



YEAR-END REPORT

JANUARY – DECEMBER 2017

A new record year
Increased dividend
High net recruitment

JANUARY – DECEMBER 2017

NET SALES INCREASED BY 12.7 PERCENT TO SEK 2,733.5 (2,426.2) MILLION

THE EBITA PROFIT INCREASED BY 33.2 PERCENT, TO SEK 281.8 (211.6) MILLION

RESULTS AFTER TAXES INCREASED TO SEK 202.4 (144.5) MILLION

EARNINGS PER SHARE INCREASED TO SEK 10.22 (7.39)

THE EBITA MARGIN INCREASED TO 10.3 (8.7) PERCENT

CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 196.9 (193.1) MILLION

THE BOARD PROPOSES AN INCREASED DIVIDEND OF SEK 4.75 (3.75) PER SHARE, IN TOTAL SEK 90.9 (70.9) MILLION

OCTOBER – DECEMBER 2017

NET SALES INCREASED BY 12.1 PERCENT, TO SEK 781.2 (697.0) MILLION

THE EBITA PROFIT INCREASED BY 16.9 PERCENT TO SEK 94.7 (81.0) MILLION

RESULTS AFTER TAXES INCREASED TO SEK 66.1 (49.9) MILLION

EARNINGS PER SHARE INCREASED TO SEK 3.32 (2.56)

THE EBITA MARGIN INCREASED TO 12.1 (11.6) PERCENT

CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 160.6 (102.6) MILLION

The information contained herein is such as shall be made public by Knowit, in accordance with the EU Market Abuse Regulation and the Swedish Financial Instruments Trading Act. This press release was made public at 8.30 AM on February 7 2018.

A new record year

I want to start by saying thank you. Thank you to all the fantastic employees at Knowit. You have all contributed to our successful 2017. Not only have we beaten our own sales record; during the past year we had sales totaling SEK 2.7 billion. We have also had a larger profit than ever before: SEK 282 million. So once again, with gratefulness and pride, I want to thank all of you who have contributed to this.

DEEPENED COLLABORATIONS

During the year, we have deepened our collaborations with many clients by initiating our assignments already in the start-up phase of the innovation process. Our skilled employees contribute with insights and challenges, and then also participate in realization. I know that our clients have the courage needed to challenge both themselves and us. This is a strong reason behind our joint success.

In December, it was determined that Knowit will move up to the Mid Cap list on Nasdaq OMX in Stockholm as of January. The market capitalization of the company has increased to SEK 2.97 billion by the end of the year. Yes, many figures reflect a successful year for Knowit.

HIGH DEMAND

In 2017, the market has been characterized by high demand. Our three business fields, Experience, Insight and Solutions, have all developed in a positive way, with increased sales. For Experience and Solutions, the profit and margin have increased in tandem. The management consultancy unit, Knowit Insight, has continued to invest in new offerings, and markets with a result at the previous year's level.


The demand for skilled consultants on the recruitment market remains high. In Universum's Career

Barometer, we have climbed twelve places in this year's ranking among "Young Professionals" and in our employees surveys, Knowit gets high marks. It is important, both now and in the future, to be able to grow through our own efforts. This year we have grown by a net of almost 200 employees.

NEW PHASE OF DIGITIZATION

The digitization of society, already widely talked about, has moved into a new phase. It has become like the air we breathe and water we drink; a necessary platform for the survival of companies. Automation and innovation support, based on the possibilities of digitization, are increasingly important for the competitiveness of our clients.

We have signed several deals that require a high level of industry-specific competence. Operations-financed IT, with a focus on innovation support and change management, continues to grow stronger, while it is also becoming more important to understand how people interact with new technology. Usability is increasing in importance, as are artificial intelligence, machine learning and automation.

When used correctly, technology contributes to a better environment, increased contact between people and a stronger economy. It is important that our work contributes to a humane and sustainable society. I look forward to an exciting and transformative 2018. 

Per Wallentin
CEO and President

Important events during the year

Knowit supports **UNHCR** and its work with innovative refugee shelters.

Knowit acquires **REQUIRE**, a company specialized in modern requirements management.

Lindorff chooses Knowit and its partners Snowflake and WhereScape for **A CLOUD PROJECT**.

Knowit's company in **ESTONIA** is sold to the local company Appnology, which takes possession as of 2018.

Knowit and **SNOWFLAKE**, which offers cloud platforms for data warehousing, enter into a partnership.

Knowit is named **EPISERVER PARTNER** of the Year 2017 in Finland.

Telenta and Knowit collaborate in a **CLOUD-BASED** alarm solution.

Knowit is delivering an **AI SOLUTION TO THE MUNICIPALITY OF OSLO** for automated processing of appeals.

When the employer branding company Universum asks IT students to rate their ideal employers, Knowit is **YET AGAIN IN A TOP POSITION**.

Knowit establishes the **LEGAL CONSULTANCY AGENCY** Knowit Digital Law.

Knowit **REINFORCES ITS E-COMMERCE DEAL** by merging Knowit Experience with Knowit E-Commerce in Malmö.

Knowit signs a framework agreement with a three-year term with the **NORWEGIAN TAX AUTHORITY**.

Know it initiates a partnerships with the e-commerce platform supplier **LITIUM**.

For **VINNOVA**, Knowit is developing a new website for e-services.

When the **NORWEGIAN COMPANY FJORDKRAFT** is expanding its operations to encompass mobile communication, Knowit assists with marketing and developing the website fjordkraftmobil.no.

E.ON ELNÄT is using Knowit's assistance in streamlining the collection of client data.

Knowit and Kela in Finland sign an agreement regarding testing of application services for the **NATIONAL HEALTH ARCHIVE, KANTA**.

In Oslo, Knowit **ESTABLISHES A NEW COMPANY**, Knowit Insight A/S, in management consulting.

Nordic IT students rank Knowit as the most **POPULAR NORDIC CONSULTANCY FIRM**.

Knowit is given the task of developing **JULA'S** new e-commerce solution.

In the Automotive segment, Knowit supports four larger industrial clients in **AGILE WORK METHODS**.

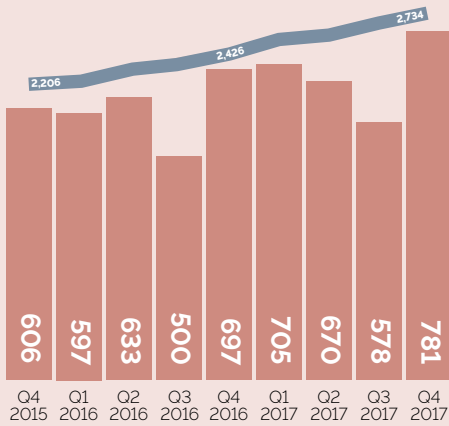
In Finland, Knowit signs an agreement for testing of software in the project **APOTTI AND CENTERS OF EXCELLENCE IN HELSINKI**.

Knowit is named a **PLATINUM PARTNER** of inRiver.

SAS Institute chooses Knowit as **REGIONAL PARTNER OF THE YEAR 2017** in the Nordic region.

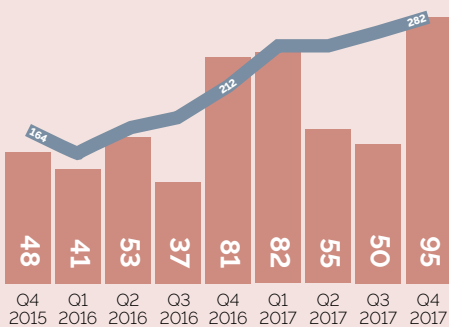
The site "Din gård, dina möjligheter," developed by Knowit, makes it to **THE FINALS IN GULDNYCKELN**.

High demand in all areas



NET SALES, SEK, MILLIONS

Quarterly data
Rolling 12-monthly



EBITA, SEK, MILLIONS

Quarterly data
Rolling 12-monthly

The main geographic market is the Nordic region, supplemented with operations in Germany. Knowit creates unique client value in a world of accelerating digitization, by offering comprehensive solutions 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. Geographically, demand differs between different regions. Demand is also quite high on all geographic markets where Knowit operates.

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 500 specialists in the Nordic region, we work with digitalization, web and smartphone development, market communication and various forms of client/user experience.

The Social Democrats' old website went live in November 2013 and was adapted to the communication needs which existed ahead of the election campaign in 2014. Since then, the party has led the government and developed its digital communication in a partially new direction.

This contributed to it being time to think innovatively in preparation for the election in 2018. Knowit Experience has been given the task of delivering concept, design, development and application management of the Social Democrats' new website.

Knowit has been given an assignment by the Stockholm County Council unit E-health and Strategic IT to contribute with developmental work in the project "New platform web services." The platform will deliver websites such as 1177 Vårdguiden and UMO.se (youth health clinic online).

INSIGHT

Knowit's more than 250 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, where we work closely with our clients, involve strategic and tactical implementation of change and improvement projects.

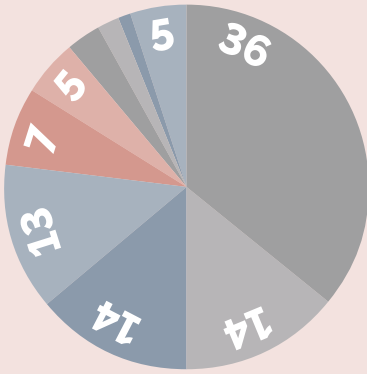
For NCC Avdelning Hus Stockholm, Knowit has initiated a project to develop the corporate culture with the aim of attracting, retaining and developing the employees of the client. This will be done in part by reinforcing an inclusive workplace environment and culture that is attractive to women as well. Further, a think tank has been established with consultants from Knowit and employees from NCC, in which current matters relating to technology and the operations are discussed.

For the municipality of Nacka, Knowit has developed the first digital employee of the municipality. Yasemin is an RPA solution that enables for the municipality to automate financial reporting, management of employment contracts and handling of social service matters.

SOLUTIONS

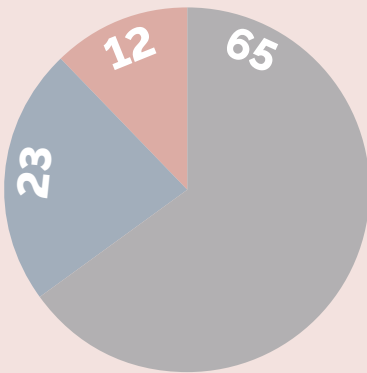
In the business field Solutions, we have 1,250 consultants working in development projects with high requirements on traceability, performance and accessibility. We offer services for all aspects of the

MARKET AND OPERATIONS, CONTINUED



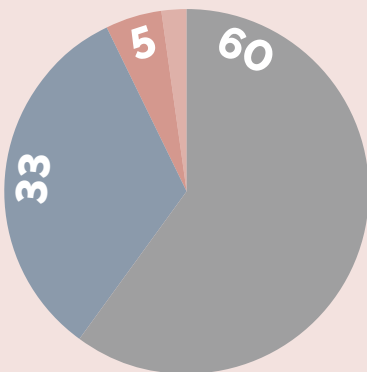
SALES PER INDUSTRY FIELD JANUARY – DECEMBER 2017

Public sector	36% (36)
Retail	14% (15)
Industry	14% (13)
Banking, finance and insurance	13% (13)
Telecommunications operators	7% (8)
Energy	5% (5)
Media, education and gaming	3% (2)
Telecommunications industry	2% (2)
Pharmaceuticals	1% (1)
Other	5% (5)



SALES PER SEGMENT JANUARY – DECEMBER 2017

Solutions	65% (67)
Experience	23% (21)
Insight	12% (12)



SALES PER COUNTRY JANUARY – DECEMBER 2017

Sweden	60% (62)
Norway	33% (31)
Finland	5% (5)
Other	2% (2)

development process – from project governance and architecture to programming, testing and security.

Knowit was chosen by Lindorff to develop a scalable and flexible solution to quickly replace an old data warehouse, but also to enable for consolidation of several data warehouses in different parts of the organization.

Telenta and Knowit have initiated a collaboration serving to develop Telenta's concept for personal alarms into a cloud-based solutions, "personal alarms as a service."

Client industry fields

Knowit has a wide spread of clients in many industry fields. This creates stability, as the company is not dependent on the development in one or a few industry fields. The largest portion of net sales comes from the public sector, retail, banking and finance and manufacturing industry.

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 Handelsbanken, KLP, Lindorff and Nordea.

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 Hans Buch, Happy Socks, HM, Systembolaget, Toyota Material Handling and Vigmostad & Björke.

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 IoT is 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 Gilje Tre, Metaforce, Ovako, Saab and Volvo Cars.

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 Swedish Defence Materiel Administration, Norges Bank, the Swedish Maritime Administration, St Eriks Ögonsjukhus, the Stockholm County Council and Sveriges Riksbank. 

Strong employer brand

When Sweden's young IT professionals voted on the best workplaces, Knowit improved its position twelve places and was the best IT consultancy firm, according to a survey from the employer branding company Universum. Knowit's internal surveys also show that employees are very satisfied with their workplace.

Focus on the Nordic region Knowit Estonia, which has been a profitable part of Knowit for ten years, has been sold to the local company Appnology, which takes possession on January 1 2018. The sale contributes to Knowit further reinforcing its role as the leading player on the Nordic market.

NEW PARTNERSHIPS

Knowit Experience was named Episerver Partner of the Year 2017 in both Finland and Norway. The Finnish award was handed out at the Epi Partner Close-up in Helsinki, while the Norwegian award was announced at the Episerver Partner Awards in Oslo. The citations highlighted Knowit's high level of maturity as regards using Episerver to deliver customer experiences that create involvement.

Snowflake, a supplier of cloud-based solutions for data warehouses, has entered into a partnership with Knowit. The two companies' competences in the field supplement one another well.

Knowit gave this year's Christmas gift to the important work done by UNHCR for refugee families. The Christmas gift is earmarked for innovative refugee shelters in Iraq. Throughout 2018, Knowit will remain a corporate sponsor of UNHCR.

GROWTH STRATEGY

Through Knowit's corporate structure, with three business fields where the operative daughter companies collaborate, regardless of where they are geographically located, there is room for investing in parts of the corporation, while streamlining others.

Knowit's strategy for expansion and increasing growth is primarily to develop existing operations and secondarily to recruit and establish companies, as well as performing acquisitions. It is important that the people we recruit, the companies we found or acquire share the culture that characterizes Knowit. 

THE GROUP

Very positive development

Net sales and profit

JANUARY – DECEMBER

Net sales increased to SEK 2,733.5 (2,426.2) million, an increase by 12.7 percent as compared with the corresponding period last year. Net sales increased to SEK 1,621.4 (1,512.1) million in Sweden, SEK 896.9 (746.5) million in Norway and SEK 144.8 (112.2) million in Finland. Sales per employee increased to SEK 1,466 (1,397) thousand.

The operating profit before amortization of intangible assets (EBITA) increased to SEK 281.8 (211.6) million, an increase by 33.2 percent as compared with the corresponding period last year. In Sweden, EBITA

increased to SEK 200.7 (172.7) million, in Norway to SEK 105.5 (74.5) million, and in Finland to SEK 11.6 (7.1) million.

The EBITA margin increased to 10.3 (8.7) percent.

Amortization of intangible assets amounted to SEK -5.8 (-10.5) million.

The operating profit after financial items amounted to SEK 266.7 (191.8) million. The financial net was SEK -9.3 (-9.3) 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 were SEK 202.4 (144.5) million. Tax for the period amounted to SEK -64.3 (-47.3) million.

The non-controlling interests' share of profit for the year totaled SEK 8.0 (6.1) million.

Earnings per share increased to SEK 10.22 (7.39).

THE FOURTH QUARTER

Net sales increased to SEK 781.2 (697.0) million, an increase by 12.1 percent as compared with the corresponding period last year.

Net sales increased to SEK 460.9 (425.0) million in Sweden, to SEK 256.2 (223.4) million in Norway and to 42.5 (32.7) million in Finland. Sales per employee increased to SEK 411 (400) thousand.

The operating profit before amortization of intangible assets (EBITA) increased to SEK 94.7 (81.0) million, an increase by 16.9 percent as compared with the corresponding period last year. In Sweden, EBITA increased to SEK 63.8 (60.7) million, in Norway to SEK 33.1 (24.8) million

and in Finland to SEK 3.0 (1.0) million.

The EBITA margin increased to 12.1 (11.6) percent.

Amortization of intangible assets amounted to SEK -1.7 (-1.5) million.

The operating profit after financial items increased to SEK 92.5 (70.8) million. The financial net was SEK -0.5 (-8.7) million.

The financial net was affected by costs for interest relating to bank loans and leasing.

Results after taxes increased to SEK 66.1 (49.9) million. Tax for the period amounted to SEK -26.4 (-20.9) million.

The non-controlling interests' share of profit for the year totaled SEK 2.7 (1.5) million.

Earnings per share increased to SEK 3.32 (2.56).

ACQUISITIONS AND SALES OF OPERATIONS

Knowit AB has, in November 2017, acquired Require AB, a company specialized in modern requirements management. Through the acquisition, Knowit widens its offering in Quality Assurance, a field that currently consists of around 200 employees in the Nordic region. Require operates in Stockholm and Malmö and has fifteen employees.

In December 2017, it was made public that Knowit AB is selling 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 change in ownership is finalized on January 1 2018.

Segments

JANUARY - DECEMBER

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 652.4 (537.7) million, for the segment Insight they increased to SEK 359.9

(320.8) million and for the segment Solutions they increased to SEK 1,870.0 (1,719.8) million.

The operating profit before amortization of intangible assets (EBITA) increased to SEK 64.7 (35.8) million for the segment Experience, totaled SEK 44.5 (45.1) for the segment Insight and increased to SEK 224.9 (181.4) for the segment Solutions.

The EBITA margin increased to 9.9 (6.7) percent for the segment Experience, totaled 12.4 (14.1) percent for the segment Insight and increased to 12.0 (10.5) percent for the segment Solutions.

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

Cash flow and financial position

JANUARY-DECEMBER

Cash flow from operating activities increased to SEK 196.9 (193.1) million, affected mainly by increased accounts receivable and short-term liabilities.

Cash flow from investment activities totaled SEK -38.2 (-29.0) million, affected mainly by additional consideration paid, investments in a new business system and investments made in connection with changing offices in several locations. Additional consideration paid to settle acquisitions made in earlier years totaled SEK -16.3 (-25.9) million.

Cash flow from financing activities totaled SEK -99.4 (-135.1) million, affected by dividends to shareholders in Knowit AB and to non-controlling interests in group companies, and amortization of bank loans.

Total cash flow increased to SEK 59.3 (29.0) million.

Cash and cash equivalents increased to SEK 105.2 (44.8) million as per December 31 2017.

Goodwill and other intangible assets amounted to SEK 921.4 (915.7) million, of which goodwill totaled SEK 902.9 (905.0) million, and other intangible assets totaled SEK 18.5 (10.7) million.

Equity increased to SEK 951.2 (844.3) million.

Interest-bearing liabilities totaled SEK 150.2 (163.8) million on December 31 2017, of which SEK 55.0 (101.1) million were long-term and SEK 95.2 (62.7) million were short-term. Bank loans totaled SEK 23.0 (40.1) 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 23.4 (26.2) million and liabilities related to future consideration and synthetic options in subsidiaries totaled SEK 103.9 (97.5) million.

The equity ratio was 53.0 (52.4) percent as per December 31 2017.

THE SHARE


In May, as per the AGM resolution, 164,879 shares were issued in an offset issue waiving the preferential rights of shareholders. The issue was directed at the sellers of shares in Knowit Dataess AS, Norway, as partial payment for the acquisition of this company, acquisition of non-controlling interests in Knowit Quality Management Oslo AS and Knowit eCommerce AB.

In November with authorization from the AGM 2017, 60,214 shares were issued in an offset issue waiving the preferential rights of shareholders. The issue was directed at the sellers of shares in Require AB.

Outstanding shares in Knowit AB were, before the new issues, 18,914,124 in total, and after the issues, 19,139,217 shares in total.

Employees

On December 31 2017, a total of 2,065 (1,867) people were employed by the group. The number of employees has increased by 198 persons during 2017.


The average number of employees during the period increased to 1,864 (1,737). The average number of employees in Sweden increased to 1,196 (1,137), in Norway to 525 (474) and in Finland to 100 (89). 

Results and financial position

JANUARY – DECEMBER

The operating profit before amortization of intangible assets (EBITA) totaled SEK -48.6 (-48.8) million.

The financial net increased to SEK 147.1 (97.6) million, affected mainly by dividends from subsidiaries and interest costs on bank loans. The result after financial net was SEK 98.5 (48.8) million.

As per December 31 2017, equity was SEK 396.7 (370.9) million. Untaxed reserves, mainly accrual funds, were SEK 78.5 (60.3) million. 

OTHER INFORMATION

Increased dividend

DIVIDEND AND DIVIDEND POLICY

Knowit's Board of Directors proposes an increased dividend of SEK 4.75 (3.75) per share, for a total of SEK 90.9 (70.9) million. The Board has adopted a dividend policy aimed at retaining or increasing the dividend each year. The dividend shall reflect the Board's idea of the expected market development for the coming years.

THE NOMINATION COMMITTEE

In accordance with the resolution of the Annual General Meeting on April 25 2017, the nomination committee for the AGM 2018 shall consist of a representative for each of the three largest registered shareholders in terms of votes on September 30 2017, and the Chairman of the Board, who shall convene the nomination committee for its first meeting.

The nomination committee for the AGM 2018 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, during the AGM 2018, the Chairman of the AGM, Board members, the Chairman of the Board, auditors, Directors' fees, auditors' fees and the nomination committee's procedures. Shareholders who desire to present suggestions to the nomination committee can do so via e-mail to valberedning@knowit.se.

The Board member Liselotte

Hägertz Engstam will, at her own request and due to other commitments, be leaving the Board of Knowit AB as of March 1 2018.

AGM

The AGM will take place on Wednesday April 26 2018 at 4 p.m. in Knowit's offices, 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 Knowit's annual report for 2016, pages 67-68. 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 Group accounts have been prepared in accordance with the International

Financial Reporting Standards, IFRS, as adopted by the European Union, and the Swedish Annual Accounts Act. The interim report for the Parent company has been prepared in accordance with the Swedish Annual Accounts Act and the recommendation RFR 2 Accounting for legal entities. None of the new or amended standards or interpretations of existing standards, which have entered into force during 2017, have had any significant impact on the company's financial position or financial reporting. The accounting principles and calculation methods are unchanged as compared with the description in the annual report for 2016, see Notes 1 and 2, pages 60-68.

ALTERED ACCOUNTING PRINCIPLES

As of January 1 2018, the group will begin to apply two new accounting standards, IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers.

IFRS 9, Financial Instruments This standard applies for annual periods beginning on or after January 1 2018. Knowit will apply the standard as of January 1 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 entails changes in how financial assets are classified and valued and changes principles for general hedge accounting. Knowit has analyzed the effects of IFRS 9 and this analysis shows that the new rules do not affect the group's financial position and profit.

As regards the changes for general hedge accounting, these will not have any effect on Knowit's current hedges, but may have an effect on future hedging. Knowit will apply the retrospective adjustment method in implementing IFRS 9, which means that the accumulated effect of changes at the transition to IFRS 9 will be reported in the balance sheet as per January 1 2018 and that comparison figures will not be recalculated.

IFRS 15, Revenue from Contracts

with Customers This standard applies for annual periods beginning on or after January 1 2018. Knowit will apply the standard as of January 1 2018. IFRS is the new standard for revenue accounting and replaces IAS 18 Revenue and IAS 11 Construction Contracts, as well as all connected interpretations (IFRIC and SIC). The standard includes principles for how companies shall report revenue from sales of goods and services. The main principle is that the revenue is reported when the control of a good or service is transferred to a customer. Knowit is a consultancy firm that delivers services in, inter alia, systems development and application management, communication solutions for web and market communication, and strategic advice. Revenue from service contracts is reported during the period in which the services are performed or when the project is finalized. Knowit has evaluated the group's client contracts, identified the group's revenue categories and made the assessment that the revenue accounting will not be subject to any significant effects upon transition to IFRS 15. Knowit has chosen the retrospective adjustment method in implementing IFRS 15, which means that the accumulated effect of changes at the transition to IFRS 15 will be reported in the balance sheet as per January 1 2018 and that comparison figures will not be recalculated.

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. The Board has, among other things, determined that the EBITA profit should exceed the net debt, that the EBITA margin should exceed a 10 percent average over a period of five years and that equity should exceed the intangible assets. We also monitor capital employed, as it is an important aspect of the working capital turnover.

For more information on our long-term financial targets and further definitions of key figures, see the annual report for 2016, pages 11 and page 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

April 26 2018 1.00 PM

Interim report Q1

April 26 2018 4.00 PM

AGM

July 16 2018 1.00 PM

Interim report Q2

October 23 2018 2.00 PM

Interim report Q3

February 7 2019

Year-end report 2018

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CEO

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KNOWIT AB (PUBL)

Knowit is a consultancy firm which, within the ever swifter digitalization, creates unique client value by offering interdisciplinary deliveries from three business fields: 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 2,000 employees in 17 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	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	781.2	697.0	2,733.5	2,426.2
Profit on disposal of operations	-683.6	-614.0	-2,440.0	-2,202.8
Depreciation of tangible fixed assets	-2.9	-2.0	-11.7	-11.8
OPERATING RESULT BEFORE DEPRECIATIONS OF INTANGIBLE ASSETS (EBITA)	94.7	81.0	281.8	211.6
Depreciation of intangible fixed assets	-1.7	-1.5	-5.8	-10.5
OPERATING RESULT (EBIT)	93.0	79.5	276.0	201.1
Financial income	0.1	-0.5	0.6	2.5
Financial cost	-0.6	-8.2	-9.9	-11.8
RESULT AFTER FINANCIAL ITEMS	92.5	70.8	266.7	191.8
Income taxes	-26.4	-20.9	-64.3	-47.3
RESULT FOR THE PERIOD	66.1	49.9	202.4	144.5
Result for the period assignable to shareholders in Parent Company	63.4	48.4	194.4	138.4
Result for the period assignable to non-controlling interests' holdings	2.7	1.5	8.0	6.1
Earnings per share				
Earnings per share before dilution (SEK)	3.32	2.56	10.22	7.39
Earnings per share after dilution (SEK)	3.32	2.56	10.22	7.39
Other total result				
Result for the period	66.1	49.9	202.4	144.5
<i>Items that may be reclassified subsequently to profit or loss</i>				
Hedging of netinvestment	0.1	0.1	0.5	-1.8
Tax effect hedging of netinvestment	0.0	0.0	-0.1	0.4
Exchange rates difference	-3.1	-1.6	-13.5	42.2
OTHER TOTALRESULT FOR THE PERIOD, NET AFTER TAX	63.1	48.4	189.3	185.3
Total result for the period				
Total result assignable to shareholders in Parent Company	60.4	47.0	181.3	179.2
Total result assignable to non-controlling interests' holdings	2.7	1.4	8.0	6.1

Consolidated balance sheet

SEK M	2017-12-31	2016-12-31
Assets		
Intangible fixed assets	921.4	915.7
Tangible fixed assets	42.6	42.3
Financial fixed assets	4.5	5.6
Deferred tax assets	4.7	5.7
Current assets	711.3	597.5
Liquid funds	105.2	44.8
Assets of disposal group classified as held for sale	4.3	-
TOTAL ASSETS	1,794.0	1,611.6
Equity and liabilities		
Share capital	19.1	18.9
Other paid-up capital and other provisions	499.0	509.9
Recognized profits including result for the period	420.6	306.2
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY	938.7	835.0
Non-controlling interests' holdings	12.5	9.33
TOTALE QUITTY	951.2	844.3
Long-term provisions	39.0	34.8
Interest-bearing long-term liabilities	55.0	101.1
Interest-bearing short-term liabilities	95.2	62.7
Other short-term liabilities	652.4	568.7
Liabilities of disposal group classified as held for sale	1.2	-
TOTAL EQUITY AND LIABILITIE S	1,794.0	1,611.6

Key figures

	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Average number of employees	1,901	1,741	1,864	1,737
Sales per average number of employee (000)	411	400	1,466	1,397
Result after financial items per average number of employee (000)	49	41	143	110
Return on total capital %	5.4	5.0	16.2	13.2
Return on equity %	7.2	6.0	22.5	18.1
Return on capital employed %	8.5	7.8	26.2	20.5
EBITA-margin %	12.1	11.6	10.3	8.7
Equity ratio %	53.0	52.4	53.0	52.4

Data per share

	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Earnings per share (SEK)				
Before dilution	3.32	2.56	10.22	7.39
After dilution	3.32	2.56	10.22	7.39
Equity per share (SEK)				
Before dilution	49.20	44.15	49.05	44.15
After dilution	49.20	44.15	49.05	44.15
Average number of shares (000)				
Before dilution	19,115	18,914	19,028	18,716
After dilution	19,115	18,914	19,028	18,716
Average number of shares (000)				
Before dilution	19,079	18,914	19,139	18,914
After dilution	19,079	18,914	19,139	18,914

Consolidated cash flow analysis

SEK M	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Cash flow current operations before changes in working capital	71.8	74.6	216.8	175.7
Change in working capital	88.8	28.0	-19.9	17.4
CASH FLOW FROM CURRENT OPERATIONS	160.6	102.6	196.9	193.1
Cash flow from investing activities	-11.2	-3.3	-38.2	-29.0
Cash flow from financing activities	-55.5	-74.4	-99.4	-135.1
CASH FLOW FOR THE PERIOD	93.9	24.9	59.3	29.0
Opening balance	10.9	11.3	44.8	6.7
Exchange rates differences	0.4	8.6	1.1	9.1
CASH FLOW FOR THE PERIOD	105.2	44.8	105.2	44.8

Change in equity

SEK M	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Opening balance	891.5	813.2	844.3	752.2
Exchange rates differences	-3.1	-1.6	-13.5	42.2
Hedging of net investment	0.1	0.1	0.5	-1.8
Tax effect hedging of net investment	0.0	0.0	-0.1	0.4
Result for the period	66.1	49.9	202.4	144.5
TOTAL RESULT FOR THE PERIOD	63.1	48.4	189.3	185.3
TOTAL BEFORE TRANSACTIONS WITH SHAREHOLDERS	954.6	861.6	1,033.6	937.5
Non-controlling interest's holdings	0.0	-0.3	0.0	-11.3
Additional capital from non-controlling interest's holdings	-12.8	-	-31.1	-40.7
Dividend payment	0.0	-17.0	-82.8	-72.1
Share issue for the acquisition of non-controlling interests	9.4	-	31.5	30.9
CLOSING BALANCE	951.2	844.3	951.2	844.3

Financial assets and liabilities

2017-12-31 SEK M	Loans and receivables	Faire value
Assets in balance sheet		
Other long-term securities holdings	4.5	4.5
Other long-term receivables	1.2	1.2
Accounts receivable and other receivable	658.3	658.3
Cash	105.2	105.2
TOTAL	769.2	769.2
2017-12-31 SEK M	Other finacial liabilities	Faire value
Liabilities in the balance sheet		
Interest-bearing liabilities	150.2	150.2
Accounts payable	127.5	127.5
Other liabilities	230.1	230.1
TOTAL	507.8	507.8

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	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	871	83.7	279.3	289.1
Operating costs	-101.3	-95.6	-326.7	-336.7
Depreciation of tangible fixed assets	-0.3	-0.3	-1.2	-1.2
OPERATING RESULT BEFORE DEPRECIATIONS OF INTANGIBLE ASSETS (EBITA)	-14.5	-12.2	-48.6	-48.8
Depreciation of intangible fixed asset	-	0.0	-	0.0
OPERATING RESULT (EBIT)	-14.5	-12.2	-48.6	-48.8
Financial items	134.9	100.9	147.1	97.6
RESULT AFTER FINANCIAL ITEMS	120.4	88.7	98.5	48.8
Appropriations	-18.2	-4.2	-18.2	-4.2
Income taxes	-15.1	-13.3	-15.1	-13.3
RESULT FOR THE PERIOD / OTHER TOTAL RESULT	87.1	71.2	65.2	31.3

Balance sheet

Parent company

SEK M	2017-12-31	2016-12-31
Assets		
Intangible fixed assets	7.3	-
Tangible fixed assets	4.8	5.1
Financial fixed assets	831.0	797.3
Current assets	79.5	90.4
Liquid funds	96.5	34.6
TOTAL ASSETS	1,019.1	927.4
Equity and liabilities		
Share capital	19.1	18.9
Statutory reserve	68.0	68.0
Fund for development costs	7.3	-
Unrestricted share capital including result for the period	302.3	284.0
TOTAL EQUITY	396.7	370.9
Untaxed reserves	78.5	60.3
Interest-bearing long-term liabilities	8.8	25.6
Long-term provision	0.3	0.3
Interest-bearing short-term liabilities	14.2	14.5
Other liabilities	520.6	455.8
TOTAL EQUITY AND LIABILITIES	1,019.1	927.4

Segment reporting

2017 October – December SEK M	Experience	Insight	Solutions	Parent Company / Group adj.	Total
External net sales	170.8	95.5	514.9	–	781.2
Net sales between segments	18.6	10.4	11.3	-40.3	–
NET SALES	189.4	105.9	526.2	-40.3	781.2
Operating result before depreciations of intangible fixed assets (EBITA)	19.4	17.0	69.5	-11.2	94.7
Depreciation of intangible fixed assets	0.0	–	-1.7	–	-1.7
OPERATING RESULT (EBIT)	19.4	17.0	67.8	-11.2	93.0
Result after financial items					92.5
PROFIT FOR THE PERIOD					66.1
EBITA-margin, %	10.2	16.1	13.2		12.1
Average numbers of employees	477	235	1,178	11	1,901
2017 Januari – December SEK M	Experience	Insight	Solutions	Parent Company / Group adj.	Total
External net sales	581.7	323.4	1,828.4	–	2,733.5
Net sales between segments	70.7	36.5	41.6	-148.8	–
NET SALES	652.4	359.9	1,870.0	-148.8	2,733.5
Operating result before depreciations of intangible fixed assets (EBITA)	64.7	44.5	224.9	-52.3	281.8
Depreciation of intangible fixed assets	-0.1	–	-5.7	–	-5.8
OPERATING RESULT (EBIT)	64.6	44.5	219.2	-52.3	276.0
Resultat efter finansiella poster					266.7
PERIODENS RESULTAT					202.4
EBITA-margin, %	9.9	12.4	12.0		10.3
Average numbers of employees	467	225	1,161	11	1,864
Intangible fixed assets	200.6	59.9	653,6	7.3	921.4

Segmentsrapportering forts.

2016 October – December SEK M	Experience	Insight	Solutions	Parent Company / Group adj.	Total
External net sales	138.4	80.7	477.9	–	697.0
Net sales between segments	17.5	9.7	15.8	-40.3	–
NETS ALES	155.9	90.4	493.7	-40.3	697.0
Operating result before depreciations of intangible fixed assets (EBITA)	14.4	14.7	59.3	-7.4	81.0
Depreciation of intangible fixed assets	-0.1	–	-1.4	0.0	-1.5
OPERATING RESULT (EBIT)	14.3	14.7	57.9	-7.4	79.5
Result after financial items					70.8
PROFIT FOR THE PERIOD					49.9
EBITA-margin, %	9.2	16.3	12.0		11.6
Average numbers of employees	428	201	1,101	11	1,741

2016 januari – december MSEK	Experience	Insight	Solutions	Parent Company / Group adj.	Total
External net sales	473.4	280.1	1,672.7	–	2,426.2
Net sales between segments	64.3	40.7	47.1	-152.1	–
NET SALES	537.7	320.8	1,719.8	-152.1	2,426.2
Operating result before depreciations of intangible fixed assets (EBITA)	35.8	45.1	181.4	-50.7	211.6
Depreciation of intangible fixed assets	-0.3	–	-10.3	0.0	-10.6
OPERATING RESULT (EBIT)	35.5	45.1	171.1	-50.7	201.0
Result after financial items					191.8
PROFIT FOR THE PERIOD					144.5
EBITA-margin, %	6.7	14.1	10.5		8.7
Average numbers of employees	433	200	1,093	11	1,737
Intangible fixed assets	203.3	60.7	651.7	–	915.7

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

Acquired group companies 2017

In November 2017, Knowit acquired 100 percent of Require AB, a company specialized in modern requirements management. Through the acquisition, Knowit widens its offering in Quality Assurance. Require AB operates in Stockholm and Malmö and has fifteen employees.

For the acquired companies, the value of assets and liabilities, consideration and effect on group equity were as follows:

SEK M	Require AB	Others	Total
Consideration			
paid by issue of shares in Knowit AB	9.4	-	9.4
provisions for additional consideration	6.8	-	6.8
Total consideration	16.2	-	16.2
Depreciation and amortization	-1.9	-	-1.9
Goodwill and other intangible assets	14.3	-	14.3

Goodwill is attributable to the profitability of the acquired companies and the synergy effects expected to be created with other Knowit companies.

The assets and liabilities included in the acquisitions are as follows:

SEK M	Require AB	Others	Total
Property, plant and equipment	0.1	-	0.1
Current assets	3.9	-	3.9
Cash equivalents	0.2	-	0.2
Other liabilities	-2.3	-	-2.3
Identifiable net assets	1.9	-	1.9
Consideration paid in cash	-	-	-
Cash equivalents in acquired companies	0.2	-	0.2
Effect on group cash equivalents from acquisitions made this year	0.2	-	0.2
Additional consideration paid for acquisitions made earlier years	-	-16.3	-16.3
Effect on group cash equivalents from acquisitions	0.2	-16.3	-16.1

The acquired companies have during the period contributed with SEK 3.3 million in net sales and SEK 1.0 million in Profit before amortization of intangible assets (EBITA).