

Year-end report

- Increased net sales
- Stable profit
- Increased dividend

JANUARY – DECEMBER 2019

NET SALES INCREASED BY 8.2 PERCENT TO SEK 3,335.1 (3,083.3) MILLION
 THE OPERATING PROFIT (EBITA) INCREASED BY 1.3 PERCENT, TO SEK 319.2 (315.1) MILLION*

RESULTS AFTER TAXES INCREASED TO SEK 241.7 (231.9) MILLION
 EARNINGS PER SHARE INCREASED TO SEK 12.06 (11.62)**

THE OPERATING MARGIN (EBITA) WAS 9.6 (10.2) PERCENT
 CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 305.0 (274.1) MILLION
 THE BOARD PROPOSES AN INCREASED DIVIDEND OF SEK 6.40 (5.80) PER SHARE,
 FOR A TOTAL OF SEK 123.2 (111.7) MILLION

OCTOBER – DECEMBER 2019

NET SALES INCREASED BY 5.1 PERCENT TO SEK 908.2 (864.0) MILLION
 THE OPERATING PROFIT (EBITA) WAS SEK 97.2 (100.2) MILLION**

RESULTS AFTER TAXES INCREASED TO SEK 77.8 (72.4) MILLION
 EARNINGS PER SHARE INCREASED TO SEK 3.88 (3.63)**

THE OPERATING MARGIN (EBITA) WAS 10.7 (11.6) PERCENT
 CASH FLOW FROM OPERATING ACTIVITIES WAS SEK 114.1 (152.4) MILLION

* IFRS 16 has a positive impact on the EBITA profit of SEK 1.8 million.
 ** IFRS 16 has a positive impact on the EBITA profit of SEK 0.4 million.
 *** Before and after dilution.

The information contained herein is such as shall be made public by Knowit AB (publ) in accordance with the EU Market Abuse Regulation.
 The information was made public through the agency of CEO and President Per Wallentin, at 08.30 CET on 6 February 2020.

COMMENTS FROM THE CEO

Increased net sales and profit for the sixth year running

During the fourth quarter, we continue to increase our net sales, with a profit and margin on par with that for the last quarter of 2018. For the full year 2019, we increase our net sales and profit for the sixth year running.

During the fourth quarter, we see a continued strong demand for consultancy services, particularly those related to automation and streamlining of operations. However, we have noticed a slower decision process regarding investments in new projects. We have initiated measures to increase our focus on sales and on greater internal efficiency.

STRONG DEVELOPMENT FOR SOLUTIONS

Our largest business area, Solutions, shows increased net sales and profit and a retained margin for both the full year and the fourth quarter. Solutions is also continuing to increase its number of employees. Projects close to operations, with a need for new system support, are high priority among our clients. This means that demand remains high for Solutions.

Solutions is showing a particularly positive development in southern Sweden, with strong client relationships and we are growing together with our clients.

A FOCUS ON SALES AND EFFICIENCY

The business area Insight showed lower net sales, with a halved profit as compared with last year. Here, we have increased our focus on sales, as a reaction to the client assignments that were suddenly closed down during the third quarter. The project closures have affected the net sales and margin in the fourth quarter as well, although most of the affected consultants now have new assignments.

During the quarter, we have also worked to increase internal efficiency by integrating smaller units into larger ones, setting up new offerings in security in society, and shifting our focus from delivery to new sales here necessary. We retain a strong position as an important partner in the digital transformations of our clients.

NEW INVESTMENTS IN DATA-DRIVEN CUSTOMER EXPERIENCES

In the business area Experience, we see increased net sales, with a slightly decreased profit and margin, both for the quarter and for the full year. During the third and fourth quarter, we have invested in new client offerings in e-commerce and CRM, with a focus on data-driven customer experiences. The interest on the market is large and we have strong demand in this specialist area. The Norwegian market remains strong in this business area.

CONTINUED EMPLOYEE INCREASE


For the full year, we have grown by a net of 77 employees.

During the fourth quarter, net recruitment decreased, in part due to a high recruitment pace in the preceding quarter, and in part due to internal restructuring.



AWARD-WINNING OPERATIONS

During the quarter, Knowit has had the honor of several distinctions and awards. We were named the most equal company on the Stockholm Stock Exchange by the Allbright Foundation. This is a distinction of which I am particularly proud, as we have been working hard in the past years to create a workplace that is equally well-suited for men and for women. We were also ranked as the best workplace in the industry by the group "Young Professionals" in Universum's survey, which I take as proof that we have been doing the right things.

With clients and employees deeply involved in digital transformation on a market that sustains its demand for our specialist competencies, I see strong possibilities for Knowit to continue to contribute to real societal benefits and a more humane society. 

Per Wallentin
CEO and President

Events during the year

OCTOBER – DECEMBER 2019

The specialist company Invativa was acquired by Knowit, which thus further reinforced its offering in **DATA-DRIVEN DIGITAL BUSINESS DEVELOPMENT**.

THE CHAIRMAN OF THE BOARD, MATS OLSSON, is leaving his role at the AGM in April 2020. Knowit's Nomination Committee suggests Jon Risfelt as the new Chairman.

Knowit was named the most **EQUAL COMPANY** on the Nasdaq Stockholm Stock Exchange by the Allbright Foundation.

Länsförsäkringar has signed **A FRAMEWORK AGREEMENT REGARDING IT CONSULTANCY SERVICES** with Knowit in the competence areas management, governance, development, architecture, and infrastructure.

In Universum's survey among Young Professionals, Knowit was named **BEST IN THE INDUSTRY** among employers in the data and IT category.

JULY – SEPTEMBER 2019

Knowit develops **THE 112 APP FOR SOS ALARM** which already has **ONE MILLION USERS**.

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

The Salesforce agency **4FRONT**, with a focus on data-driven customer experiences, **IS ACQUIRED BY KNOWIT**.

To increase its local service levels, Knowit opened **A NEW OFFICE IN HELSINGBORG**.

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

APRIL – JUNE 2019

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

Knowit has signed a **FRAMEWORK AGREEMENT** with the **AMBULANCE CARE** in Stockholm (AISAB).

When the business journal Dagens Industri named **THE BEST IT CONSULTANCY FIRMS** on the Stockholm Stock Exchange, Knowit was in **FIRST PLACE**.

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

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

Knowit has created a **NEW VENTURE** focused on the forestry industry's increased needs of digitalization and new technology.

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

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



→ EVENTS DURING THE YEAR cont.

JANUARY – MARCH 2019

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

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

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

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

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

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

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

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

The period in brief

JANUARY – DECEMBER 2019

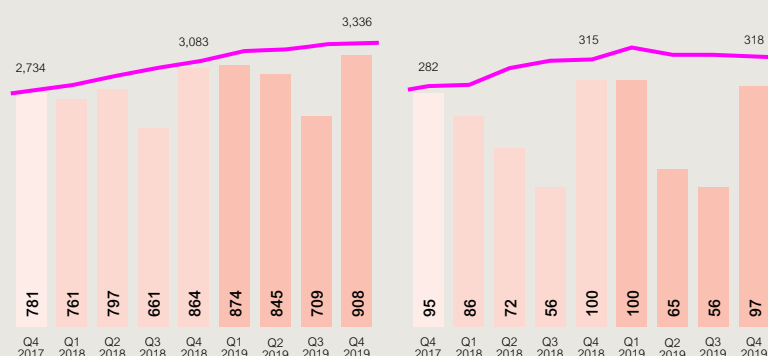
Profit before amortization of intangible assets (EBITA) increased to SEK 319.2 (315.1) million, an increase by 1.3 percent as compared with the corresponding period last year.

Cash flow from operating activities increased to SEK 305.0 (274.1) million, where the change in operating capital is affected by SEK -8.1 million.

Goodwill and other intangible assets were SEK 983.4 (962.9) million.

On December 31 2019, a total of 2,337 (2,260) people were employed in the group.

	JAN-DEC 2019	JAN-DEC 2018
Sales, SEK, millions	3,335.1	3,083.3
EBITA, SEK, millions	319.2	315.1
EBITA margin in percent	9.6	10.2
Cash flow from operating activities, SEK, millions	305.0	274.1
Intangible assets, SEK, millions	983.4	962.9
Number of employees	2,337	2,260



NET SALES, SEK, MILLIONS

- Net sales, quarterly data
- Rolling 12 months

EBITA, SEK, MILLIONS

- EBITA, quarterly data
- Rolling 12 months

SALES PER COUNTRY JANUARY – DECEMBER 2019

Sweden	54% (57)
Norway	39% (36)
Finland	5% (5)
Other	2% (2)

MARKET AND OPERATIONS

Clearly positioned business areas

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

GOOD SPREAD ACROSS DIFFERENT CLIENT INDUSTRIES

Knowit's broad offering means that its clients are found in many different industries. The distribution of sales is relatively stable, with the largest net sales in the public sector, providing 36 percent of net sales. The shares in banking and finance, retail and the manufacturing industry are relatively stable, each in the range 12–16 percent of sales.

A STRONG CLIENT OFFERING

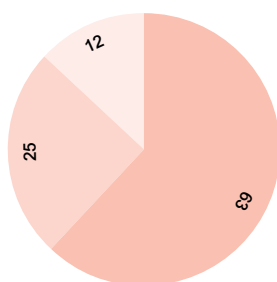
Knowit's three business areas build on the clients' needs for support in various parts of their organizations. The business area Experience's most common client group encompasses sales and marketing departments. Insight mainly has corporate management and management teams as its clients, and Solutions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

FINANCIAL OUTCOME

The group's operations are organized so that the corporate management team primarily follows three business areas: Experience, Insight, and Solutions. The net sales for the segment Experience increased to SEK 870.5 (780.2) million, for the segment Insight, they were SEK 420.2 (426.6) million, and for the segment Solutions, they increased to SEK 2,210.3 (2,037.9) million.

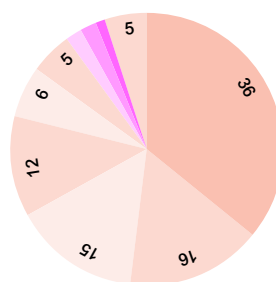
Profit before amortization of intangible assets (EBITA) for the segment Experience was SEK 68.8 (71.8) million, for the segment Insight was SEK 38.8 (60.5) million, and for the segment Solutions increased to SEK 261.0 (238.7) million.

The EBITA margin for the segment Experience was 7.9 (9.2) percent, for the segment Insight was 9.2 (14.2) percent, and for the segment Solutions increased to 11.8 (11.7) percent.



**SALES PER BUSINESS AREA
JANUARY – DECEMBER 2019**

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



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

Public sector	36% (36)
Banking, finance and insurance	16% (15)
Retail and service companies	15% (15)
Industry	12% (13)
Telecommunications operators	6% (6)
Energy	5% (5)
Media, education and gaming	2% (2)
Telecommunications industry	2% (2)
Pharmaceuticals	1% (1)
Other	5% (5)



→ **MARKET AND OPERATIONS cont.**

Experience

	JAN-DEC 2019	JAN-DEC 2018
Sales, SEK, millions	870.5	780.2
EBITA, SEK, millions	68.8	71.8
EBITA margin in percent	7.9	9.2
Number of employees	603	608

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

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

COMMENTS FROM THE EVP OF EXPERIENCE:

“The profit and margin are similar to those for the same quarter last year, but new investments in offerings and competence development have yielded a slightly lower margin for the full year, a year in which we have invested in new offerings. The investments we have made in data-driven customer experiences have generated several new clients and interesting assignments,” says EVP of Experience, Fredrik Ekerhovd.

LONG-TERM CLIENT RELATIONSHIPS

Knowit Experience's relationships with its clients are typically a combination of time-limited project assignments and long-term partnerships.

The pace of change in banking and finance is high, and an increased focus on personalization of services has created new possibilities in digital customer meetings.

Experience has several clients in the public sector, where it contributes in various ways to creating a better society for citizens. For Försäkringskassan, Experience contributes in creating a better user experience for all visitors. This means that the requirements on accessibility are high and that the platform must be adapted for visitors with many different kinds of functional variations.

Experience has specialist competence in e-commerce and collaborates with its clients to create efficient, integrated e-commerce platforms with a focus on data-driven customer experiences and increased sales. Experience has developed an entirely new digital

e-commerce platform for the mountain tourist destination Ramundberget, where the goal has been to both create an attractive experience for the visitors and to simplify for guests who want to book accommodations, rent equipment, and find relevant information about the destination.

REFERENCE CASE: IMPROVED CUSTOMER DIALOGUE FOR DIAB

Experience has developed its offering in data-driven customer experiences. This means a stronger position in relation to clients that see the benefits of using data to a greater extent to optimize and strengthen client relationships. Knowit Experience is helping the B2B company Diab, which develops, manufactures and sells core materials for composite structure, to improve its customer dialogue, by designing processes, implementing digital tools, and training the various departments of the company in effective and tailored communication.

Insight

	JAN-DEC 2019	JAN-DEC 2018
Sales, SEK, millions	420.2	426.6
EBITA, SEK, millions	38.8	60.5
EBITA margin in percent	9.2	14.2
Number of employees	309	295

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

The business area Insight, with around 300 employees, is a competitor on the Nordic management consulting market.

Insight encompasses several clear offerings, to meet the needs arising from the clients' new circumstances. Data-driven growth, the organization of the future, efficiency and automation, cybersecurity, and strategy are areas in which the clients' needs are growing quickly.

COMMENTS FROM THE EVP OF INSIGHT:

“Both the profit and the margin have decreased compared with the last quarter and for the full year. However, this has been the result of individual client assignments rather than of a weaker market. There are still many important strategic choices and decisions being made in management teams, for which we have the competence and the methods to drive change and develop new



→ MARKET AND OPERATIONS cont.

processes and business models along with our clients,” says EVP of Insight, Tommy Berg.

TRANSFORMATION AND THE ORGANIZATION OF THE FUTURE

Insight’s clients are often found in the public sector, but the business area also has many clients in the energy industry and the manufacturing industry. In banking and finance, Insight is also delivering new strategies and solutions to several clients.

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

Insight has an important role in developing and leading the implementation of the digital transformation for its clients. For Beijer Byggmaterial, it has acted both as an advisor and as an executor in creating a business-oriented IT function, in parallel with execution of business-critical projects.

REFERENCE CASE: DIGITAL PLATFORM FOR REGION SKÅNE

The healthcare of tomorrow is changing through new digital technology. For Region Skåne, Insight is assisting with and running the program for SDV (Skåne’s digital healthcare system), a new, comprehensive digital platform for Region Skåne’s healthcare administration units, for the private care provides that work on assignment for Region Skåne. With SDV, a common work method will be created for healthcare throughout Skåne. Region Skåne will be unique in Sweden in doing this.

Solutions

	JAN-DEC 2019	JAN-DEC 2018
Sales, SEK, millions	2,210.3	2,037.9
EBITA, SEK, millions	261.0	238.7
EBITA margin in percent	11.8	11.7
Number of employees	1,411	1,344

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

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

COMMENTS FROM THE EVP OF SOLUTIONS:

“We can look back at a positive year, in which we have increased net sales and profit and deliver a slightly higher margin.

The positive development is seen in both Sweden and Norway and we have strong growth in southern Sweden, where we have grown along with our clients in a way that benefits both parties. We have succeeded in recruiting more employees, which is very positive, as demand remains high for consultants with technical competence,” says EVP of Solutions, Åsa Holmberg.

NEW BUSINESS MODELS ENTAIL REQUIREMENTS ON NEW TECHNOLOGY


In both Norway and Sweden, the business area Solutions has the largest single share of its clients in the public sector. It has, for several years, been an important partner to the municipality of Oslo, in its digital transformation focusing on the municipality’s citizens. In an assignment for Ruter, the public transport operator in greater Oslo, Knowit Solutions has a new assignment regarding further development of the Ruter Billett app.

Solutions has a strong offering in data-driven decision support. For Göteborgs Stads Parkeringsaktiebolag, Solutions is developing a data-driven solution which uses existing data to optimize use of the city’s parking spaces.

In the telecommunications industry, the business area Solutions has long-term relations with several larger clients, where they both develop new system solutions and are in charge of application management. Here, deliveries are increasingly made with agile teams. For Telenor, Knowit Solutions is contributing with quality assurance through test management and automated testing.

In banking and finance, the clients are both larger entities, like Handelsbanken and Swedbank, and smaller and more niche players that challenge old business models, like Eikabanken, Wasa Kredit, Länsförsäkringar, and Marginalen Bank.

REFERENCE CASE: CLOUD-BASED SOLUTION FOR NA-KD

NA-KD is a global, fast-growing e-commerce company in fashion, which through close collaboration with influencers and partners strives to give its clients the best online shopping experience possible. NA-KD will become data-driven through an entirely new platform for business intelligence and data analytics. Knowit Solutions has evaluated and review the existing solution and created new cloud-based solutions for data streams, self-service analysis, and AI with the latest technology and architecture. 

CORPORATE DEVELOPMENT

Acquisitions and awards strengthen the offering

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


THE MOST EQUAL COMPANY ON THE STOCK EXCHANGE

The Allbright Foundation has named Knowit the most equal listed company. In its justification, the jury writes: "This year's winner has understood that equality is a matter of business strategy. The jury is impressed by the genuine commitment that permeates the company. They have succeeded in the difficult act of implementing equality efforts throughout the organization, with the CEO at the helm."

During the autumn, Knowit was selected as one of nine companies in the "sustainable stock portfolio" of Dagens Industri. In its justification, DI writes that: "Sustainability impacts on the company in several aspects, from client requirements to being able to recruit young, woke consultants. This is also a part of the business model."

BEST IN THE INDUSTRY AMONG YOUNG PROFESSIONALS

Knowit has been named Sweden's most popular workplace among so-called Young Professionals working in data and IT. Each year, Universum ranks which companies Young Professionals would most like to work for, in its survey KarriärBarometern. This year, 21,600 young professionals participated in the survey and named Knowit the industry leader in data and IT.

When the Magnet Awards – the Swedish championship in employer branding – were handed out in Stockholm, Knowit and its collaboration partner Zmash won third prize in the category Digital shift. This was thanks to a recruitment campaign based on influencer marketing and data-driven conversations. The jury stated the following: "On a candidate market with tough competition, the bronze medalist has shown strong insight and courage in basing its job communication on new, alternative technical solutions." 

THE GROUP

Increased net sales and profit for the sixth year running

Net sales and profit

The group

JANUARY – DECEMBER

Net sales increased to SEK 3,335.1 (3,083.3) million, an increase by 8.2 percent as compared with the corresponding period last year. Compared with the corresponding period last year, the exchange rate development has had a positive impact on net sales of SEK 15.2 million. Net sales increased to SEK 1,780.0 (1,737.3) million in Sweden, SEK 1,311.9 (1,114.8) million in Norway and SEK 173.4 (161.5) million in Finland. Sales per employee were SEK 1,507 (1,517) thousand.

The operating profit before amortization of intangible assets (EBITA) increased to SEK 319.2 (315.1) million, an increase by 1.3 percent as compared with the corresponding period last year. If IFRS 16 (Leases) had not been applied, EBITA would have increased to SEK 317.4 (315.1) million. Compared with the corresponding period last year, the exchange rate development has had a positive impact on EBITA of SEK 1.8 million. In Sweden, EBITA was SEK 196.4 (217.4) million, in Norway it increased to SEK 160.0 (135.6) million, and in Finland it was SEK 14.8 (15.1) million. The operating margin (EBITA) was 9.6 (10.2) percent.

Amortization of intangible assets amounted to SEK -6.1 (-6.1) million.

The operating profit after financial items increased to SEK 313.2 (303.6) million. The financial net was SEK 0.1 (-5.4) million. The financial net was affected by future consideration, costs for synthetic options, as well as costs for interest relating to bank loans and leasing. IFRS 16 has affected by financial net by SEK -3.7 million in 2019. The results after taxes increased to SEK 241.7 (231.9) million.

Tax for the period amounted to SEK -71.5 (-71.7) million. The non-controlling interests' share of profit for the year amounted to SEK 9.5 (8.9) million. Earnings per share increased to SEK 12.06 (11.62).

THE FOURTH QUARTER

Net sales increased to SEK 908.2 (864.0) million, an increase by 5.1 percent as compared with the corresponding period last year. Compared with the corresponding period last year, the exchange rate development has had a positive impact on net sales of SEK 4.1 million. Net sales increased to SEK 500.7 (480.2) million in Sweden, SEK 342.0 (320.8) million in Norway and SEK 46.9 (45.0) million in Finland. Sales per employee decreased to SEK 400 (410) thousand.

The operating profit before amortization of intangible assets (EBITA) was SEK 97.2 (100.2) million, a decrease of 3.0 percent as compared with the corresponding period last year. If IFRS 16 (Leases) had not been applied, EBITA would have been SEK 96.8 (100.2) million. Compared with the corresponding period last year, the

exchange rate development has had a positive impact on EBITA of SEK 0.5 million. In Sweden, EBITA was SEK 58.9 (65.9) million, in Norway it increased to SEK 41.8 (41.2) million, and in Finland it increased to SEK 6.2 (3.4) million. The operating margin (EBITA) was 10.7 (11.6) percent.

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

The operating profit after financial items increased to SEK 102.8 (95.9) million. The financial net was SEK 7.0 (-2.7) million.

The financial net was affected by future consideration, costs for synthetic options, as well as costs for interest relating to bank loans and leasing. IFRS 16 has affected the financial net for 2019 by SEK -1.0 million.

The results after taxes increased to SEK 77.8 (72.4) million. Tax for the period amounted to SEK -25.0 (-23.5) million. The non-controlling interests' share of profit for the year increased to SEK 3.1 (2.6) million.

Earnings per share increased to SEK 3.88 (3.63).

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

Net sales for the segment Experience increased to SEK 870.5 (780.2) million, for the segment Insight they were SEK 420.2 (426.6) million, and for the segment Solutions they increased to SEK 2,210.3 (2,037.9) million.

EBITA was SEK 68.8 (71.8) million for the segment Experience, SEK 38.8 (60.5) million for the segment Insight, and increased to SEK 261.0 (238.7) million for the segment Solutions.

The EBITA margin was 7.9 (9.2) percent for the segment Experience, 9.2 (14.2) percent for the segment Insight and increased to 11.8 (11.7) percent for the segment Solutions.

THE FOURTH QUARTER

Net sales for the segment Experience increased to SEK 234.0 (228.8) million, for the segment Insight they were SEK 111.1 (119.6) million, and for the segment Solutions they increased to SEK 608.4 (566.0) million.

EBITA was SEK 23.5 (24.3) million for the segment Experience, was SEK 8.6 (16.6) million for the segment Insight, and increased to SEK 77.8 (71.0) million for the segment Solutions.



→ THE GROUP cont.

The EBITA margin was 10.0 (10.6) percent for the segment Experience, 7.7 (13.9) percent for the segment Insight and increased to 12.8 (12.5) percent for the segment Solutions.

Acquisition of operations

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

Cash flow

JANUARY – DECEMBER

Cash flow from operating activities increased to SEK 305.0 (274.1) million, where the change in working capital is affected by increased accounts receivable, decreased other receivables and liabilities, and IFRS 16.

Cash flow from investment activities amounted to SEK -25.9 (-68.0) million, affected mainly by additional consideration paid for acquisitions made in past years, which totaled SEK -10.0 (-56.4) million and investments in tangible assets.

Cash flow from financing activities amounted to SEK -195.4 (-113.8) million, affected by dividends to shareholders in Knowit AB and non-controlling interests in group companies, IFRS 16, and amortizations of bank loans.

Total cash flow amounted to SEK 83.7 (92.3) million.

THE FOURTH QUARTER

Cash flow from operating activities amounted to SEK 114.1 (152.4) million, where the change in working capital is affected by increased accounts receivable and IFRS 16.

Cash flow from investment activities amounted to SEK -7.4 (-7.2) million, affected mainly by additional consideration paid for acquisitions made in past years amounting to SEK 0.0 (-7.3) million, and investments in tangible assets.

Cash flow from financing activities amounted to SEK -20.1 (-4.1) million, affected by IFRS 16, and amortizations of bank loans and a changed overdraft facility.

Total cash flow amounted to SEK 86.6 (141.1) million.

Financial position

JANUARY – DECEMBER

Cash and cash equivalents increased to SEK 278.4 (194.6) million as per December 31 2019. Goodwill and other intangible assets increased to SEK 983.4 (962.9) million, of which goodwill was SEK 957.4 (938.9) million, and other intangible assets were SEK 26.0 (24.0) million.

Equity increased to SEK 1,241.1 (1,106.3) million.

Interest-bearing liabilities totaled SEK 270.2 (106.3) million on December 31 2019, of which SEK 164.4 (79.5) million were long-term and SEK 105.8 (26.8) million were short-term. Bank loans are SEK 0.0 (8.8) million, a used overdraft facility totaled SEK 0 (0) million of a granted overdraft facility of SEK 85.0 (25.0) million, financial leases, affected by IFRS 16, totaled SEK 203.5 (24.7) million and liabilities related to future consideration and synthetic options in subsidiaries totaled SEK 66.6 (72.8) million.

The equity/asset ratio was 55.7 (57.5) percent as per December 31 2019.

Employees

JANUARY – DECEMBER

On December 31 2019, a total of 2,337 (2,260) people were employed by the group. The number of employees has increased by 77 people during 2019.

The average number of employees during the period increased to 2,213 (2,032). The average number of employees in Sweden increased to 1,345 (1,235), in Norway to 710 (648), and in Finland to 116 (110).

Seasonal variation

The group's revenue and operating results are subject to seasonal variation, which means that they vary by quarter. The number of working days and, by extension, normal working hours, affect net sales and profit. The quarter that includes the Easter period – the first or second – has lower revenue, leading to a lower profit, as the costs are largely unchanging, unlike the revenue. The revenue is affected negatively, as the activity on the market decreases or is non-existent on these days. Further, the second and third quarter of the group's financial year are affected by including parts of the summer holiday period, which impacts on the demand for the group's services. The fourth quarter is affected by the work days and normal working hours that are eliminated due to the Christmas and New Year's holidays.

Transactions with related parties

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


PARENT COMPANY

Results and financial position

JANUARY – DECEMBER

The operating profit before amortization of intangible assets (EBITA) increased to SEK -52.8 (-55.4) million. The financial net increased to SEK 267.0 (130.2) million, affected mainly by group contributions and dividends to

subsidiaries. The result after financial net increased to SEK 211.6 (74.1) million.

As per December 31 2019, equity had increased to SEK 436.1 (372.9) million. Untaxed reserves, mainly accrual funds, increased to SEK 111.8 (92.9) million. 

OTHER INFORMATION

The board proposes a dividend of SEK 6.40 per share for 2019

Dividend and dividend policy

Knowit's board proposes an increased dividend of SEK 6.40 (5.80) per share, for a total of SEK 123.2 (111.7) million. The board has adopted a dividend policy aimed at maintaining or increasing dividends each year. The dividend shall reflect the Board's view on the expected market development over the next few years.

AGM

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

Knowit's Chairman of the Board, Mats Olsson, will be leaving his position as Board Member and Chairman of the Board at the AGM in April 2020. Knowit's Nomination Committee will suggest Jon Risfelt as the new Chairman of the Board at the AGM in April. Jon has been a Board Member at Knowit since 2013 and has board experience from several different industries.

Essential risks and uncertainty factors

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

For a comprehensive description of the essential risks and uncertainty factors, see Note 2 in Knowit's annual report for 2018, pages 70-71. No significant changes have occurred since.

Accounting principles

This summary interim report for the group has been prepared in accordance with IAS 34, Interim Financial Reporting, and applicable provisions in the Swedish Annual Accounts Act. The interim report for the Parent company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act, Interim Reporting.

For the group and the parent company, the same accounting principles and bases for calculation have been applied as in the latest annual report, apart from 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.



→ OTHER INFORMATION cont.

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

ALTERED ACCOUNTING PRINCIPLES

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

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

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

The leasing liability is initially valued at the present value of the future leasing fees that have not been paid at the start date.

The leasing fees are discounted at the marginal borrowing rate of the leasing contract. If this interest rate cannot easily be determined, Knowit's marginal borrowing rate is used. The leasing liability is then valued at amortized cost with the effective interest method.

The leasing liability is revalued if the future leasing fees are changed as a result of changes in an index or a rate. When the leasing liability is revalued in this way, a corresponding adjustment is made to the reported value of the usufruct asset.

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

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

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

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

DISCLOSURE REQUIREMENTS PER QUARTER IN ACCORDANCE WITH IFRS

Financial instruments reported at other than actual value

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

Definitions of alternative key figures are found on page 24.

Events after the end of the interim reporting period

After the end of the interim reporting period, Knowit acquired the shares in Invativa, a consultancy firm with specialists in digital business and service development, with acquisition in January 2020. The company has around 25 consultants, mainly based in Göteborg, with branches in Östersund and Sundsvall.

Forward-looking information

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

Financial calendar

INTERIM REPORT JANUARY – MARCH 2020

April 28 2020, 8.30 AM

ANNUAL REPORT 2019

Week 15 2020. Following publication, it can be downloaded from the website, www.knowit.eu, or ordered from Knowit.

AGM 2020

April 28 2020, 1.00 PM

INTERIM REPORT JANUARY – JUNE 2020

July 15 2020, 8.30 AM

INTERIM REPORT JANUARY – SEPTEMBER 2020

October 22 2020, 8.30 AM

YEAR-END REPORT 2020

February 5 2021, 8.30 AM



→ OTHER INFORMATION cont.

Certification

Stockholm, February 6 2020.

PER WALLENTIN
CEO

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


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Knowit AB (publ)

Knowit AB (publ) is a consultancy firm that creates unique customer values by offering digital and cross-functional solutions from three business areas: Experience, Insight and Solutions. It is the capacity to combine competences within IT, design and communication and management consultancy that sets us apart from other consultancy firms. Our culture is characterized by openness, understanding of the client's business, high competence and a drive to constantly develop. Knowit was founded in 1990 and currently has around 2,350 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

SEK MILLIONS	OCT-DEC 2019	OCT-DEC 2018	JAN-DEC 2019	JAN-DEC 2018
Net sales	908.2	864.0	3,335.1	3,083.3
Operating costs	-792.0	-760.6	-2,942.6	-2,756.3
Depreciation of tangible fixed assets	-19.0	-3.2	-73.3	-11.9
Operating result before depreciations of intangible assets (EBITA)	97.2	100.2	319.2	315.1
Depreciation of intangible fixed assets	-1.4	-1.6	-6.1	-6.1
OPERATING RESULT (EBIT)	95.8	98.6	313.1	309.0
Financial incomes	13.2	0.2	15.5	1.0
Financial costs	-6.2	-2.9	-15.4	-6.4
RESULT AFTER FINANCIAL ITEMS	102.8	95.9	313.2	303.6
Taxes	-25.0	-23.5	-71.5	-71.7
RESULT FOR THE PERIOD	77.8	72.4	241.7	231.9
Result for the period assignable to shareholders in Parent Company	74.7	69.8	232.2	223.0
Result for the period assignable to non-controlling interests' holdings	3.1	2.6	9.5	8.9
Earnings per share				
Earnings per share, before dilution, SEK	3.88	3.63	12.06	11.62
Earnings per share, after dilution, SEK	3.88	3.63	12.06	11.62

Consolidated total results

SEK MILLIONS	OCT-DEC 2019	OCT-DEC 2018	JAN-DEC 2019	JAN-DEC 2018
Result for the period	77.8	72.4	241.7	231.9
<i>Items that may later be reclassified to profit or loss</i>				
Hedging of net investments	-	-	-	-0.5
Tax effect, hedging of net investments	-	-	-	0.1
Exchange rate differences	-12.4	-28.1	15.8	10.0
OTHER TOTAL RESULTS FOR THE PERIOD, NET AFTER TAX	65.4	44.3	257.5	241.5
Total result for the period				
Total result assignable to shareholders in Parent Company	62.6	41.7	247.8	232.6
Total result assignable to non-controlling interests' holdings	2.8	2.6	9.7	8.9

Consolidated balance sheet

SEK MILLIONS	2019-12-31	2018-12-31
Assets		
Intangible fixed assets	983.4	962.9
Tangible fixed assets	234.3	42.5
Financial fixed assets	9.0	6.0
Deferred tax assets	2.6	2.6
Current assets	718.5	714.0
Cash equivalents	278.4	194.6
TOTAL ASSETS	2,226.2	1,922.6
Equity and liabilities		
Share capital	19.3	19.3
Other paid-in capital and provisions	574.4	558.8
Recognized profits, including result for the period	631.4	513.3
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	1,225.1	1,091.4
Non-controlling interests	16.0	14.9
TOTAL EQUITY	1,241.1	1,106.3
Long-term provisions	50.7	45.0
Interest-bearing long-term liabilities	164.4	79.5
Interest-bearing short-term liabilities	105.8	26.8
Other short-term liabilities	664.2	665.0
TOTAL EQUITY AND LIABILITIES	2,226.2	1,922.6

Consolidated cash flow analysis

SEK MILLIONS	OCT-DEC 2019	OCT-DEC 2018	JAN-DEC 2019	JAN-DEC 2018
Cash flow current operations before changes in working capital	117.7	93.9	313.1	250.9
Change in working capital	-3.6	58.5	-8.1	23.2
CASH FLOW FROM CURRENT OPERATIONS	114.1	152.4	305.0	274.1
Cash flow from investing activities	-7.4	-7.2	-25.9	-68.0
Cash flow from financing activities	-20.1	-4.1	-195.4	-113.8
CASH FLOW FOR THE PERIOD	86.6	141.1	83.7	92.3
Opening balance at start of period	191.4	57.6	194.6	107.3
Exchange rate differences in cash equivalents	0.4	-4.1	0.1	-5.0
CLOSING BALANCE AT END OF PERIOD	278.4	194.6	278.4	194.6

Statement of changes in equity – Group

SEK MILLIONS	OCT-DEC 2019	OCT-DEC 2018	JAN-DEC 2019	JAN-DEC 2018
Opening balance	1,172.6	1,058.1	1,106.3	951.2
Exchange rate differences	-12.4	-28.1	15.8	10.0
Hedging of net investment	–	–	–	-0.5
Tax effect hedging of net investment	–	–	–	0.1
Result for the period	77.8	72.4	241.7	231.9
TOTAL RESULT FOR THE PERIOD	65.4	44.3	257.5	241.6
TOTAL BEFORE TRANSACTIONS WITH SHAREHOLDERS	1,238.0	1,102.4	1,363.8	1,192.8
Non-controlling interests' holdings	–	–	–	-0.8
Additional capital from non-controlling interests' holdings	3.1	-0.7	0.2	-6.9
Dividend payment	0.0	-0.4	-122.9	-99.1
New issue in connection with acquisitions	–	5.0	–	5.0
New issue in connection with synthetic options	–	–	–	5.3
Share issue for the acquisition of non-controlling interests	–	–	–	10.0
CLOSING BALANCE	1,241.1	1,106.3	1,241.1	1,106.3

Key figures

	OCT-DEC 2019	OCT-DEC 2018	JAN-DEC 2019	JAN-DEC 2018
Average number of employees	2,270	2,108	2,213	2,032
Sales per average number of employees (SEK, 000s)	400	410	1,507	1,517
Result after financial items per average number of employees (SEK, 000s)	45	45	142	149
Return on total capital, %	5.0	5.2	15.8	16.7
Return on equity, %	6.4	6.7	20.6	22.5
Return on capital employed, %	7.3	8.4	24.1	26.8
EBITA margin, %	10.7	11.6	9.6	10.2
Equity ratio, %	55.7	57.5	55.7	57.5

For definitions of alternative key figures, see page 24.

Data per share

	OCT-DEC 2019	OCT-DEC 2018	JAN-DEC 2019	JAN-DEC 2018
Earnings per share (SEK)				
Before dilution	3.88	3.63	12.06	11.62
After dilution	3.88	3.63	12.06	11.62
Equity per share (SEK)				
Before dilution	63.63	56.68	63.63	56.68
After dilution	63.63	56.68	63.63	56.68
Average number of shares (000s)				
Before dilution	19,254	19,225	19,254	19,191
After dilution	19,254	19,225	19,254	19,191
Number of shares on balance sheet day (000s)				
Before dilution	19,254	19,225	19,254	19,191
After dilution	19,254	19,225	19,254	19,191

Group segment reporting

OCT-DEC 2019 SEK MILLIONS	Experience	Insight	Solutions	Parent company/ consol. adj.	Total
External net sales	216.8	99.6	591.8	–	908.2
Net sales between segments	17.2	11.5	16.6	-45.3	–
NET SALES	234.0	111.1	608.4	-45.3	908.2
Operating result before depreciations of intangible assets (EBITA)	23.5	8.6	77.8	-12.7	97.2
Depreciation of intangible assets	-0.1	–	-0.6	-0.7	-1.4
OPERATING PROFIT (EBIT)	23.4	8.6	77.2	-13.4	95.8
Result after financial items					102.8
RESULT FOR THE PERIOD					77.8
EBITA-margin in %	10.0	7.7	12.8		10.7
Average number of employees	561	304	1,391	14	2,270

OCT-DEC 2018 SEK MILLIONS	Experience	Insight	Solutions	Parent company/ consol. adj.	Total
External net sales	218.9	109.9	535.2	–	864.0
Net sales between segments	9.9	9.7	30.8	-50.4	–
NET SALES	228.8	119.6	566.0	-50.4	864.0
Operating result before depreciations of intangible assets (EBITA)	24.3	16.6	71.0	-11.7	100.2
Depreciation of intangible assets	–	–	-0.9	-0.7	-1.6
OPERATING PROFIT (EBIT)	24.3	16.6	70.1	-12.4	98.6
Result after financial items					95.9
RESULT FOR THE PERIOD					72.4
EBITA-margin in %	10.6	13.9	12.5		11.6
Average number of employees	542	288	1,266	12	2,108

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



→ Group segment reporting cont.

JAN-DEC 2019 SEK MILLIONS	Experience	Insight	Solutions	Parent company/ consol. adj.	Total
External net sales	809.8	382.7	2,142.6	–	3,335.1
Net sales between segments	60.7	37.5	67.7	-165.9	–
NET SALES	870.5	420.2	2 210.3	-165.9	3,335.1
Operating result before depreciations of intangible assets (EBITA)	68.8	38.8	261.0	-49.4	319.2
Depreciation of intangible assets	-1.1	–	-2.4	-2.6	-6.1
OPERATING PROFIT (EBIT)	67.7	38.8	258.6	-52.0	313.1
Result after financial items					313.2
RESULT FOR THE PERIOD					241.7
EBITA-margin in %	7.9	9.2	11.8		9.6
Average number of employees	570	290	1,340	13	2,213
Intangible assets	245.5	61.1	658.7	18.1	983.4
Tangible fixed assets	3.9	0.2	11.7	218.5	234.3
JAN-DEC 2018 SEK MILLIONS	Experience	Insight	Solutions	Parent company/ consol. adj.	Total
External net sales	741.5	387.3	1,954.5	–	3,083.3
Net sales between segments	38.7	39.3	83.4	-161.4	–
NET SALES	780.2	426.6	2,037.9	-161.4	3,083.3
Operating result before depreciations of intangible assets (EBITA)	71.8	60.5	238.7	-55.9	315.1
Depreciation of intangible assets	–	–	-5.4	-0.7	-6.1
OPERATING PROFIT (EBIT)	71.8	60.5	233.3	-56.6	309.0
Result after financial items					303.6
RESULT FOR THE PERIOD					231.9
EBITA-margin in %	9.2	14.2	11.7		10.2
Average number of employees	521	264	1,235	12	2,032
Intangible assets	235.3	60.5	654.4	12.7	962.9
Tangible fixed assets	2.7	0.3	13.1	26.4	42.5

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

Group revenue from client contracts

SEK MILLIONS	OCT-DEC 2019	OCT-DEC 2018	JAN-DEC 2019	JAN-DEC 2018
GEOGRAPHIC CATEGORIZATION				
Fee revenue				
Sweden	470.5	455.7	1,686.3	1,666.0
Norway	328.1	298.5	1,267.2	1,055.0
Finland	45.2	43.4	171.2	158.9
Other	18.6	17.9	69.8	69.6
TOTAL FEE REVENUE	862.4	815.5	3,194.5	2,949.5
Övriga intäkter				
Sweden	30.2	24.5	93.7	71.2
Norway	13.9	22.3	44.7	59.8
Finland	1.7	1.6	2.2	2.7
Other	0.0	0.1	0.0	0.1
TOTAL OTHER REVENUE	45.8	48.5	140.6	133.8
TOTAL NET REVENUE	908.2	864.0	3,335.1	3,083.3
SEGMENT CATEGORIZATION				
Fee revenue				
Experience	206.5	202.0	783.4	701.9
Insight	107.9	116.7	409.2	417.7
Solutions	587.8	534.3	2,146.6	1,955.6
Parent company/consol. adjustments	-39.8	-37.5	-144.7	-125.7
TOTAL FEE REVENUE	862.4	815.5	3,194.5	2,949.5
Other revenue				
Experience	27.5	26.8	87.1	78.2
Insight	3.2	2.9	11.0	8.9
Solutions	20.6	31.7	63.7	82.3
Parent company/consol. adjustments	-5.5	-12.9	-21.2	-35.6
TOTAL OTHER REVENUE	45.8	48.5	140.6	133.8
TOTAL NET REVENUE	908.2	864.0	3,335.1	3,083.3

The income category Licensing fees is reported under the category Other revenue, as the amount is not significant. For more information, see Note 1 Accounting and valuation principles, pages 64-69 in the Annual report 2018.

Comparative figures as if IAS 17 had been used in 2019

SEK MILLIONS	IFRS 16	IAS 17	
	JAN-DEC 2019	JAN-DEC 2019	JAN-DEC 2018
Profit before depreciation of tangible fixed assets	392.5	330.7	327.0
Depreciation of tangible fixed assets	-73.3	-13.3	-11.9
Roperating result before depreciations of intangible assets (EBITA)	319.2	317.4	315.1
Depreciation of intangible assets	-6.1	-6.1	-6.1
Financial net	0.1	3.8	-5.4
RESULT AFTER FINANCIAL ITEMS	313.2	315.1	303.6
RESULT	241.7	243.2	231.9
Assets			
Usufruct assets	213.1	–	–
Other tangible assets	21.2	46.6	42.5
TOTAL TANGIBLE ASSETS	234.3	46.6	42.5
TOTAL ASSETS	2,226.2	2,051.9	1,922.6
EQUITY	1,241.1	1,242.6	1,106.3
Liabilities			
Long-term leasing liabilities	135.8	–	–
Other long-term interest-bearing liabilities	28.6	48.0	79.5
TOTAL LONG-TERM INTEREST-BEARING LIABILITIES	164.4	48.0	79.5
Short-term leasing liabilities	67.7	–	–
Other short-term interest-bearing liabilities	38.1	46.5	26.8
TOTAL SHORT-TERM INTEREST-BEARING LIABILITIES	105.8	46.5	26.8
TOTAL EQUITY AND LIABILITIES	2,226.2	2,051.9	1,922.6
Cash flow			
Cash flow before changes in working capital	313.1	255.6	250.9
Changes in working capital	-8.1	-8.1	23.2
Cash flow from operating activities	305.0	247.5	274.1
Cash flow from investments activities	-25.9	-25.9	-68.0
Cash flow from financing activities	-195.4	-137.9	-113.8
CASH FLOW FOR THE PERIOD	83.7	83.7	92.3

Financial assets and liabilities

SEK MILLIONS	2019-12-31			2018-12-31		
	Financial assets valued at amortized costs	Financial assets valued at actual value in income statement	Actual value	Financial assets valued at amortized costs	Financial assets valued at actual value in income statement	Actual value
Assets in balance sheet						
Other long-term securities holdings	–	0.3	0.3 ¹⁾	–	0.3	0.3 ¹⁾
Other long-term receivables	1.7	–	1.7	1.6	–	1.6
Accounts receivable and other receivables	658.9	–	658.9	639.8	–	639.8
Cash equivalents	278.4	–	278.4	194.6	–	194.6
TOTAL	939.0	0.3	939.3	836.0	0.3	836.3

SEK MILLIONS	2019-12-31			2018-12-31		
	Other financial liabilities	Financial liabilities valued at actual value in income statement	Actual value	Other financial liabilities	Financial liabilities valued at actual value in income statement	Actual value
Liabilities in balance sheet						
Future additional considerations and options	–	52.0	52.0 ²⁾	–	28.2	28.2 ²⁾
Future consideration	14.6	–	14.6 ²⁾	41.6	–	41.6 ²⁾
Other interest-bearing liabilities	203.6	–	203.6	36.5	–	36.5
Accounts payable	110.8	–	110.8	115.4	–	115.4
Other liabilities	254.6	–	254.6	245.9	–	245.9
TOTAL	583.6	52.0	635.6	439.4	28.2	467.6

1) Actual value pursuant to categorization level 2

2) Actual value pursuant to categorization level 3

Reported values of group financial assets and liabilities, distributed based on classification pursuant to IAS 9 are summarized in the above table. No financial assets or liabilities are reported at a value that significantly deviates from actual value. For more information, see Note 23 in the Annual report for 2018.

Income statement Parent Company

SEK MILLIONS	OCT-DEC 2019	OCT-DEC 2018	JAN-DEC 2019	JAN-DEC 2018
Net sales	103.3	89.3	353.1	307.6
Operating costs	-115.7	-105.4	-404.7	-361.7
Depreciation of tangible fixed ass	-0.3	-1.2	-1.2	-1.3
OPERATING RESULT BEFORE DEPRECIATION OF INTANGIBLE ASSETS (EBITA)	-12.7	-17.3	-52.8	-55.4
Depreciation of intangible fixed assets	-0.7	-0.7	-2.6	-0.7
OPERATING RESULT (EBIT)	-13.4	-18.0	-55.4	-56.1
Financial items	152.4	124.7	267.0	130.2
RESULT AFTER FINANCIAL ITEMS	139.0	106.7	211.6	74.1
Appropriations	-19.0	-14.4	-18.9	-14.4
Income taxes	-18.3	-12.9	-17.9	-12.9
RESULT FOR THE PERIOD	101.7	79.4	174.8	46.8

Balance sheet Parent Company

SEK MILLIONS	2019-12-31	2018-12-31
Assets		
Intangible fixed assets	16.5	12.7
Tangible fixed assets	3.4	4.1
Financial fixed assets	874.5	871.8
Current assets	97.7	102.8
Cash equivalents	273.5	189.6
TOTAL ASSETS	1,265.6	1,181.0
Equity and liabilities		
Share capital	19.3	19.3
Statutory reserve	68.0	68.0
Fund for development costs	8.7	11.3
Unrestricted share capital including result for the period	340.1	274.3
TOTAL EQUITY	436.1	372.9
Untaxed reserves	111.8	92.9
Interest-bearing long-term liabilities	7.9	1.6
Long-term provisions	2.4	-
Interest-bearing short-term liabilities	0.4	7.2
Other short-term liabilities	707.0	706.4
TOTAL EQUITY AND LIABILITIES	1,265.6	1,181.0

Definitions

Alternative key figures

In this interim report, we are using the following alternative key figures as a supplement to the measures defined in applicable provisions for financial reporting, as we believe they supplement and provide clearer and more detailed information directly relevant to our consultancy operations. These measures are used for follow-up of our long-term financial targets and to give a fair idea of Knowit's results and financial position to the Board, corporate management team, shareholders, and other stakeholders on the financial market. The Board has, among other things, determined that the EBITA profit should exceed the net debt, that the EBITA margin should exceed a 10% average over a period of five years, and that equity should exceed the intangible assets. We also monitor capital employed, as it is an important aspect of the working capital turnover. The key figures that Knowit's management follows up on a monthly basis have been chosen so that they provide an idea of profitability, growth, and cash flow. Through such measures, we can ensure that the Board's long-term goals are achieved by the operations. For more information on our long-term financial targets and further definitions of key figures, see the annual report for 2018, pages 9 and 93.

EBITA PROFIT The profit before amortization of intangible assets.

EBITA-MARGIN The profit before amortization of intangible assets (EBITA) in relation to the turnover of the period. $(319.2 / 3,335.1 = 9.6\%)$

NET LIABILITIES Interest-bearing liabilities less financial interest-bearing assets. $(164.4 + 105.8 - 278.4 = \text{SEK } -8.2 \text{ million})$

AVERAGE EQUITY The average of the opening equity of the period and the closing equity of the period. $((1,241.1 + 1,106.3) / 2 = \text{SEK } 1,173.7 \text{ million})$

EARNINGS ON EQUITY The profit after taxes in percent of average equity including non-controlling interest shares. $(241.7 / 1,173.7 = 20.6\%)$

AVERAGE CAPITAL EMPLOYED Total assets plus interest-bearing liabilities. $((1,241.1 + 164.4 + 105.8 + 1,106.3 + 79.5 + 26.8) / 2 = \text{SEK } 1,362.0 \text{ million})$

EARNINGS ON CAPITAL EMPLOYED Profit after financial items plus financial costs in percent of average capital employed. $((313.2 + 15.4) / 1,362.0 = 24.1\%)$ 