 (551.4) million, for the segment Insight they increased to SEK 309.1 (307.0) million, and for the segment Solutions they increased to SEK 1,601.9 (1,471.9) million.

EBITA was SEK 45.3 (47.5) million for the segment Experience, was SEK 30.2 (43.9) million for the segment Insight, and increased to SEK 183.2 (167.7) million for the segment Solutions.

The EBITA margin was 7.1 (8.6) percent for the segment Experience, 9.8 (14.3) percent for the segment Insight and 11.4 (11.4) percent for the segment Solutions.

#### **THE THIRD QUARTER**

Net sales for the segment Experience increased to SEK 184.7 (170.9) million, for the segment Insight they were SEK 77.8 (82.1) million, and for the segment Solutions they increased to SEK 483.0 (438.6) million.

EBITA was SEK 11.7 (13.3) million for the segment Experience, was SEK -1.9 (7.6) million for the segment Insight, and increased to SEK 52.6 (44.0) million for the segment Solutions.

The EBITA margin was 6.3 (7.8) percent for the segment Experience, -2.4 (9.3) percent for the segment Insight and increased to 10.9 (10.0) percent for the segment Solutions.



## → THE GROUP cont.

### Acquisition of operations

Knowit AB has in July 2019 acquired the operations of the Swedish Salesforce agency 4front through purchase of net assets and liabilities. With this acquisition, Knowit reinforces its offering in CRM. 4front is located in Malmö and has 13 employees.

### Cash flow

#### JANUARY – SEPTEMBER

Cash flow from operating activities was SEK 190.9 (121.7) million, where the change in working capital is affected by decreased accounts receivable and IFRS 16.

Cash flow from investment activities totaled SEK -18.5 (-60.8) million, affected mainly by additional consideration paid for acquisitions made in past years, which totaled SEK -10.0 (-49.1) million and investments in tangible assets.

Cash flow from financing activities was SEK -175.3 (-109.7) million, affected by dividends to shareholders in Knowit AB and non-controlling interests in group companies, IFRS 16, and amortizations of bank loans. Total cash flow was SEK -2.9 (-48.8) million.

#### THE THIRD QUARTER

Cash flow from operating activities was SEK 122.1 (42.1) million, where the change in working capital is affected by decreased accounts receivable and IFRS 16.

Cash flow from investment activities totaled SEK -5.4 (-7.3) million, affected mainly by additional consideration paid for acquisitions made in past years and investments in tangible assets.

Cash flow from financing activities was SEK -22.7 (-3.7) million, affected by dividends to non-controlling interests in group companies, IFRS 16, and amortizations of bank loans.

Total cash flow was SEK 94.0 (31.1) million.

### Financial position

#### JANUARY – SEPTEMBER

Cash and cash equivalents were SEK 191.4 (57.6) million as per September 30 2019. Goodwill and other intangible assets amounted to SEK 988.8 (946.3) million, of which goodwill was SEK 964.9 (927.4) million, and other intangible assets were SEK 23.9 (18.9) million.

Equity increased to SEK 1,172.6 (1,058.1) million.

Interest-bearing liabilities totaled SEK 286.3 (88.2) million on September 30 2019, of which SEK 189.4 (46.5) million were long-term and SEK 96.9 (41.7)

million were short-term. Bank loans decreased to SEK 3.4 (12.5) million, a used overdraft facility totaled SEK 0 (0) million of a granted overdraft facility of SEK 25.0 (170.0) million, financial leases, affected by IFRS 16, totaled SEK 203.4 (27.1) million and liabilities related to future consideration and synthetic options in subsidiaries totaled SEK 79.6 (48.6) million.

The equity/asset ratio was 54.6 (57.3) percent as per September 30 2019.

### Employees

#### JANUARY – SEPTEMBER

On September 30 2019, a total of 2,383 (2,241) people were employed by the group. The number of employees has increased by 123 people during 2019.

The average number of employees during the period increased to 2,189 (2,012). The average number of employees in Sweden increased to 1,294 (1,240), in Norway to 741 (625), and in Finland to 111 (109).

### 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 eliminated due to the Christmas and New Year's holidays.

### Transactions with related parties

No significant events have occurred during the interim report. For more information, see Note 31 Transactions with related parties, page 85 in the annual report 2018. **k**

## PARENT COMPANY

# Results and financial position

### JANUARY – SEPTEMBER

The operating profit before amortization of intangible assets (EBITA) totaled SEK -40.1 (-38.1) million. The financial net was SEK 114.7 (5.5) million, affected mainly by dividends to subsidiaries. The result after financial

net was SEK 72.7 (-32.6) million.

As per September 30 2019, equity was SEK 334.3 (288.6) million. Untaxed reserves, mainly accrual funds, were SEK 92.9 (78.5) million. 

## OTHER INFORMATION

# Nomination committee for AGM appointed

## Nomination committee

In accordance with the resolution of the Annual General Meeting on April 26 2019, the nomination committee for the AGM 2020 shall consist of a representative for each of the three largest registered shareholders in numbers of votes as per September 30 2019, and the chairman of the board, who shall convene the nomination committee to its first meeting.

The Nomination committee for the AGM 2020 consists of: Lennart Francke, Swedbank Robur fonder, Malin Björkmo, SHB fonder, Jan Särilvik, Nordea Funds and Mats Olsson, Chairman of the Board and convener.

The duties of the Nomination committee are to propose, at the AGM 2020, the Chairman of the AGM, the Board members, the Chairman of the Board, the auditors, Board members' fees, auditors' fees and the Nomination committee's procedures.

Shareholders who wish to make suggestions to the nomination committee can do so via e-mail to [valberedning@knowit.se](mailto:valberedning@knowit.se).

## AGM

The AGM will take place on Tuesday April 28 2020 at 1 PM in Knowit's offices at Klarabergsgatan 60, Stockholm. Notice to attend will be announced in a press release, in the newspapers Post och Inrikes Tidningar and Dagens Industri, and on Knowit's website.

## 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 Note 2 in Knowit's annual report for 2018, pages 70-71. No significant changes have occurred since.

## Accounting principles

This summary interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and applicable provisions in the Swedish Annual Accounts Act. The interim report for the Parent company has been prepared in accordance with 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.

The group applies IFRS 16 "Leases" as of January 1 2019. The parent company does not apply IFRS 16 in



## → OTHER INFORMATION cont.

accordance with the exception in RFR 2. A 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 unchanged. The standard is applicable to fiscal years starting on or 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 are not 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.

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'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, income 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.

*Definitions of alternative key figures are found on page 24.*

## **Events after the end of the interim reporting period**

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

## **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**

### **YEAR-END REPORT 2019**

February 6 2020 8:30 AM

### **INTERIM REPORT JANUARY – MARCH 2020**

April 28 2020, 8:30 AM

### **AGM 2020**

April 28 2020, 1.00 PM

### **INTERIM REPORT JANUARY – JUNE 2020**

July 15 2020, 8:30 AM

### **INTERIM REPORT JANUARY – SEPTEMBER 2020**

October 22 2020, 8:30 AM

### **YEAR-END REPORT 2020**

February 5 2021, 8:30 AM



## → OTHER INFORMATION cont.

### Certification

Stockholm, October 23 2019

**PER WALLENTIN**  
CEO


### Address and contact information

Knowit AB, (Company reg.no. 556391-0354)  
Box 3383, 103 68 Stockholm  
Visiting address: Klarabergsgatan 60  
Phone: + 46 (0)8 700 66 00, Fax: +46 (0)8 700 66 10  
knowit.eu.

### For more information

Per Wallentin, President and CEO, Knowit AB (publ),  
+46 (0)8 700 66 00 or  
Christina Johansson, CCO, Knowit AB (publ),  
+46 (0)8 700 66 00 or +46 (0)705 421 734 or  
Marie Björklund, CFO, Knowit AB (publ),  
+46 (0)8 700 66 00.

### 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 2,400 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. 

# Review report

**TO THE BOARD OF DIRECTORS  
OF KNOWIT AB (PUBL)**  
*Corp. id. 556391-0354*

## Introduction

We have reviewed the condensed interim financial information (interim report) of Knowit AB (publ) as of September 30 2019 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit

conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, October 23 2019  
**KPMG AB**

**HELENA ARVIDSSON ÄLGNE**  
Authorized Public Accountant

# Consolidated income statement

SEK MILLIONS	JUL-SEPT 2019	JUL-SEPT 2018	JAN-SEPT 2019	JAN-SEPT 2018	JAN-DEC 2018
Net sales	708.6	661.1	2,426.9	2,219.3	3,083.3
Operating costs	-633.9	-602.3	-2,150.6	-1,995.7	-2,756.3
Depreciation of tangible fixed assets	-18.4	-2.6	-54.3	-8.7	-11.9
<b>OPERATING RESULT BEFORE DEPRECIATIONS OF INTANGIBLE ASSETS (EBITA)</b>	<b>56.3</b>	<b>56.2</b>	<b>222.0</b>	<b>214.9</b>	<b>315.1</b>
Depreciation of intangible fixed assets	-1.6	-1.3	-4.7	-4.5	-6.1
<b>OPERATING RESULT (EBIT)</b>	<b>54.7</b>	<b>54.9</b>	<b>217.3</b>	<b>210.4</b>	<b>309.0</b>
Financial incomes	1.3	-0.7	2.3	0.8	1.0
Financial costs	-4.6	-0.5	-9.2	-3.5	-6.4
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>51.4</b>	<b>53.7</b>	<b>210.4</b>	<b>207.7</b>	<b>303.6</b>
Taxes	-11.7	-11.6	-46.5	-48.2	-71.7
<b>RESULT FOR THE PERIOD</b>	<b>39.7</b>	<b>42.1</b>	<b>163.9</b>	<b>159.5</b>	<b>231.9</b>
Result for the period assignable to shareholders in Parent Company	38.4	40.4	157.5	153.2	223.0
Result for the period assignable to non-controlling interests' holdings	1.3	1.7	6.4	6.3	8.9
<b>Earnings per share</b>					
Earnings per share, before dilution, SEK	1.99	2.10	8.18	7.99	11.62
Earnings per share, after dilution, SEK	1.99	2.10	8.18	7.99	11.62

# Consolidated total results

SEK MILLIONS	JUL-SEPT 2019	JUL-SEPT 2018	JAN-SEPT 2019	JAN-SEPT 2018	JAN-DEC 2018
<b>Result for the period</b>	<b>39.7</b>	<b>42.1</b>	<b>163.9</b>	<b>159.5</b>	<b>231.9</b>
<i>Items that may later be reclassified to profit or loss</i>					
Hedging of net investments	-	-	-	-0.5	-0.5
Tax effect, hedging of net investments	-	-	-	0.1	0.1
Exchange rate differences	-3.2	-6.1	28.2	38.1	10.0
<b>OTHER TOTAL RESULTS FOR THE PERIOD, NET AFTER TAX</b>	<b>36.5</b>	<b>36.0</b>	<b>192.1</b>	<b>197.2</b>	<b>241.5</b>
<b>Total result for the period</b>					
Total result assignable to shareholders in Parent Company	34.7	34.3	185.2	190.8	232.6
Total result assignable to non-controlling interests' holdings	1.8	1.7	6.9	6.4	8.9

# Consolidated balance sheet

SEK MILLIONS	SEPT 30 2019	SEPT 30 2018	DEC 31 2018
<b>Assets</b>			
Intangible fixed assets	988.8	946.3	962.9
Tangible fixed assets	233.3	47.2	42.5
Financial fixed assets	8.3	4.6	6.0
Deferred tax assets	3.3	3.8	2.6
Current assets	722.6	787.2	714.0
Cash equivalents	191.4	57.6	194.6
<b>TOTAL ASSETS</b>	<b>2,147.7</b>	<b>1,846.7</b>	<b>1,922.6</b>
<b>Equity and liabilities</b>			
Share capital	19.3	19.2	19.3
Other paid-in capital and provisions	587.1	581.3	558.8
Recognized profits, including result for the period	553.0	445.0	513.3
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY</b>	<b>1,159.4</b>	<b>1,045.5</b>	<b>1,091.4</b>
Non-controlling interests	13.2	12.6	14.9
<b>TOTAL EQUITY</b>	<b>1,172.6</b>	<b>1,058.1</b>	<b>1,106.3</b>
Long-term provisions	45.8	37.9	45.0
Interest-bearing long-term liabilities	189.4	46.5	79.5
Interest-bearing short-term liabilities	96.9	41.7	26.8
Other short-term liabilities	643.0	662.5	665.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,147.7</b>	<b>1,846.7</b>	<b>1,922.6</b>

# Consolidated cash flow analysis

SEK MILLIONS	JUL-SEPT 2019	JUL-SEPT 2018	JAN-SEPT 2019	JAN-SEPT 2018	JAN-DEC 2018
Cash flow current operations before changes in working capital	60.5	36.4	195.4	157.0	250.9
Change in working capital	61.6	5.7	-4.5	-35.3	23.2
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>122.1</b>	<b>42.1</b>	<b>190.9</b>	<b>121.7</b>	<b>274.1</b>
Cash flow from investing activities	-5.4	-7.3	-18.5	-60.8	-68.0
Cash flow from financing activities	-22.7	-3.7	-175.3	-109.7	-113.8
<b>CASH FLOW FOR THE PERIOD</b>	<b>94.0</b>	<b>31.1</b>	<b>-2.9</b>	<b>-48.8</b>	<b>92.3</b>
Opening balance at start of period	97.2	25.6	194.6	107.3	107.3
Exchange rate differences in cash equivalents	0.2	0.9	-0.3	-0.9	-5.0
<b>CLOSING BALANCE AT END OF PERIOD</b>	<b>191.4</b>	<b>57.6</b>	<b>191.4</b>	<b>57.6</b>	<b>194.6</b>



# Statement of changes in equity – Group

SEK MILLIONS	JUL-SEPT 2019	JUL-SEPT 2018	JAN-SEPT 2019	JAN-SEPT 2018	JAN-DEC 2018
<b>Opening balance</b>	<b>1,141.9</b>	<b>1,021.0</b>	<b>1,106.3</b>	<b>951.2</b>	<b>951.2</b>
Exchange rate differences	-3.2	-6.1	28.2	38.1	10.0
Hedging of net investment	–	0.0	–	-0.5	-0.5
Tax effect hedging of net investment	–	0.0	–	0.1	0.1
Result for the period	39.7	42.1	163.9	159.5	231.9
<b>TOTAL RESULT FOR THE PERIOD</b>	<b>36.5</b>	<b>36.0</b>	<b>192.1</b>	<b>197.2</b>	<b>241.6</b>
<b>TOTAL BEFORE TRANSACTIONS WITH SHAREHOLDERS</b>	<b>1,178.4</b>	<b>1,057.0</b>	<b>1,298.4</b>	<b>1,148.4</b>	<b>1,192.8</b>
Non-controlling interests' holdings	–	–	–	-0.7	-0.8
Additional capital from non-controlling interests' holdings	-3.0	1.1	-2.9	-6.2	-6.9
Dividend payment	-2.8	–	-122.9	-98.7	-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	–	–	–	15.3	10.0
<b>CLOSING BALANCE</b>	<b>1,172.6</b>	<b>1,058.1</b>	<b>1,172.6</b>	<b>1,058.1</b>	<b>1,106.3</b>

## Key figures

	JUL-SEPT 2019	JUL-SEPT 2018	JAN-SEPT 2019	JAN-SEPT 2018	JAN-DEC 2018
Average number of employees	2,199	2,003	2,189	2,012	2,032
Sales per average number of employees (SEK, 000s)	322	330	1,109	1,103	1,517
Result after financial items per average number of employees (SEK, 000s)	23	27	96	103	149
Return on total capital, %	2.6	2.9	10.8	11.6	16.7
Return on equity, %	3.4	4.0	14.4	15.9	22.5
Return on capital employed, %	3.9	4.8	16.4	18.8	26.8
EBITA margin, %	7.9	8.5	9.1	9.7	10.2
Equity ratio, %	54.6	57.3	54.6	57.3	57.5

For definitions of alternative key figures, see page 24.

## Data per share

	JUL-SEPT 2019	JUL-SEPT 2018	JAN-SEPT 2019	JAN-SEPT 2018	JAN-DEC 2018
<b>Earnings per share (SEK)</b>					
Before dilution	1.99	2.10	8.18	7.99	11.62
After dilution	1.99	2.10	8.18	7.99	11.62
<b>Equity per share (SEK)</b>					
Before dilution	60.22	54.39	60.22	54.39	56.68
After dilution	60.22	54.39	60.22	54.39	56.68
<b>Average number of shares (000s)</b>					
Before dilution	19,254	19,221	19,254	19,180	19,191
After dilution	19,254	19,221	19,254	19,180	19,191
<b>Number of shares on balance sheet day (000s)</b>					
Before dilution	19,254	19,221	19,254	19,221	19,254
After dilution	19,254	19,221	19,254	19,221	19,254

# Group segment reporting

JUL-SEPT 2019 SEK MILLIONS	Experience	Insight	Solutions	Parent company/ group adj.	Total
External net sales	171.6	70.2	466.8	–	708.6
Net sales between segments	13.1	7.6	16.2	-36.9	–
<b>NET SALES</b>	<b>184.7</b>	<b>77.8</b>	<b>483.0</b>	<b>-36.9</b>	<b>708.6</b>
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>11.7</b>	<b>-1.9</b>	<b>52.6</b>	<b>-6.1</b>	<b>56.3</b>
Depreciation of intangible assets	-0.5	–	-0.5	-0.6	-1.6
<b>OPERATING PROFIT (EBIT)</b>	<b>11.2</b>	<b>-1.9</b>	<b>52.1</b>	<b>-6.7</b>	<b>54.7</b>
Result after financial items					51.4
<b>RESULT FOR THE PERIOD</b>					<b>39.7</b>
<b>EBITA-MARGIN IN %</b>	<b>6.3</b>	<b>-2.4</b>	<b>10.9</b>		<b>7.9</b>
<b>Average number of employees</b>	<b>567</b>	<b>280</b>	<b>1,339</b>	<b>13</b>	<b>2,199</b>

JUL-SEPT 2018 SEK MILLIONS	Experience	Insight	Solutions	Parent company/ group adj.	Total
External net sales	164.7	67.6	428.8	–	661.1
Net sales between segments	6.2	14.5	9.8	-30.5	–
<b>NET SALES</b>	<b>170.9</b>	<b>82.1</b>	<b>438.6</b>	<b>-30.5</b>	<b>661.1</b>
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>13.3</b>	<b>7.6</b>	<b>44.0</b>	<b>-8.7</b>	<b>56.2</b>
Depreciation of intangible assets	–	–	-1.3	–	-1.3
<b>OPERATING PROFIT (EBIT)</b>	<b>13.3</b>	<b>7.6</b>	<b>42.7</b>	<b>-8.7</b>	<b>54.9</b>
Result after financial items					53.7
<b>RESULT FOR THE PERIOD</b>					<b>42.1</b>
<b>EBITA-margin in %</b>	<b>7.8</b>	<b>9.3</b>	<b>10.0</b>		<b>8.5</b>
<b>Average number of employees</b>	<b>514</b>	<b>258</b>	<b>1,220</b>	<b>11</b>	<b>2,003</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.



## → Group segment reporting cont.

JAN-SEPT 2019 SEK MILLIONS	Experience	Insight	Solutions	Parent company/ group adj.	Total
External net sales	593.0	283.1	1,550.8	–	2,426.9
Net sales between segments	43.5	26.0	51.1	-120.6	–
<b>NET SALES</b>	<b>636.5</b>	<b>309.1</b>	<b>1,601.9</b>	<b>-120.6</b>	<b>2,426.9</b>
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>45.3</b>	<b>30.2</b>	<b>183.2</b>	<b>-36.7</b>	<b>222.0</b>
Depreciation of intangible assets	-1.0	–	-1.8	-1.9	-4.7
<b>OPERATING PROFIT (EBIT)</b>	<b>44.3</b>	<b>30.2</b>	<b>181.4</b>	<b>-38.6</b>	<b>217.3</b>
Result after financial items					210.4
<b>RESULT FOR THE PERIOD</b>					<b>163.9</b>
<b>EBITA-margin in %</b>	<b>7.1</b>	<b>9.8</b>	<b>11.4</b>		<b>9.1</b>
<b>Average number of employees</b>	<b>572</b>	<b>285</b>	<b>1,319</b>	<b>13</b>	<b>2,189</b>
<b>Intangible assets</b>	<b>247.6</b>	<b>61.6</b>	<b>664.4</b>	<b>15.2</b>	<b>988.8</b>
<b>Tangible fixed assets</b>	<b>2.2</b>	<b>0.3</b>	<b>11.2</b>	<b>219.6</b>	<b>233.3</b>
JAN-SEPT 2018 SEK MILLIONS	Experience	Insight	Solutions	Parent company/ group adj.	Total
External net sales	522.6	277.4	1,419.3	–	2,219.3
Net sales between segments	28.8	29.6	52.6	-111.0	–
<b>NET SALES</b>	<b>551.4</b>	<b>307.0</b>	<b>1,471.9</b>	<b>-111.0</b>	<b>2,219.3</b>
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>47.5</b>	<b>43.9</b>	<b>167.7</b>	<b>-44.2</b>	<b>214.9</b>
Depreciation of intangible assets	–	–	-4.5	–	-4.5
<b>OPERATING PROFIT (EBIT)</b>	<b>47.5</b>	<b>43.9</b>	<b>163.2</b>	<b>-44.2</b>	<b>210.4</b>
Result after financial items					207.7
<b>RESULT FOR THE PERIOD</b>					<b>159.5</b>
<b>EBITA-margin in %</b>	<b>8.6</b>	<b>14.3</b>	<b>11.4</b>		<b>9.7</b>
<b>Average number of employees</b>	<b>514</b>	<b>256</b>	<b>1,231</b>	<b>11</b>	<b>2,012</b>
<b>Intangible assets</b>	<b>206.0</b>	<b>61.5</b>	<b>666.9</b>	<b>11.9</b>	<b>946.3</b>
<b>Tangible fixed assets</b>	<b>2.7</b>	<b>0.4</b>	<b>13.4</b>	<b>30.7</b>	<b>47.2</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

# Group revenue from client contracts

SEK MILLIONS	JUL-SEPT 2019	JUL-SEPT 2018	JAN-SEPT 2019	JAN-SEPT 2018	JAN-DEC 2018
<b>GEOGRAPHIC CATEGORIZATION</b>					
<b>Fee revenue</b>					
Sweden	342.4	341.8	1,215.8	1,210.3	1,666.0
Norway	288.1	245.0	939.1	756.5	1,055.0
Finland	37.2	33.0	126.0	115.5	158.9
Other	16.9	14.4	51.2	51.6	69.6
<b>TOTAL FEE REVENUE</b>	<b>684.6</b>	<b>634.2</b>	<b>2,332.1</b>	<b>2,133.9</b>	<b>2,949.5</b>
<b>Other revenue</b>					
Sweden	15.6	13.4	63.5	46.6	71.2
Norway	8.3	13.8	30.8	37.6	59.8
Finland	0.1	0.0	0.5	1.1	2.7
Other	0.0	-0.3	0.0	0.1	0.1
<b>TOTAL OTHER REVENUE</b>	<b>24.0</b>	<b>26.9</b>	<b>94.8</b>	<b>85.4</b>	<b>133.8</b>
<b>TOTAL NET REVENUE</b>	<b>708.6</b>	<b>661.1</b>	<b>2,426.9</b>	<b>2,219.3</b>	<b>3,083.3</b>
<b>SEGMENT CATEGORIZATION</b>					
<b>Fee revenue</b>					
Experience	169.3	155.6	576.9	499.9	701.9
Insight	75.5	80.2	301.3	301.0	417.7
Solutions	470.4	420.8	1,558.8	1,421.3	1,955.6
Parent company/consol. adjustments	-30.6	-22.4	-104.9	-88.3	-125.7
<b>TOTAL FEE REVENUE</b>	<b>684.6</b>	<b>634.2</b>	<b>2,332.1</b>	<b>2,133.9</b>	<b>2,949.5</b>
<b>Other revenue</b>					
Experience	15.4	15.3	59.6	51.5	78.2
Insight	2.3	1.9	7.8	6.0	8.9
Solutions	12.6	17.8	43.1	50.6	82.3
Parent company/consol. adjustments	-6.3	-8.1	-15.7	-22.7	-35.6
<b>TOTAL OTHER REVENUE</b>	<b>24.0</b>	<b>26.9</b>	<b>94.8</b>	<b>85.4</b>	<b>133.8</b>
<b>TOTAL NET REVENUE</b>	<b>708.6</b>	<b>661.1</b>	<b>2,426.9</b>	<b>2,219.3</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-SEPT 2019	JAN-SEPT 2019	JAN-SEPT 2018
<b>Profit before depreciation of tangible fixed assets</b>	<b>276.3</b>	<b>229.9</b>	<b>223.6</b>
Depreciation of tangible fixed assets	-54.3	-9.3	-8.7
<b>Roperating result before depreciations of intangible assets (EBITA)</b>	<b>222.0</b>	<b>220.6</b>	<b>214.9</b>
Depreciation of intangible assets	-4.7	-4.7	-4.5
Financial net	-6.9	-4.2	-2.7
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>210.4</b>	<b>211.7</b>	<b>207.7</b>
<b>RESULT AFTER TAX</b>	<b>163.9</b>	<b>164.9</b>	<b>159.5</b>
<b>Assets</b>			
Usufruct assets	213.8	–	–
Other tangible assets	19.5	23.2	47.2
<b>TOTAL TANGIBLE ASSETS</b>	<b>233.3</b>	<b>23.2</b>	<b>47.2</b>
<b>TOTAL ASSETS</b>	<b>2,147.7</b>	<b>1,970.9</b>	<b>1,846.7</b>
<b>EQUITY</b>	<b>1,172.6</b>	<b>1,173.6</b>	<b>1,058.1</b>
<b>Liabilities</b>			
Long-term leasing liabilities	137.6	–	–
Other long-term interest-bearing liabilities	51.8	71.9	46.5
<b>TOTAL LONG-TERM INTEREST-BEARING LIABILITIES</b>	<b>189.4</b>	<b>71.9</b>	<b>46.5</b>
Short-term leasing liabilities	65.8	–	–
Other short-term interest-bearing liabilities	31.1	36.5	41.7
<b>TOTAL SHORT-TERM INTEREST-BEARING LIABILITIES</b>	<b>96.9</b>	<b>36.5</b>	<b>41.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,147.7</b>	<b>1,970.9</b>	<b>1,846.7</b>
<b>Cash flow</b>			
Cash flow before changes in working capital	195.4	148.4	157.0
Changes in working capital	-4.5	-4.5	-35.3
<b>Cash flow from operating activities</b>	<b>190.9</b>	<b>143.9</b>	<b>121.7</b>
Cash flow from investments activities	-18.5	-18.5	-60.8
Cash flow from financing activities	-175.3	-128.3	-109.7
<b>CASH FLOW FOR THE PERIOD</b>	<b>-2.9</b>	<b>-2.9</b>	<b>-48.8</b>

# Financial assets and liabilities

SEK MILLIONS	SEPTEMBER 30 2019			SEPTEMBER 30 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	1.1	–	1.1	1.3	–	1.3
Accounts receivable and other receivables	634.3	–	634.3	704.7	–	704.7
Cash equivalents	191.4	–	191.4	57.6	–	57.6
<b>TOTAL</b>	<b>826.8</b>	<b>0.3</b>	<b>827.1</b>	<b>763.6</b>	<b>0.4</b>	<b>764.0</b>

SEK MILLIONS	SEPTEMBER 30 2019			SEPTEMBER 30 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	–	61.7	61.7 <sup>2)</sup>	–	15.5	15.5 <sup>2)</sup>
Future consideration	17.8	–	17.8 <sup>2)</sup>	33.0	–	33.0 <sup>2)</sup>
Other interest-bearing liabilities	206.8	–	206.8	39.7	–	39.7
Accounts payable	99.6	–	99.6	114.8	–	114.8
Other liabilities	257.0	–	257.0	262.7	–	262.7
<b>TOTAL</b>	<b>581.2</b>	<b>61.7</b>	<b>642.9</b>	<b>450.2</b>	<b>15.5</b>	<b>465.7</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 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 2018.

# Income statement Parent Company

SEK MILLIONS	JUL-SEPT 2019	JUL-SEPT 2018	JAN-SEPT 2019	JAN-SEPT 2018	JAN-DEC 2018
Net sales	74.3	73.4	249.8	218.3	307.6
Operating costs	-86.0	-83.9	-289.0	-256.3	-361.7
Depreciation of tangible fixed ass	-0.3	0.6	-0.9	-0.1	-1.3
<b>OPERATING RESULT BEFORE DEPRECIATION OF INTANGIBLE ASSETS (EBITA)</b>	<b>-12.0</b>	<b>-9.9</b>	<b>-40.1</b>	<b>-38.1</b>	<b>-55.4</b>
Depreciation of intangible fixed assets	-0.6	–	-1.9	–	-0.7
<b>OPERATING RESULT (EBIT)</b>	<b>-12.6</b>	<b>-9.9</b>	<b>-42.0</b>	<b>-38.1</b>	<b>-56.1</b>
Financial items	80.1	0.0	114,7	5.5	130.2
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>67.5</b>	<b>-9.9</b>	<b>72.7</b>	<b>-32.6</b>	<b>74.1</b>
Appropriations	–	–	–	–	-14.4
Income taxes	0.4	–	0.4	–	-12.9
<b>RESULT FOR THE PERIOD</b>	<b>67.9</b>	<b>-9.9</b>	<b>73.1</b>	<b>-32.6</b>	<b>46.8</b>

# Balance sheet Parent Company

SEK MILLIONS	SEPT 30 2019	SEPT 30 2018	DEC 31 2018
<b>Assets</b>			
Intangible fixed assets	15.1	11.9	12.7
Tangible fixed assets	3.6	4.3	4.1
Financial fixed assets	876.8	863.9	871.8
Current assets	103.1	105.1	102.8
Cash equivalents	185.5	55.1	189.6
<b>TOTAL ASSETS</b>	<b>1,184.1</b>	<b>1,040.3</b>	<b>1,181.0</b>
<b>Equity and liabilities</b>			
Share capital	19.3	19.2	19.3
Statutory reserve	68.0	68.0	68.0
Fund for development costs	9.3	11.9	11.3
Unrestricted share capital including result for the period	237.7	189.5	274.3
<b>TOTAL EQUITY</b>	<b>334.3</b>	<b>288.6</b>	<b>372.9</b>
Untaxed reserves	92.9	78.5	92.9
Interest-bearing long-term liabilities	8.5	3.4	1.6
Long-term provisions	2.3	–	–
Interest-bearing short-term liabilities	3.4	9.1	7.2
Other short-term liabilities	742.7	660.7	706.4
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,184.1</b>	<b>1,040.3</b>	<b>1,181.0</b>

# Definitions

## 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 long-term 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 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.  $(222.0 / 2,426.9 = 9.1\%)$

**NET LIABILITIES** Interest-bearing liabilities less financial interest-bearing assets.  $(189.4 + 96.9 - 191.4 = \text{SEK } 94.9 \text{ million})$

**AVERAGE EQUITY** The average of the opening equity of the period and the closing equity of the period.  $((1,172.6 + 1,106.3) / 2 = \text{SEK } 1,139.5 \text{ million})$

**EARNINGS ON EQUITY** The profit after taxes in percent of average equity including non-controlling interest shares.  $(163.9 / 1,139.4 = 14.4\%)$

**AVERAGE CAPITAL EMPLOYED** Total assets plus interest-bearing liabilities.  $((1,172.6 + 189.4 + 96.9 + 1,106.3 + 79.5 + 26.8) / 2 = \text{SEK } 1,335.8 \text{ million})$

**EARNINGS ON CAPITAL EMPLOYED** Profit after financial items plus financial costs in percent of average capital employed.  $((210.4 + 9.2) / 1,335.8 = 16.4\%)$  