



INTERIM REPORT

JANUARY – JUNE 2018

Increased sales, improved profit
and higher margin
– in all business fields

JANUARY – JUNE 2018

NET SALES INCREASED BY 13.3 PERCENT TO SEK 1,558.2 (1,374.7) MILLION

THE OPERATING PROFIT (EBITA) INCREASED BY 15.8 PERCENT, TO SEK 158.7 (137.0) MILLION

RESULTS AFTER TAXES INCREASED TO SEK 117.4 (101.3) MILLION

EARNINGS PER SHARE INCREASED TO SEK 5.89 (5.16)

THE OPERATING MARGIN (EBITA) INCREASED TO 10.2 (10.0) PERCENT

CASH FLOW FROM OPERATING ACTIVITIES WAS SEK 79.6 (98.1) MILLION

APRIL – JUNE 2018

NET SALES INCREASED BY 19.0 PERCENT TO SEK 797.2 (669.8) MILLION

THE OPERATING PROFIT (EBITA) INCREASED BY 31.9 PERCENT, TO SEK 72.4 (54.9) MILLION

RESULTS AFTER TAXES INCREASED TO SEK 51.9 (39.1) MILLION

EARNINGS PER SHARE INCREASED TO SEK 2.60 (1.99)

THE OPERATING MARGIN (EBITA) INCREASED TO 9.1 (8.2) PERCENT

CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 72.8 (59.0) MILLION

The information contained herein is such as shall be made public by Knowit in accordance with the EU Market Abuse Regulation. The information was made public through the agency of CEO and President Per Wallentin, at 100 PM on July 16 2018.

A strong six months

We are seeing a continued positive development of net sales, profit, and margin, within all of Knowit's fields.

THREE STRONG BUSINESS FIELDS

Knowit Experience, has during the quarter increased net sales and improved profit. We have invested in our venture in the Öresund region, as we established a presence in Copenhagen during the spring.

Knowit Insight, our operations in digital management consultancy, continues to develop in a very positive way, with greatly increased net sales and profit over the quarter. Insight has gained several new strategic assignments, for instance in agile transformation in both Sweden and Norway.

Knowit Solutions, our operations in system development, continues to deliver. During the quarter, Åsa Holmberg has taken over as new EVP, and become part of the management team. With Åsa, we have retained our positive development, with higher net sales and an improved profit on all markets. During the quarter we have signed a deal with the Swedish Defence Materiel Administration for the Swedish Royal Navy, worth SEK 80 million.

The fact that we continue to do well in all our business fields shows our business strength.

CREATIVITY LEADS TO SUCCESS

During this year's Cannes Lion, the most prestigious and largest international communication competition, Knowit won a meritorious Silver Lion in Cannes Young Lions, the contest for young creators. This is

particularly gratifying as we at Knowit have long been saying that creativity is an important part of successful client projects.

A POPULAR WORKPLACE


Yet again, Knowit has been ranked highly by IT students in the Nordic region in a survey by Universum. It is important for us to remain an attractive choice when recent graduates choose a workplace.

During the year, we have continued to recruit, with very good results. We see that we continue to attract a new generation of employees, while also retaining more senior and experienced employees. The blend of young ambition and senior experience is a key to future success.

TECHNOLOGY IN THE SERVICE OF HUMANITY

We want to be heard in societal debate. For that reason, we participated in several seminars in Almedalen in early July, with topics including security, digitization in the public sector, female entrepreneurship, and innovation.

There are many examples where technology plays a role in supporting a circular economy, greater efficiency, and safer management of decisions that affect all of us.

Participating in making a simpler day-to-day life for individuals feels important and is closely connected to our vision of a sustainable and humane society, through digitization and innovation. 

Per Wallentin
CEO and President

Important events during the first six months of the year

THE DEFENCE MATERIAL ADMINISTRATION chooses Knowit as a partner for **DELIVERY OF SYSTEMS** for the Swedish Royal Navy.

Knowit wins a **SILVER LION IN THE FILM CATEGORY** at the annual advertising competition Cannes Young Lions.

Knowit develops Folkhälsokollen, a digital solution providing knowledge on **DEMOGRAPHY AND LIVING HABITS**, which is relaunched by the Stockholm County Council.

Knowit Insight takes on a **STRATEGIC ASSIGNMENT FOR BERTIL & STEEN**, one of Norway's larger car retailers.

Knowit Insight is a **PARTNER TO SKANDIA** for consultancy regarding agile transformation.

Knowit is given the assignment to develop the digital platform for **NORWAY'S NEW NATIONAL MUSEUM** in Oslo. The museum will be the Nordic region's largest art museum and is set to open in 2020.

KNOWIT EXPERIENCE establishes a **NEW COMPANY IN NORTHERN SWEDEN** to reinforce growth.

IN DENMARK, Knowit Experience has established operations in a **NEW COMPANY**.

A Nordic team from Knowit won **FIRST PRIZE IN SAS INSTITUTE'S HACKATHON COMPETITION**.

Knowit has been named **EPISERVER PARTNER OF THE YEAR 2017**.

GROW - A DEVELOPMENT PROGRAM aimed at female employees within Knowit has been initiated in Sweden.

In Universum's survey of **THE MOST ATTRACTIVE EMPLOYERS FOR YOUNG IT PROFESSIONALS**, Knowit is ranked among the top IT consultancy firms.

The Norwegian property manager Malling & Co has **"HIRED" A ROBOT**, developed by Knowit.

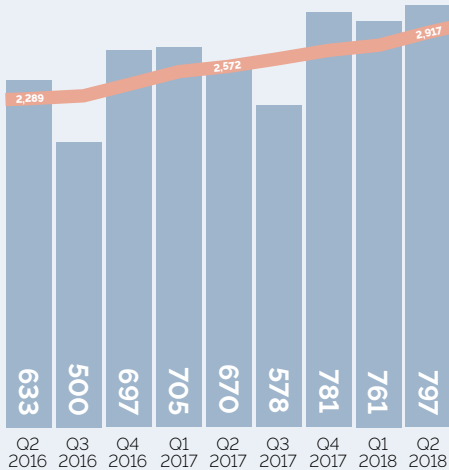
Knowit Insight is managing a project on **THE DIGITAL HEALTHCARE ENVIRONMENT OF THE FUTURE** in Region Skåne.

For the Swedish Public Employment Service, Knowit Solutions is building an Android **APP FOR PLATSBANKEN**.

A GDPR-adapted **ANALYSIS SUPPORT FOR WAGE NEGOTIATION** has been developed by Knowit for the **SWEDISH AGENCY FOR GOVERNMENT EMPLOYERS**.

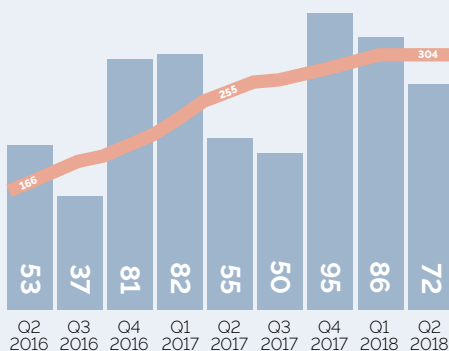
Knowit has **RENEWED ITS ENVIRONMENTAL CERTIFICATE ISO-14001** for the environmental management of the operations.

Successful deals



NET SALES, SEK, MILLIONS

Net sales, quarterly data
Rolling 12-monthly



EBITA, SEK, MILLIONS

Ebita, quarterly data
Rolling 12-monthly

Knowit's geographic market is the Nordic region. Within a world of accelerating digitization, Knowit creates unique client values by offering services in three business fields: Experience, Insight and Solutions. It is our capacity to combine competence in design and communication, management consultancy and IT that sets us apart from other consultancy firms.

The common denominator is innovation and creativity within the digital development, with the end user in mind – and our ability to handle the complex market, business environment and technology of today.

Within Knowit's three business fields, demand is very high overall. Demand is also quite high in all operations and on all geographic markets.

EXPERIENCE

We see a clear trend with ads and marketing converging with IT. Knowit has a strong position and is currently at the cutting edge of this development. With around 550 specialists in the Nordic region, we work with digitization, web and smartphone development, market communication and various forms of client/user experience.

For The Swedish Public Employment Service, Knowit has initiated Panorama, one part of developing a digital workplace. The working hypothesis is that intranets, in their current guise, will disappear. Large parts will be replaced by collaboration platforms. Panorama has as its goal to facilitate a common experience across these systems, as well as enabling for knowledge work and work supplementing operational processes.

In connection with the construction of the new National Museum at Vestbanetomta in Oslo, the museum wants to renew its digital presence. The vision is that the museum will offer a unique experience both within the building itself, and virtually. Knowit has been given the assignment of developing the

digital platform for the new museum. The National Museum will be the Nordic region's largest art museum and the project extends up until its opening in 2020.

INSIGHT

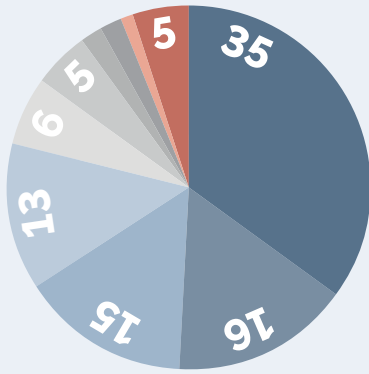
Knowit's more than 260 specialists work to improve the business models, methods and business-driving processes of clients, by identifying and realizing the opportunities created by new technology. We create ideas, act as advisors and develop tailored solutions. Our assignments, in which we work closely with our clients, involve strategic and tactical implementation of change and improvement projects.

Knowit Insight's strength area in Organizing for Speed has taken an assignment for the banking and insurance company Skandia. The assignment relates to consultancy regarding agile transformation. Skandia's portfolio steering must be improved to get greater reach and work better with the agile development model, which has been implemented with a framework called SAFE. Along with the client, Knowit will develop new principles, processes and work methods to transform the existing portfolio steering in a way that makes Skandia faster.

SOLUTIONS

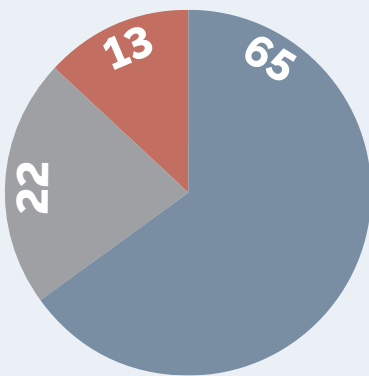
In the business field Solutions, we have 1,250 consultants working in development projects with high requirements on traceability, performance and accessibility. We offer services for all aspects of the development process – from project governance and architecture to programming, testing and security.

Global Digital Library (GDL) makes books available online and on smartphones. Before the end of 2020, the goal is to have made books available in over 100 different languages. The service is aimed mainly at education-related authorities, school managers, teachers, and funding organizations, etc. Although



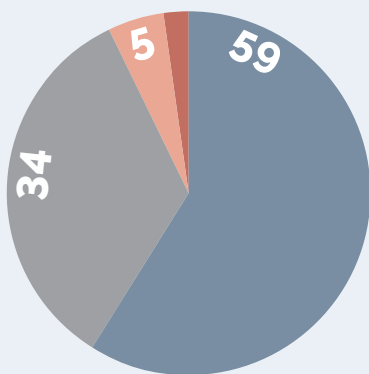
SALES PER INDUSTRY FIELD JANUARY – JUNE 2018

Public sector	35% (36)
Retail	16% (14)
Banking, finance and insurance	15% (13)
Industry	13% (15)
Telecommunications operators	6% (7)
Energy	5% (5)
Media, education and gaming	2% (2)
Telecommunications industry	2% (2)
Pharmaceuticals	1% (1)
Other	5% (5)



SALES PER SEGMENT JANUARY – JUNE 2018

Solutions	65% (65)
Experience	22% (22)
Insight	13% (13)



SALES PER COUNTRY JANUARY – JUNE 2018

Sweden	59% (61)
Norway	34% (32)
Finland	5% (5)
Other	2% (2)

MARKET AND OPERATIONS CONTINUED

more young people are in school, about 617 million youths around the world still cannot read. One reason is that many have no access to books in a language they understand. Knowit has contributed with competence and resources for development of the technical platform, but also the graphical development of the platform, as well as creating instruction materials and informational clips.

Knowit and the Defence Materiel Administration (FMV) have, for several years, collaborated regarding system solutions for the defence sector. The new order entails an increased commitment with delivery of a "command & control" system for the Swedish Royal Navy, Neptun C2. Neptun C2 will, in an international environment, provide staff groups within the navy with the possibility of more efficient planning and performance of operations with other nations.

Client industry fields

BANKING AND FINANCE

Traditional banking is facing competition from parties using new digital business models and the emerging possibilities of technology. The development has created a new competitive situation, where brands and user experiences are more important than ever.

We offer services in innovation, user experiences, system and process changes, brand development and marketing.

Our clients include Bankgirot, Nordia, Skandia, Sparebanken Vest, and Storebrand.

RETAIL

Knowit has over the course of many years amassed a wide knowledge from various fields and today supplies services and solutions to many leading retail companies and chains of stores. With deep knowledge in e-commerce, purchasing, logistics systems, client management and business intelligence, we contribute to heightening our clients' competitiveness.

We offer competence, solutions and services in, for instance, IT use

online, automation and optimization of mature IT processes through application management and offshoring support.

Clients include Bertel O. Steen, Boob Design, Dale of Norway, Happy Socks, and KappAhl.

MANUFACTURING INDUSTRY

In the manufacturing industry, digital transformation is an important driving force for streamlining and renewal. For instance, in the vehicle industry, digital transformation and the IoT are having a huge effect – both in the vehicles themselves, which can have up to 100 embedded processors, and in the infrastructure being developed around vehicles to support connections, maintenance and repair.

Knowit supports clients with methods and architecture for faster, more efficient product development. We also contribute in procurement processes and collaboration with suppliers, to maximize benefits for our clients.

In the manufacturing sector we have clients like the Defence Materiel Administration, Kone, Ovako, SKL, and SSAB.

PUBLIC SECTOR

Within the public sector, there is a goal of streamlining operations and simplifying communications with citizens. Examples of solutions we develop include web solutions, mobile solutions, intranets, errand and document management solutions, archiving solutions and operational systems connected to specific needs. Knowit works in all these areas and thanks to its long experience in the public sector has a strong position, which we continuously develop through competence expansion and knowledge transfer from other fields.

Knowit has framework agreements with many large organizations in the sector, including Kammarkollegiet in Sweden and Hansel in Finland.

Examples of clients include the Public Employment Service, Suomen Pankki, the Fortifications Agency, the Consumer Agency, and the Transport Administration. 

Silver Lion in Cannes

Knowit won Silver Lion in the annual contest Cannes Young Lions. The advertising contest is the world's most prestigious international competition for creativity and market communication among young creators. From Knowit, Martin Ruud Andersen and Andreas Servan participated in the Film category, where the task was to create a short film about equality within 48 hours.

POPULAR EMPLOYER BRAND

When the employer branding company Unversum performs its annual survey of the Nordic region's most popular employers among IT students, Knowit is yet again in a top position. Knowit is the most popular Nordic consultancy firm among the IT students. Overall, Knowit is in tenth place.

SOCIETAL INVOLVEMENT

ODA is the Nordic region's leading network for women in tech, and Knowit is one of its sponsors. This spring, our own women's network, Inspirit, organized an ODA network meeting in Oslo, and at the end of May we have a very popular stand at ODA's inspiration day. About 1,400 women in tech now have an increased knowledge about what Knowit offers and stands for. ODA has more than 7,000 members, groups in Oslo, Bergen, and Trondheim, and around 30 strategic partners.

In Oslo, Knowit once again participated in Pride, which took place in the month of June. The

Oslo office was decorated with every color of the rainbow and on June 30 Knowit participated in the Pride Parade under the paroles "diversity" and "love is love."

Along with eleven other companies and people in the IT security field, Knowit has sent out a total of 600 copies of the hacker thriller "De 7 nycklarna" to Sweden's members of parliament and heads of authorities. The reason is that they are concerned about the country's cybersecurity and want to create a debate ahead of the Almedalen Week and the election. The book is written by author Åsa Schwarz, who is also an IT security expert at Knowit.

During this year's Almedalen week in early July, Knowit took part in several events, including as a main sponsor of the Drivhuset Day, which serves to encourage women's entrepreneurship. Participants could also listen to CEO Per Wallentin, who participated in a seminar on who digitization can improve the quality in the public sector. The security expert Åsa Schwarz took part in a panel debate on IT crime and cyber security.

New establishments and changes in the management group


Knowit Decision in Göteborg is expanding to Skåne and has this May established operations in Malmö. The region is showing a very exciting development, with many interesting clients. In the first stage, data scientists, data analysts, data warehouse developers and architects will be recruited to deliver

services in data analysis and AI.

Knowit Mobile, which already has a presence in Malmö and Stockholm, is establishing a presence in Göteborg. The market for mobile solutions is large in Göteborg and Knowit Mobile already has clients in the region, which currently get deliveries from Malmö. As a first step, iOS and Android developers will be recruited to the operations. The goal with the establishment is to grow to ten consultants within twelve months.

Thanks to Knowit's corporate structure with three business fields where the operative subsidiaries collaborate regardless of geographic location, there is room for investing in certain parts of the group, while streamlining others.

Knowit's strategy for expansion and increased growth is mainly to develop the existing operations, supplemented with recruitments and establishing new firms or acquiring companies. It is important that the people we recruit, the companies we establish and recruit all share the culture that characterizes Knowit.

Åsa Holmberg took over as EVP during the period and thus became part of Knowit's management team. Anna Jennehov has chosen to move forward in her career in connection with the year-end report for 2018, which will be made public in February 2019. The recruitment process to find a replacement has already begun. 

Strong development in all business fields

Net sales and profit

JANUARY – JUNE

Net sales increased to SEK 1,558.2 (1,374.7) million, an increase by 13.3 percent as compared with the corresponding period last year. Net sales increased to SEK 901.7 (827.0) million in Sweden, SEK 535.3 (445.0) million in Norway and SEK 83.6 (69.9) million in Finland. Sales per employee increased to SEK 775 (743) thousand.

The operating profit before amortization of intangible assets (EBITA) increased to SEK 158.7 (137.0) million, an increase by 15.8 percent as compared with the corresponding period last year. In Sweden, EBITA increased to SEK 117.2 (105.3) million, in Norway to SEK 65.8 (49.1) million, and in Finland to SEK 9.4 (6.0) million.

The operating margin (EBITA) increased to 10.2 (10.0) percent.

Amortization of intangible assets amounted to SEK -3.2 (-2.8) million.

The operating profit after financial items increased to SEK 154.0 (127.6) million. The financial net was SEK -1.5 (-6.6) million. The financial net was affected by costs for interest relating to bank loans and leasing, as well as costs for synthetic options.

The results after taxes increased to SEK 117.4 (101.3) million. Tax for the period amounted to SEK -36.6 (-26.3) million.

The non-controlling interests' share of profit for the year increased to SEK 4.6 (3.5) million.

Earnings per share increased to SEK 5.89 (5.16).

THE SECOND QUARTER

Net sales increased to SEK 797.2 (669.8) million, an increase by 19.0 percent as compared with the corresponding period last year. Net sales increased to SEK 450.1 (405.3) million in Sweden, SEK 285.6 (213.2)

million in Norway and SEK 42.1 (35.1) million in Finland. Sales per employee increased to SEK 395 (360) thousand.

The operating profit before amortization of intangible assets (EBITA) increased to SEK 72.4 (54.9) million, an increase by 31.9 percent as compared with the corresponding period last year. In Sweden, EBITA increased to SEK 53.9 (43.4) million, in Norway to SEK 32.9 (18.8) million, and in Finland to SEK 3.9 (2.8) million.

The operating margin (EBITA) was 9.1 (8.2) percent.

Amortization of intangible assets amounted to SEK -1.6 (-1.4) million.

The operating profit after financial items increased to SEK 69.6 (50.2) million. The financial net was SEK -1.2 (-3.3) million. The financial net was affected by costs for interest relating to bank loans and leasing, as well as costs for synthetic options.

The results after taxes increased to SEK 51.9 (39.1) million. Tax for the period amounted to SEK -17.7 (-11.1) million.

The non-controlling interests' share of profit for the year increased to SEK 2.1 (1.3) million.

Earnings per share increased to SEK 2.60 (1.99).

ACQUISITIONS AND SALES OF OPERATIONS

As of January 1 2018, Knowit AB sold Knowit Estonia OÜ, which has been part of Knowit for ten years. The sale gives Knowit the opportunity to make clear its strategy of being a leader primarily in the Nordic countries. The company will continue to collaborate with Knowit. Knowit Estonia OÜ operates in Tallinn and has fourteen employees. The sale has affected EBITA positively by SEK 0.2 million.

Segments

JANUARY – JUNE

The group's operations are organized so that the corporate management mainly follows up on three business fields: Experience, Insight, and Solutions.

Net sales for the segment Experience increased to SEK 380.5 (325.8) million, for the segment Insight they increased to SEK 224.9 (182.0) million and for the segment Solutions they increased to SEK 1,033.3 (944.2) million.

The operating profit before amortization of intangible assets (EBITA) was SEK 34.2 (32.6) million for the segment Experience, increased to SEK 36.3 (22.5) for the segment Insight and increased to SEK 123.7 (110.4) for the segment Solutions.

The EBITA margin was 9.0 (10.0) percent for the segment Experience, increased to 16.1 (12.4) percent for the segment Insight and was 12.0 (11.7) percent for the segment Solutions.

The parent company's results and the company sales are not included in segment reporting.

Cash flow and financial position

JANUARY – JUNE

Cash flow from operating activities was SEK 79.6 (98.1) million, affected mainly by increased accounts receivable and decreased short-term liabilities.

Cash flow from investment activities totaled SEK -53.5 (-22.8) million, affected mainly by additional consideration for acquisitions made in past years, which totaled SEK -45.2 (-16.3) million.

THE GROUP CONTINUED

Cash flow from financing activities was SEK -106.0 (-91.2) million, affected by dividends to shareholders in Knowit AB and non-controlling interests in group companies and amortization of bank loans.

Total cash flow was SEK -79.9 (-15.9) million.

Cash and cash equivalents were SEK 25.6 (29.1) million as per June 30 2018. Goodwill and other intangible assets amounted to SEK 949.9 (903.4) million, of which goodwill was SEK 931.9 (894.6) million, and other intangible assets was SEK 18.0 (8.8) million.

Equity increased to SEK 1,021.0 (865.8) million. Interest-bearing liabilities totaled SEK 95.3 (126.3) million on June 30 2018, of which SEK 45.7 (78.7) million were long-term and SEK 49.6 (47.6) million were short-term. Bank loans decreased to SEK 16.3 (30.7) million, a used overdraft facility totaled SEK 0

(0) million of a granted overdraft facility of SEK 170.0 (170.0) million, financial leases totaled SEK 24.4 (26.6) million and liabilities related to future consideration and synthetic options in subsidiaries totaled SEK 54.6 (69.0) million.

The equity ratio increased to 55.8 (54.3) percent as per June 30 2018.

THE SHARE


In May, 81,702 shares were issued, with a waiver of the shareholders' preferential rights, in accordance with the resolution of the AGM on an offset share issue. The issue performed is directed at the sellers of shares of Knowit Dataess AS, Norway, as partial consideration for acquisition of that company, and acquisition of non-controlling interest shares in Knowit Experience AS, Norway and

redemption of synthetic options in Knowit Skåne AB. The outstanding shares in Knowit AB total 19,139,217 before the new issue. Following the issue, the number of shares totals 19,220,919.

Employees

JANUARY – JUNE

On June 30 2018, a total of 2,113 (1,974) people were employed by the group. The number of employees has increased by 48 persons during 2018. Excluding the sale of Knowit Estonia OÜ, the number of employees has increased by 62 persons during 2018.

The average number of employees during the period increased to 2,010 (1,849). The average number of employees in Sweden increased to 1,247 (1,189), in Norway to 618 (519) and in Finland to 109 (99). 


PARENT COMPANY

Results and financial position

JANUARY – JUNE

The operating profit before amortization of intangible assets (EBITA) totaled SEK -28.2 (-24.6) million. The financial net was SEK 5.5 (9.5) million, affected mainly by dividends to subsidiaries and interest costs for bank loans.

The result after financial net was SEK -22.7 (-15.1) million.

As per June 30 2018, equity was SEK 298.4 (307.0) million. Untaxed reserves, mainly accrual funds, were SEK 78.5 (60.3) million. 

Financial calendar

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 2017, pages 65–66. No significant changes have occurred since.

Accounting principles

This report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. The interim report for the Parent company has been prepared in accordance with the Chapter 9 of the Swedish Annual Accounts Act, Interim Reporting. For the group and the parent company, the same accounting principles and bases for calculation have been applied as in the latest annual report, excepting the altered accounting principles described below.

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

ALTERED ACCOUNTING PRINCIPLES

IFRS 9, Financial Instruments

This standard applies for annual periods beginning on or after January 1 2018. Knowit will apply IFRS 9 as of January 1 2018.

Knowit has analyzed the effects of IFRS 9 and the results show that the new rules do not significantly affect the group's financial position and profit. Knowit has also made the assessment that the credit loss reserve will not be significantly affect as compared with under the former standard. As regards the changes of the principles for securities, these have no effect on Knowit's current securities, but may come to have an effect on future securities setups.

IFRS 15, Revenue from Contracts with Customers

The standard is applicable to fiscal years starting after January 1 2018. Knowit will apply IFRS 15 as of January 1 2018. The group will apply the retroactive method for implementation of IFRS 15.

Knowit has analyzed the group's client agreements and identified the revenue categories: Fee revenue, Licensing revenue and Other revenue. Most of the group's revenue falls into the category Fee revenue. Revenue from service contracts are reported in the period that the services are performed or when a project is finalized. If there are different performance commitments in a contract, the transaction price is divided over the different performance commitments. In cases where the transaction price contains variable remunerations, these are estimated and taken into account in the transaction price, to the degree they will most likely not need to be redeemed. The conclusion of the analysis performed is that IFRS 15 will not have any significant on the group's reporting of revenue, aside from increased requirements on information.

NEW ACCOUNTING PRINCIPLES NOT YET APPLIED BY THE GROUP

IFRS 16, Leases

The standard is applicable to fiscal years starting after January 1 2019. Knowit will apply IFRS 16 as of January 1 2019. IFRS 16 is a new leasing standard which will replace IAS 17 Leases. The standard requires that all assets and liabilities attributable to all leases, with some exceptions, will be presented in the balance sheet.

The group has begun the work of evaluating the effects of IFRS 16, the standard will mainly affect reporting of the group's operational leasing agreement, such as rental agreements and the like.

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.

Alternative key figures

In this interim report, we are using the following alternative key figures, as we believe they are relevant in follow-up of our long-term financial targets and to give a fair idea of Knowit's results and financial position. 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



OTHER INFORMATION CONTINUED

working capital turnover.

For more information on our long-term financial targets and further definitions of key figures, see the annual report for 2017, pages 10 and 87.

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.

Net liabilities Interest-bearing liabilities less financial interest-bearing assets.

Average equity The average of the opening equity of the period and the closing equity of the period.

Earnings on equity The profit after taxes in percent of average equity including non-controlling interest shares.

Capital employed Total assets less non-interest-bearing liabilities and provisions.

Earnings on capital employed Profit after financial items plus financial costs in percent of average capital employed.

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

October 23 2018 8.30 AM

Interim report January-September

February 8 2019 8.30 AM

Year-end report 2018

Certification

Stockholm, July 16 2018

Mats Olsson

Chairman

Camilla Monefeldt Kirstein

Board Member

Gunilla Asker

Board Member

Jon Risfelt

Board Member

Kia Orback Pettersson

Board Member

Peder Ramel

Board Member

Stefan Gardefjord,

Board Member

Per Wallentin

CEO

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

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, PLEASE CONTACT

Per Wallentin, President and CEO,
Knowit AB (publ), +46 8 700 66 00,
eller
Christina Johansson, CCO,
Knowit AB (publ), +46 8 700 66 00
eller +46 705 421 734,
eller
Anna Jennehov, CFO, Knowit AB
(publ), +46 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 2,100 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. 

Consolidated income statement and report concerning total results

SEK M	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net sales	797.2	669.8	1,558.2	1,374.7	2,733.5
Profit on disposal of operations	-721.8	-612.3	-1,393.4	-1,231.7	-2,440.0
Depreciation of tangible fixed assets	-3.0	-2.6	-6.1	-6.0	-11.7
OPERATING RESULT BEFORE DEPRECIATIONS OF INTANGIBLE ASSETS (EBITA)	72.4	54.9	158.7	137.0	281.8
Depreciation of intangible fixed assets	-1.6	-1.4	-3.2	-2.8	-5.8
OPERATING RESULT (EBIT)	70.8	53.5	155.5	134.2	276.0
Financial income	0.4	0.1	1.5	0.3	0.6
Financial cost	-1.6	-3.4	-3.0	-6.9	-9.9
RESULT AFTER FINANCIAL ITEMS	69.6	50.2	154.0	127.6	266.7
Income taxes	-17.7	-11.1	-36.6	-26.3	-64.3
RESULT FOR THE PERIOD	51.9	39.1	117.4	101.3	202.4
Result for the period assignable to shareholders in Parent Company	49.8	37.8	112.8	97.8	194.4
Result for the period assignable to non-controlling interests' holdings	2.1	1.3	4.6	3.5	8.0
Earnings per share					
Earnings per share before dilution (SEK)	2.60	1.99	5.89	5.16	10.22
Earnings per share after dilution (SEK)	2.60	1.99	5.89	5.16	10.22
Other total result					
Result for the period	51.9	39.1	117.4	101.3	202.4
<i>Items that may be reclassified subsequently to profit or loss</i>					
Hedging of net investment	-0.1	0.3	-0.5	0.5	0.5
Tax effect hedging of net investment	0.0	0.0	0.1	-0.1	-0.1
Exchange rates difference	15.6	-8.2	44.2	-12.8	-13.5
OTHER TOTAL RESULT FOR THE PERIOD, NET AFTER TAX	67.4	31.2	161.2	88.9	189.3
Total result for the period					
Total result assignable to shareholders in Parent Company	65.2	29.9	156.5	85.4	181.3
Total result assignable to non-controlling interests' holdings	2.2	1.3	4.7	3.5	8.0

Consolidated balance sheet

SEK M	2018-06-30	2017-06-30	2017-12-31
Assets			
Intangible fixed assets	949.9	903.4	921.4
Tangible fixed assets	44.7	46.1	42.6
Financial fixed assets	4.8	3.9	4.5
Deferred tax assets	4.8	5.8	4.7
Current assets	800.9	606.8	711.3
Liquid funds	25.6	29.1	105.2
Assets in disposal groups held for sale	-	-	4.3
TOTAL ASSETS	1,830.7	1,595.1	1,794.0
Equity and liabilities			
Share capital	19.2	19.1	19.1
Other paid-up capital and other provisions	587.7	490.6	530.4
Recognized profits including result for the period	402.9	348.1	389.2
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY	1,009.8	857.8	938.7
Non-controlling interests' holdings	11.2	8.0	12.5
TOTAL EQUITY	1,021.0	865.8	951.2
Long-term provisions	38.0	33.8	39.0
Interest-bearing long-term liabilities	45.7	78.7	55.0
Interest-bearing short-term liabilities	49.6	47.6	95.2
Other short-term liabilities	676.4	569.2	652.4
Liabilities in disposal groups held for sale	-	-	12
TOTAL EQUITY AND LIABILITIES	1,830.7	1,595.1	1,794.0

Key figures

	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Average number of employees	2,019	1,858	2,010	1,849	1,864
Sales per average number of employees (000s)	395	360	775	743	1,466
Result after financial items per average number of employees (000s)	34	27	77	69	143
Return on total capital %	3.9	3.3	8.7	8.4	16.2
Return on equity %	5.0	4.4	11.9	11.8	22.5
Return on capital employed %	6.2	5.2	14.2	13.4	26.2
EBITA margin %	9.1	8.2	10.2	10.0	10.3
Equity ratio %	55.8	54.3	55.8	54.3	53.0

Data per share

	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Earnings per share (SEK)					
Before dilution	2.60	1.99	5.89	5.16	10.22
After dilutions	2.60	1.99	5.89	5.16	10.22
Equity per share (SEK)					
Before dilution	52.54	44.96	52.54	44.96	49.05
After dilutions	52.54	44.96	52.54	44.96	49.05
Average number of shares (000s)					
Before dilution	19,180	18,999	19,160	18,957	19,028
After dilutions	19,180	18,999	19,160	18,957	19,028
Average number of shares (000s)					
Before dilution	19,221	19,079	19,221	19,079	19,139
After dilutions	19,221	19,079	19,221	19,079	19,139

Consolidated cash flow analysis

SEK M	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Cash flow current operations before changes in working capital	55.7	40.3	120.6	105.1	234.0
Change in working capital	171	18.7	-41.0	-7.0	-371
CASH FLOW FROM CURRENT OPERATIONS	72.8	59.0	79.6	98.1	196.9
Cash flow from investing activities	-48.3	-20.3	-53.5	-22.8	-36.1
Cash flow from financing activities	-102.5	-82.7	-106.0	-91.2	-99.4
CASH FLOW FOR THE PERIOD	-78.0	-44.0	-79.9	-15.9	61.4
Opening balance	106.3	72.6	107.3	44.8	44.8
Exchange rates differences	-2.7	0.5	-1.8	0.2	11
CLOSING BALANCE	25.6	29.1	25.6	29.1	107.3

The closing balance January to December 2017 includes SEK 2.1 million which in the balance sheet is reclassified to 'Assets in disposal group held for sale'.

Statement of changes in equity – Group

SEK M	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Opening balance	1,045.0	898.2	951.2	844.3	844.3
Exchange rates differences	15.6	-8.2	44.2	-12.8	-13.5
Hedging of net investment	-0.1	0.3	-0.5	0.5	0.5
Tax effect hedging of net investment	0.0	0.0	0.1	-0.1	-0.1
Result for the period	51.9	39.1	117.4	101.3	202.4
TOTAL RESULT FOR THE PERIOD	67.4	31.2	161.2	88.9	189.3
TOTAL BEFORE TRANSACTIONS WITH SHAREHOLDERS	1,112.4	929.4	1,112.4	933.2	1,033.6
Non-controlling interests' holdings	-0.7	-	-0.7	-	-
Additional capital from non-controlling interests' holdings	-7.3	-6.7	-7.3	-6.7	-31.1
Dividend payment	-98.7	-79.0	-98.7	-82.8	-82.8
New issue in connection with acquisitions	-	-	-	-	9.4
Share issue for the acquisition of non-controlling interests	15.3	22.1	15.3	22.1	22.1
CLOSING BALANCE	1,021.0	865.8	1,021.0	865.8	951.2

Group revenue from contracts with customers

SEK M	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
GEOGRAPHICAL					
Fee revenue					
Sweden	430.6	395.6	868.5	802.4	1,571.7
Norway	273.4	204.4	511.5	427.7	861.1
Finland	41.7	34.4	82.5	68.8	141.8
Other	19.1	15.3	37.2	31.1	65.4
TOTAL	764.8	649.7	1,499.7	1,330.0	2,640.0
Other revenue					
Sweden	19.5	9.7	33.2	24.6	49.7
Norway	12.2	8.8	23.8	17.3	35.8
Finland	0.5	0.7	1.1	1.1	3.0
Other	0.2	0.9	0.4	1.7	5.0
TOTAL	32.4	20.1	58.5	44.7	93.5
TOTAL NET SALES	797.2	669.8	1,558.2	1,374.7	2,733.5
SEGMENT					
Fee revenue					
Experience	179.9	146.8	344.3	301.4	599.2
Insight	111.6	90.5	220.8	176.4	350.5
Solutions	506.2	444.4	1,000.5	918.6	1,812.0
Parent company/group adj.	-32.9	-32.0	-65.9	-66.4	-121.7
TOTAL	764.8	649.7	1,499.7	1,330.0	2,640.0
Other revenue					
Experience	19.2	11.3	36.2	24.4	53.2
Insight	1.9	2.5	4.1	5.6	9.4
Solutions	19.5	10.7	32.8	25.6	58.0
Parent company/group adj.	-8.2	-4.4	-14.6	-10.9	-27.1
TOTAL	32.4	20.1	58.5	44.7	93.5
TOTAL NET SALES	797.2	669.8	1,558.2	1,374.7	2,733.5

Revenue category License revenue is reported under the Other income category, as the total sums are not significant.
For more information, see Note 1 Accounting and Valuation Principles, pages 58-65 of the Annual Report 2017.

Financial assets and liabilities

SEK M	Loan and accounts receivables valued at accrued acquisition cost 2018-06-30	Fair value 2018-06-30	Loans and accounts receivables 2017-06-30	Fair value 2017-06-30
Assets in balance sheet				
Other long-term securities holdings	4.8	4.8	3.9	3.9
Other long-term receivables	1.3	1.3	1.2	1.2
Accounts receivable and other receivables	721.1	721.1	526.4	526.4
Cash	26.5	26.5	29.1	29.1
TOTAL	753.7	753.7	560.6	560.6
SEK M	Other financial liabilities 2018-06-30	Fair value 2018-06-30	Other financial liabilities 2017-06-30	Fair value 2017-06-30
Liabilities in the balance sheet				
Interest-bearing liabilities	95.3	95.3	126.3	126.3
Accounts payable	99.7	99.7	76.8	76.8
Other liabilities	241.6	241.6	188.3	188.3
TOTAL	436.6	436.6	391.4	391.4

Reported value of the Group's financial assets and liabilities, divided into valuation category per IAS 39 are presented in the above table. No financial assets or liabilities are reported at a value that significantly deviates from fair value.

Income statement Parent company

SEK M	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net sales	74.1	68.2	144.9	133.3	279.3
Operating costs	-88.6	-81.3	-172.4	-157.3	-326.7
Depreciation of tangible fixed assets	-0.4	-0.3	-0.7	-0.6	-1.2
OPERATING RESULT BEFORE DEPRECIATIONS OF INTANGIBLE ASSETS (EBITA)	-14.9	-13.4	-28.2	-24.6	-48.6
Depreciation of intangible fixed asset	-	-	-	-	-
OPERATING RESULT (EBIT)	-14.9	-13.4	-28.2	-24.6	-48.6
Financial items	1.2	2.3	5.5	9.5	147.1
RESULT AFTER FINANCIAL ITEMS	-13.7	-11.1	-22.7	-15.1	98.5
Appropriations	-	-	-	-	-18.2
Income taxes	-	-	-	-	-15.1
RESULT FOR THE PERIOD / OTHER TOTAL RESULT	-13.7	-11.1	-22.7	-15.1	65.2

Balance sheet Parent company

SEK M	2018-06-30	2017-06-30	2017-12-31
Assets			
Intangible fixed assets	9.7	11	7.3
Tangible fixed assets	4.6	4.9	4.8
Financial fixed assets	860.7	804.1	831.0
Current assets	103.4	88.9	79.5
Liquid funds	22.9	16.3	96.5
TOTAL ASSETS	1,001.3	915.3	1,019.1
Equity and liabilities			
Share capital	19.2	19.1	19.1
Statutory reserve	68.0	68.0	68.0
Fund for development costs	9.7	-	7.3
Unrestricted share capital including result for the period	201.5	219.9	302.3
TOTAL EQUITY	298.4	307.0	396.7
Untaxed reserves	78.5	60.3	78.5
Interest-bearing long-term liabilities	5.2	18.1	8.8
Long-term provision	-	0.3	0.3
Interest-bearing short-term liabilities	11.1	12.6	14.2
Other liabilities	608.1	517.0	520.6
TOTAL EQUITY AND LIABILITIES	1,001.3	915.3	1,019.1

Segment reporting – Group

SEK M, Apr-Jun 2018	Experience	Insight	Solutions	Parent company / group adj.	Total
External net sales	171.9	109.7	515.6	–	797.2
Net sales between segments	27.2	3.8	10.1	-41.1	–
NET SALES	199.1	113.5	525.7	-41.1	797.2
Operating result before depreciations of intangible fixed assets (EBITA)	16.2	17.2	57.1	-18.1	72.4
Depreciation of intangible fixed assets	–	–	-1.6	–	-1.6
OPERATING RESULT (EBIT)	16.2	17.2	55.5	-18.1	70.8
Result after financial items					69.6
PROFIT FOR THE PERIOD					51.9
EBITA margin, %	8.1	15.2	10.9		9.1
Average numbers of employees	517	259	1,232	11	2,019
SEK M, Jan-Jun 2018	Experience	Insight	Solutions	Parent company / group adj.	Total
External net sales	342.2	209.8	1,006.2	–	1,558.2
Net sales between segments	38.3	15.1	27.1	-80.5	–
NET SALES	380.5	224.9	1,033.3	-80.5	1,558.2
Operating result before depreciations of intangible fixed assets (EBITA)	34.2	36.3	123.7	-35.5	158.7
Depreciation of intangible fixed assets	–	–	-3.2	–	-3.2
OPERATING RESULT (EBIT)	34.2	36.3	120.5	-35.5	155.5
Result after financial items					154.0
PROFIT FOR THE PERIOD					117.4
EBITA margin, %	9.0	16.1	12.0		10.2
Average numbers of employees	514	256	1,229	11	2,010
Intangible fixed assets	207.0	62.0	671.1	9.8	949.9
Tangible assets	2.9	0.5	13.3	28.0	44.7

The group's operations are organized such that the corporate management primarily follows up on sales, EBITA profit and average number of employees per group segment. Excluding intangible assets, no other balance sheet items per operating segment are followed up on by the corporate management. Non-distributed costs consist of the parent company's corporate-wide costs for management, financing and marketing.

Segment reporting – Group, continued

SEK M, Apr-Jun 2017	Experience	Insight	Solutions	Parent company / group adj.	Total
External net sales	141.5	83.5	444.8	–	669.8
Net sales between segments	16.6	9.5	10.3	-36.4	–
NET SALES	158.1	93.0	455.1	-36.4	669.8
Operating result before depreciations of intangible fixed assets (EBITA)	12.7	9.7	44.7	-12.2	54.9
Depreciation of intangible fixed assets	0.0	–	-14	–	-1.4
OPERATING RESULT (EBIT)	12.7	9.7	43.3	-12.2	53.5
Result after financial items					50.2
PROFIT FOR THE PERIOD					39.1
EBITA margin, %	8.0	10.4	9.8		8.2
Average numbers of employees	464	224	1,158	12	1,858
SEK M, Jan-Jun 2017	Experience	Insight	Solutions	Parent company / group adj.	Total
External net sales	289.2	162.8	922.7	–	1,374.7
Net sales between segments	36.6	19.2	21.5	-77.3	–
NET SALES	325.8	182.0	944.2	-77.3	1,374.7
Operating result before depreciations of intangible fixed assets (EBITA)	32.6	22.5	110.4	-28.5	137.0
Depreciation of intangible fixed assets	-0.1	–	-2.7	–	-2.8
OPERATING RESULT (EBIT)	32.5	22.5	107.7	-28.5	134.2
Result after financial items					127.6
PROFIT FOR THE PERIOD					101.3
EBITA margin, %	10.0	12.4	11.7		10.0
Average numbers of employees	461	220	1,156	12	1,849
Intangible fixed assets	200.8	60.0	641.5	1.1	903.4
Tangible assets	2.3	0.1	13.9	29.8	46.1

The group's operations are organized such that the corporate management primarily follows up on sales, EBITA profit and average number of employees per group segment. Excluding intangible assets, no other balance sheet items per operating segment are followed up on by the corporate management. Non-distributed costs consist of the parent company's corporate-wide costs for management, financing and marketing.