

# Interim Report

- Increased net sales
- Good financial position
- Limited impact of covid-19

## **JANUARY – MARCH 2020**

NET SALES INCREASED BY 7.2 PERCENT TO SEK 936,3 (873,7) MILLION

THE OPERATING PROFIT (EBITA) WAS SEK 95.5 (100.4) MILLION

RESULTS AFTER TAXES INCREASED TO SEK 87.7 (76.8) MILLION

EARNINGS PER SHARE INCREASED TO SEK 4.39 (3.84) \*

THE OPERATING MARGIN (EBITA) WAS 10.2 (11.5) PERCENT

CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 40.2 (-20.7) 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 CEST on 28 April 2020.

## COMMENTS FROM THE CEO

# Strong opening despite uncertainty in the world

I am pleased with the outcome for the first quarter of the year. Despite uncertainty in the world, we have increased net sales and have a good financial position. Our largest business areas, Solutions and Experience, have improved their profits, net sales, and margins. However, Insight continues to encounter challenges, further reinforced by covid-19.



**WE CAN SEE** that the concern for a financial slump which was experienced during the fourth quarter of last year has been replaced by a very strong slowdown for all of society due to covid-19. This has meant that we have changed our work methods. During the second half of March, we applied the recommendations of the Public Health Agency of Sweden, with teleworking, travel restrictions, digital meetings, and cancelled client events.

### **DEMAND REMAINS STRONG**

Our largest business area, Solutions, sees high demand, resulting in high capacity utilization. Demand is strong in the entire business area, with Norway and Sweden being the dominant markets. We have a continued positive development in southern Sweden, thanks to strong client relationships that have been strengthened further. Solutions' business model has proved to work well under the new circumstances, with high productivity and delivery capacity.

### **THE VENTURE CONTINUES**

Within Experience, we have retained our focus on data-driven customer experiences, which has resulted in a strong improvement in the margin. We see high demand for e-commerce and online solutions. It is gratifying that our larger units in Oslo and Stockholm have had positive development during the quarter, with both increased net sales and improved margin.

### **CHANGES FOR INCREASED EFFICIENCY**

Our smallest business area Insight, which was affected when larger projects were stopped during the last six months of 2019, has regrettably also been the most impacted by the current uncertainty in society. Larger clients had delivery problems from Asia at an early stage, causing them to end consultancy assignments. Insight's business model is also largely based on personal contacts and meetings, something that works less well in the current circumstances.

We are now reviewing our offerings and delivery models and improving our efficiency and organization. The goal is to be even stronger when society opens up again.

### **RECRUITMENT HAS BEEN ADAPTED**

We have chosen to put a brake on recruitment in the current circumstances. During the month of March, we made use of the governmental support measures that were launched, and performed some temporary layoffs, primarily in April. We have a lower capacity utilization than usual, which we follow up on a running basis, to quickly take action where needed.

### **SOUND UNDERLYING OPERATIONS**

Despite the difficulties and the uncertainty brought on by covid-19, I have strong confidence in Knowit's possibilities in the long term.

Knowit has sound business operations that are in line with the times. The demand for digitalization services remains strong in the long term. Our distribution of clients, with many in the public sector, is a strength, as demand is more stable there than in other sectors. Knowit's financial position is also very good, with strong cash flow, a stable cash balance, and a healthy income statement.

### **WELL-EQUIPPED FOR RAPID CHANGES**

Our decentralized organization enables for an agile and adaptable work method, which helps us in the current situation, where circumstances change rapidly.

The future is uncertain and none of us knows how the pandemic will affect us, our employees, our clients, or society. I am convinced that Knowit is stable and will, in the best possible way, be a highly positive counterforce in this uncertainty. **K**

**PER WALLENTIN**  
CEO and president

## EVENTS DURING THE YEAR



### JANUARY – MARCH 2020

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Experience participated in the **LARGEST E-COMMERCE TRADE SHOW IN THE NORDIC REGION**, D-congress, in Göteborg.

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Knowit contributed to a **CHARITY PROJECT** for the food center of the City Mission of Göteborg by developing an app to simplify and digitalize grocery donations.

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Knowit and Styrelseakademin jointly launched a training program in **DIGITAL BUSINESS DEVELOPMENT** for experienced board directors.

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Knowit Insight launched a **NEW CLIENT OFFERING** in Sustainability, with a focus on creating business benefits.

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Knowit and HiQ were joint authors of an opinion piece published in Dagens Industri, stating that the governmental support for temporary layoffs was not **ADAPTED TO THE NEEDS OF** the consultancy sector.

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Knowit reviewed its work methods because of **COVID-19**, resulting in teleworking and digital meetings, travel restrictions, and some short-term layoffs.

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Carin Strindmark was named the **NEW EVP** of Insight and has joined the corporate management team.

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Because of the covid-19, the Board of Knowit has **DECIDED TO RETRACT THE DIVIDEND PROPOSAL**, in order to further reinforce the Company's financial position.

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## THE PERIOD IN BRIEF

# Good financial position

### JANUARY – MARCH 2020

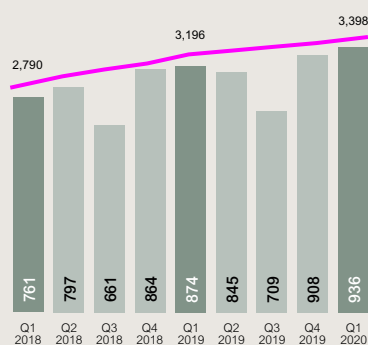
Profit before amortization of intangible assets (EBITA) was SEK 95.5 (100.4) million. Compared with the corresponding period last year, exchange rate developments had a negative effect on EBITA totaling SEK -2.1 million.

Cash flow from operating activities increased to SEK 40.2 (-20.7) million, where the change in operating capital is affected by SEK 78.7 million.

Goodwill and other intangible assets increased to SEK 1,039.6 (976.5) million.

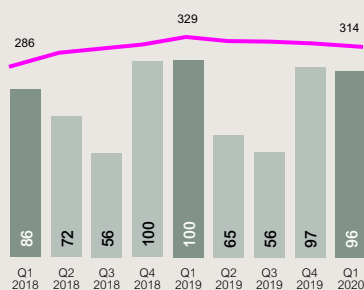
On March 31, 2020, a total of 2,356 (2,274) people were employed in the Group.

SEK, MILLIONS	JAN-MAR 2020	JAN-MAR 2019
Sales	<b>936.3</b>	873.7
EBITA	<b>95.5</b>	100.4
EBITA margin in percent	<b>10.2</b>	11.5
Cash flow from operating activities	<b>40.2</b>	-20.7
Intangible assets	<b>1,039.6</b>	976.5
Number of employees	<b>2,356</b>	2,274



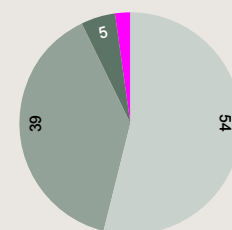
#### NET SALES, SEK, MILLIONS

- Net sales, quarterly data
- Rolling 12 months



#### EBITA, SEK, MILLIONS

- EBITA, quarterly data
- Rolling 12 months



#### SALES PER COUNTRY JANUARY – MARCH 2020

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

## MARKET AND OPERATIONS

# Clearly positioned business areas

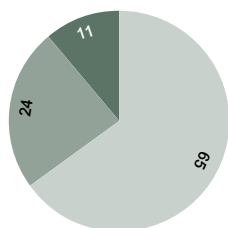
Knowit's strategy is to create long-term sustainable and innovative digital solutions that contribute to high business value for its clients. With its three business areas, Knowit can accommodate purchasers throughout its clients' organizations. The three business areas are: *Solutions*, system development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

### GOOD SPREAD ACROSS DIFFERENT CLIENT INDUSTRIES

Knowit's broad and specialized offerings mean 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 retail, banking and finance, and the manufacturing industry are relatively stable, each in the range 10-17 percent of sales.

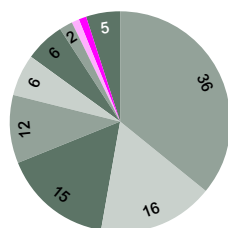
### A STRONG CLIENT OFFERING

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.



SALES PER BUSINESS AREA  
JANUARY - MARCH 2020

Solutions	65% (62)
Experience	24% (25)
Insight	11% (13)



SALES PER INDUSTRY FIELD  
JANUARY - MARCH 2020

Public sector	36% (36)
Banking, finance and insurance	16% (16)
Retail and service companies	15% (14)
Industry	12% (13)
Telecommunications operators	6% (6)
Energy	6% (5)
Media, education and gaming	2% (2)
Telecommunications industry	1% (2)
Pharmaceuticals	1% (1)
Other	5% (5)

### COVID-19 AFFECTS KNOWIT

During March, awareness increased regarding the spread of covid-19. The quick process of contagion affected all of society.

The demand for consultancy services from clients in the manufacturing industry and retail slowed down, while other clients – including some in the public sector – re-prioritized their focus areas without decreasing consultancy purchasing. For Knowit, this shift led to short-term temporary layoffs, primarily in the business areas Experience and Insight in Norway and Sweden.

A changed work method with teleworking and fewer trips and physical meetings meant cost savings for the Company. Knowit is well-equipped for more digital work methods and digital deliveries, meaning that the ability to perform projects remains high. However, if the current situation continues in the long term, it will have consequences that are currently difficult to foresee.

### FINANCIAL OUTCOME

The Group's operations are organized so that the corporate management team primarily follows three business areas: Solutions, Experience, and Insight. The net sales for Solutions increased to SEK 641.2 (568.1) million, for Experience, they increased to SEK 231.7 (229.5) million, and for Insight, they were SEK 109.4 (117.1) million.

Profit before amortization of intangible assets (EBITA) for Solutions increased to SEK 84.5 (73.9) million, for Experience increased to SEK 27.6 (20.6) million, and for Insight was SEK 6.6 (18.9) million.

The EBITA margin for Solutions increased to 13.2 (13.0) percent, for Experience increased to 11.9 (9.0) percent, and for Insight was 6.0 (16.1) percent.

## Solutions

SEK, MILLIONS	JAN-MAR 2020	JAN-MAR 2019
Sales	641.2	568.1
EBITA	84.5	73.9
EBITA margin in percent	13.2	13.0
Number of employees	1,419	1,348

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.

## → MARKET AND OPERATIONS

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:

*“Solutions has had a strong start to the year. During the first quarter, we had a high capacity utilization and managed to increase both net sales, profit, and margin. The development in Sweden is particularly pleasing, with both Stockholm and southern Sweden contributing. The ongoing pandemic has affected our client deliveries to a fairly small extent thus far, but naturally this can change quickly and uncertainty is high,” says EVP of Solutions, Åsa Holmberg.*

### STRONG DEMAND FOR NEW TECHNICAL SOLUTIONS

The pandemic caused by the virus SARS-CoV-2 has during the quarter had a relatively small effect on the demand in the business area Solutions. New work methods with teleworking and digital meetings have made it possible to largely continue with deliveries to clients as before.

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. For Norwegian Entur, Knowit has created a digital solution for ticket sales and travel planning for around 50 public transportation services. In Sweden, Solutions has developed automated and improved system test for the Swedish E-health Agency.

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

Solutions has a strong offering in data-driven decision support. For Varberg Energi, Solutions has a collaboration with Insight to contribute to a more digitally mature organization. The two business areas are conducting several projects in parallel, with the goal of achieving a more modern customer interaction and automated internal processes.

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 Brage Finans, Eika banken, Sparebank 1 Pensions, Sparebanken Vest, and Wasa Kredit.

### REFERENCE CASE: TELEWORKING WITH 100 PERCENT OF DELIVERIES

Ratsit is an internet-based company that provides both business and credit information, aimed at both companies and private citizens. Knowit was hired to provide a team that works as the Company's IT and market division. All employees were recommended to work from home due to the covid-19 situation.

## Experience

SEK, MILLIONS	JAN-MAR 2020	JAN-MAR 2019
Sales	231.7	229.5
EBITA	27.6	20.6
EBITA margin in percent	11.9	9.0
Number of employees	608	617

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 SOLUTIONS:

*“We have started 2020 with an increased profit and margin. The ventures and investments made during the last quarter have contributed to sharpening our competitive edge. A strong market in our larger operating locations, Stockholm, Göteborg, Oslo, and Bergen, is the single most important explanation for the good start to the year. As a result of the fast deceleration in March due to covid-19, we have had to alter large parts of the operations to deliveries from a distance, and have used the possibilities of temporary layoffs in both Sweden and Norway,” says EVP of Experience, Fredrik Ekerhovd.*

### CHANGED DELIVERY MODEL

Knowit Experience's relationships with its clients are typically a combination of time-limited project assignments and long-term partnerships. During the quarter, covid-19 has had a limited impact on the profit. Several client assignments were decreased in scope or postponed. During March, a small number of temporary layoffs were performed in Oslo and Stockholm.

## → MARKET AND OPERATIONS

Experience has several clients in the public sector, where it contributes in various ways to creating better and more accessible societal functions for citizens. Experience has developed websites for several municipalities and authorities, such as the municipality of Sollentuna and Försäkringskassan, with high demands on accessibility and usability.

Other assignments in the public sector with a strong focus on innovation and customer experience are for state museums, such as the new National Museum in Oslo and Vrak. Vrak is a new marine archeology museum in Stockholm, for which Experience has created an experience-oriented digital visitor's portal, intended to give visitors an alternative to a physical visit.

The pace of change in the banking and finance sector is high, and an increased focus on personalization of services has created new possibilities in digital customer meetings. Clients are found mainly among Nordic niche banks, such as Marginalen bank and Santander.

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. One example of a client is Studentlitteratur, for which Experience is responsible for application management and further development of the e-commerce solution.

### REFERENCE CASE: INCREASING DONATIONS TO THE SWEDISH CANCER SOCIETY

Knowit Experience has a long-standing client relationship with the Swedish Cancer Society, with the goal of increasing donations to cancer research. The assignment includes taking total responsibility for the digital market campaigns of the organization, as regards both choice of channels, optimization, and ad materials. Work is done daily on search marketing, social media, and the web.

## Insight

SEK, MILLIONS	JAN-MAR 2020	JAN-MAR 2019
Sales	109.4	117.1
EBITA	6.6	18.9
EBITA margin in percent	6.0	16.1
Number of employees	303	296

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 challenger 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 offerings in areas where the clients' needs are growing quickly.

During the quarter, Knowit has strengthened its client offering through a venture into services in sustainability matters. The focus is on creating business benefits in the clients' sustainability efforts and integrating them into their business models.

### COMMENTS FROM THE EVP OF SOLUTIONS:

*"Insight began the year with a negative trend, which has been reinforced during the first quarter. We have a decreased capacity utilization, while our margins have fallen as compared with last year. We are now working on internal streamlining and our offerings, to be better equipped after the current societal crisis. We have performed temporary layoffs and merged some operations. During the quarter, we have continued to develop our offerings in e-health, societal security, and sustainability, where many of our clients need support," says EVP of Insight, Carin Strindmark.*

### TRANSFORMATION AND THE FUTURE ORGANIZATION

The business area Insight has, during the month of March, noticed a decreased demand for its services, primarily in the manufacturing industry and the HR area, as an effect of covid-19. This has resulted in Knowit reviewing its organization with short-term temporary layoffs and some employees being given notice.

In the public sector, the business area supports several clients with strategic consultancy, connected to the need for societal security, and the increased requirements on processing of personal data and information security.

Currently, around one hundred of Insight's consultants are in the security area, including deliveries within a framework agreement for the City of Stockholm in information security.

Insight has an important role in developing and leading the implementation of the digital transformation for its clients.

### REFERENCE CASE: WE ARE ORGANIZING NCC FOR SPEED

An increased focus on delivered customer value and adapting to change are the basis for the shift that NCC is making to a more agile work method. The culture and people are central parts, with commitment and collaboration being important signs of success. With a focus on high-performing teams and an agile, flexible organization, the opportunities are created to deliver value more rapidly. Together with NCC, Knowit is creating the conditions for delivering increased customer value in a learning organization, in which everyone acts as the same NCC. **k**

## CORPORATE DEVELOPMENT

# Adapted work method after covid-19

Because of the global covid-19 pandemic, Knowit has taken several precautions to prevent the spread of the virus. We adhere to the recommendations of authorities in so far as possible. Most Knowit employees are working from home and almost all meetings are digital. Knowit has also implemented travel restrictions throughout the entire Company. This is done to limit the risk of contagion among employees, clients, and society at large.

### NEW EVP

In February 2020, Carin Strindmark took over as EVP of Knowit Insight. This also meant that she became a member of Knowit's management team. Carin has been working at Knowit since 2004. She had then most recently been working at Bearing Point and, before that, at KPMG.

### TAKING POSSESSION OF ACQUISITION

During the quarter, Knowit took possession of its acquisition of Invativa. The Company has around 25 consultants, primarily 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.

### NEW PARTNERSHIPS

Knowit has initiated a partnership with Techarenan, which is a Nordic meeting place for innovation and entrepreneurship. Techarenan gathers promising Nordic companies, the established industry, companies, decisionmakers, and politicians, with an aim to create collaborations, close deals, and build networks.

In collaboration with Knowit, StyrelseAkademien Stockholm has created a unique education program for experienced board directors. The aim is to give board directors the competence to analyze existing business models and develop new digital strategies and business models. **k**



## THE GROUP

# Increased net sales and good financial position

## Net sales and profit

### *The Group*

#### JANUARY – MARCH

Net sales increased to SEK 936.3 (873.7) million, an increase by 7.2 percent as compared with the corresponding period last year. Compared with the corresponding period last year, the exchange rate development has had a negative impact on net sales of SEK -16.8 million. Net sales increased to SEK 502.2 (465.1) million in Sweden, SEK 368.9 (344.6) million in Norway, and SEK 44.9 (45.4) million in Finland. Sales per employee were SEK 410,000 (400,000).

The operating profit before amortization of intangible assets (EBITA) was SEK 95.5 (100.4) million. Compared with the corresponding period last year, the exchange rate development has had a negative impact on EBITA of SEK -2.1 million. In Sweden, EBITA increased to SEK 65.6 (61.6) million, in Norway it increased to SEK 47.2 (47.0) million, and in Finland to SEK 4.5 (4.2) million. The operating margin (EBITA) was 10.2 (11.5) percent.

Amortization of intangible assets amounted to SEK -2.9 (-1.6) million.

The operating profit after financial items increased to SEK 111.4 (97.0) million was SEK 18.8 (-1.8) million, affected primarily by exchange rate development.

The results after taxes increased to SEK 87.7 (76.8) million. Tax for the period was SEK -23.7 (-20.2) million. The non-controlling interests' share of profit for the year increased to SEK 3.1 (2.8) million. Earnings per share increased to SEK 4.39 (3.84).

### *Segments*

#### JANUARY – MARCH

The Group's operations are organized so that the corporate management mainly follows up on three business fields: Solutions, Experience, and Insight. 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 Solutions increased to SEK 641.2 (568.1) million, for the segment Experience they increased to SEK 231.7 (229.5) million, and for the segment Insight they were SEK 109.4 (117.1) million.

EBITA increased to SEK 84.5 (73.9) million for the segment Solutions, to SEK 27.6 (20.6) million for the segment Experience, and was SEK 6.6 (18.9) million for the segment Insight.

The EBITA margin increased to 13.2 (13.0) percent for the segment Solutions, to 11.9 (9.0) percent for the segment Experience, and was 6.0 (16.1) percent for the segment Insight.

## Cash flow

#### JANUARY – MARCH

Cash flow from operating activities increased to SEK 40.2 (-20.7) million, where the change in working capital is affected by increased operating liabilities. The operating capital is also affected by increased accounts receivable. Cash flow from investment activities amounted to SEK -61.0 (-3.0) million, affected by the acquisition of Invativa AB and to a certain extent by investments in tangible assets.

Cash flow from financing activities amounted to SEK -15.8 (-17.4) million, affected by amortizations of leasing liabilities.

Total cash flow amounted to SEK -36.6 (-41.1) million.

## Acquisition of operations

In January 2020, Knowit acquired 92% of the shares in Invativa AB, a consultancy firm with specialists in digital business and service development. The company has around 25 consultants, primarily based in Göteborg, with branches in Östersund and Sundsvall. Through the acquisition of Invativa, Knowit further strengthened its offering in data-driven digital business development and supplemented its existing offering in system development.

## Financial position

#### JANUARY – MARCH

Cash and cash equivalents increased to SEK 242.1 (152.8) million as per March 31, 2020. Goodwill and other intangible assets increased to SEK 1,039.6 (976.5) million, of which goodwill was SEK 988.5 (952.8) million, and other intangible assets were SEK 51.1 (23.7) million.

Equity increased to SEK 1,281.6 (1,206.5) million. Interest-bearing liabilities totaled SEK 263.5 (311.6) million on March 31, 2020, of which SEK 161.2 (224.3) million were long-term and SEK 102.3 (87.3) million were short-term. Bank loans are SEK 0.0 (7.0) million, a used overdraft facility totaled SEK 0.0 (0.0) million of a granted overdraft facility of SEK 50.0 (25.0) million, leasing liabilities totaled SEK 180.7 (230.3) million and liabilities related to future consideration and synthetic options in subsidiaries totaled SEK 82.8 (74.3) million.

The equity/asset ratio was 56.1 (52.9) percent as per March 31, 2020.

## Employees

#### JANUARY – MARCH

On March 31 2020, a total of 2,356 (2,274) people were employed by the Group. The number of employees has increased by 19 people during 2020.

The average number of employees during the period increased to 2,286 (2,184). The average number of employees in Sweden increased to 1,359 (1,299), in Norway to 764 (729), and in Finland to 122 (116).

## → THE GROUP

### Seasonal variation

The Group's revenue and operating results are subject to seasonal variation, which means that they vary by quarter. The number of working days and, by extension, normal working hours, affect net sales and profit.

The quarter that includes the Easter period – the first or second – has lower revenue, leading to a lower profit, as the costs are largely unchanging, unlike the revenue.

The revenue is affected negatively, as the activity on the market decreases or is non-existent on these days. Further, the second and third quarter of the Group's financial year are affected by including parts of the summer holiday period, which impacts on the demand for the

Group's services. The fourth quarter is affected by the work days and normal working hours that are eliminated due to the Christmas and New Year's holidays.

### Transactions with related parties

No significant events have occurred after the end of the Interim Report. For more information, see Note 29 Transactions with related parties, page 92 in the Annual Report 2019. **k**

## PARENT COMPANY

# Results and financial position

### JANUARY – MARCH

The operating profit before amortization of intangible assets (EBITA) was SEK -21.2 (-12.8) million. The financial net was SEK 23.3 (23.8) million, affected mainly by exchange rate development.

The profit after financial net was SEK 1.1 (10.2) million. As per March 31 2020, equity had increased to SEK 437.2 (383.1) million. Untaxed reserves, mainly accrual funds, were SEK 111.8 (92.9) million. **k**

## OTHER INFORMATION

# Accounting principles and forward-looking information

### Essential risks and uncertainty factors

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

Aside from that, the current covid-19 pandemic entails a risk for the Company. Covid-19 is a unique event in the sense that it is unpredictable, hard to assess and a risk for the market on which the Company operates, and for

its clients. Thus, the pandemic will potentially also affect Knowit's possibilities of generating profits and growth in line with historic values. For a more comprehensive description of the essential risks and uncertainty factors, see Note 2 in Knowit's Annual Report for 2019, pages 77-78.

### Accounting principles

This report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. The Interim Report for the Parent Company has been prepared in accordance with the Chapter 9 of the Swedish Annual Accounts Act, Interim Reporting.

## → OTHER INFORMATION

For the Group and the Parent Company, the same accounting principles and bases for calculation have been applied as in the latest Annual Report, excepting the altered accounting principles described below.

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

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

Knowit is closely following the development of the covid-19 pandemic. The demand from company clients is estimated to be affected during the second quarter, with lower capacity utilization of consultants. Knowit is making use of state support, such as reduced employer's contributions, the possibility of temporary layoffs, and other measures. As of the date of publication of this Interim Report, Knowit has not been able to perform a full assessment of the financial effects of the pandemic. Around 200 people are thus far on short-time work allowance. Knowit has, in April 2020, signed a three-year revolving credit facility of SEK 150 million. Loans through the facility are to be repaid in full on the date of maturity.

### 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 – JUNE 2020

July 15, 2020 08.30 AM

#### INTERIM REPORT JANUARY – SEPTEMBER 2020

October 22, 2020 08.30 AM

#### YEAR-END REPORT 2020

February 5, 2021 08.30 AM

### Certification

The Chief Executive Officer certifies that the Interim Report gives a fair overview of the Group's and the Parent Company's operations, position and profit, and describes the significant risks and uncertainty factors faced by the Parent Company and the companies within the Group.

STOCKHOLM APRIL 28, 2020

#### PER WALLENTIN

Chief Executive Officer

*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](https://knowit.eu). 

## ACCOUNTS

# Consolidated income statement in summary

SEK, MILLIONS	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
Net sales	936.3	873.7	3,335.1
Operating costs	-822.7	-755.4	-2,942.6
Depreciation of tangible fixed assets	-18.1	-17.9	-73.3
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>95.5</b>	<b>100.4</b>	<b>319.2</b>
Depreciation of intangible fixed assets	-2.9	-1.6	-6.1
<b>OPERATING RESULT (EBIT)</b>	<b>92.6</b>	<b>98.8</b>	<b>313.1</b>
Financial incomes	19.5	0.6	15.5
Financial costs	-0.7	-2.4	-15.4
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>111.4</b>	<b>97.0</b>	<b>313.2</b>
Taxes	-23.7	-20.2	-71.5
<b>RESULT FOR THE PERIOD</b>	<b>87.7</b>	<b>76.8</b>	<b>241.7</b>
Result for the period assignable to shareholders in Parent Company	84.6	74.0	232.2
Result for the period assignable to non-controlling interests' holdings	3.1	2.8	9.5
<b>Earnings per share</b>			
Earnings per share, before dilution, SEK	4.39	3.84	12.06
Earnings per share, after dilution, SEK	4.39	3.84	12.06

# Consolidated total results in summary

SEK, MILLIONS	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
<b>Result for the period</b>	<b>87.7</b>	<b>76.8</b>	<b>241.7</b>
<i>Items that may later be reclassified to profit or loss</i>			
Exchange rate differences	-47.2	23.4	15.8
<b>OTHER TOTAL RESULTS FOR THE PERIOD, NET AFTER TAX</b>	<b>40.5</b>	<b>100.2</b>	<b>257.5</b>
<b>Total result for the period</b>			
Total result assignable to shareholders in Parent Company	37.4	97.4	247.8
Total result assignable to non-controlling interests' holdings	3.1	2.8	9.7

→ ACCOUNTS

## Consolidated balance sheet in summary

SEK, MILLIONS	2020-03-31	2019-03-31	2019-12-31
<b>Assets</b>			
Intangible fixed assets	1,039.6	976.5	983.4
Tangible fixed assets	209.2	262.5	234.3
Financial fixed assets	10.6	6.0	9.0
Deferred tax assets	2.7	2.7	2.6
Current assets	779.7	881.5	718.5
Cash equivalents	242.1	152.8	278.4
<b>TOTAL ASSETS</b>	<b>2,283.9</b>	<b>2,282.0</b>	<b>2,226.2</b>
<b>Equity and liabilities</b>			
Share capital	19.3	19.3	19.3
Other paid-in capital and provisions	528.2	582.6	574.4
Recognized profits, including profit for the year	716.3	586.3	631.4
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY</b>	<b>1,263.8</b>	<b>1,188.2</b>	<b>1,225.1</b>
Non-controlling interests	17.8	18.3	16.0
<b>TOTAL EQUITY</b>	<b>1,281.6</b>	<b>1,206.5</b>	<b>1,241.1</b>
Long-term provisions	57.3	44.6	50.7
Interest-bearing long-term liabilities	161.2	224.3	164.4
Interest-bearing short-term liabilities	102.3	87.3	105.8
Other short-term liabilities	681.5	719.3	664.2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,283.9</b>	<b>2,282.0</b>	<b>2,226.2</b>

## Consolidated cash flow analysis in summary

SEK, MILLIONS	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
Cash flow current operations before changes in working capital	71.3	89.1	313.2
Change in working capital	-31.1	-109.8	-8.1
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>40.2</b>	<b>-20.7</b>	<b>305.0</b>
Cash flow from investing activities	-61.0	-3.0	-25.9
Cash flow from financing activities	-15.8	-17.4	-195.4
<b>CASH FLOW FOR THE PERIOD</b>	<b>-36.6</b>	<b>-41.1</b>	<b>83.7</b>
Opening balance at start of period	278.4	194.6	194.6
Exchange rate differences in cash equivalents	0.3	-0.7	0.1
<b>CLOSING BALANCE AT END OF PERIOD</b>	<b>242.1</b>	<b>152.8</b>	<b>278.4</b>

## → ACCOUNTS

# Statement of changes in equity in summary – Group

SEK, MILLIONS	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
<b>Opening balance</b>	<b>1,241.1</b>	<b>1,106.3</b>	<b>1,106.3</b>
Exchange rate differences	-47.2	23.4	15.8
Result for the period	87.7	76.8	241.7
<b>TOTAL RESULT FOR THE PERIOD</b>	<b>40.5</b>	<b>100.2</b>	<b>257.5</b>
<b>TOTAL BEFORE TRANSACTIONS WITH SHAREHOLDERS</b>	<b>1,281.6</b>	<b>1,206.5</b>	<b>1,363.8</b>
Additional capital from non-controlling interests' holdings	–	–	0.2
Dividend payment	–	–	-122.9
<b>CLOSING BALANCE</b>	<b>1,281.6</b>	<b>1,206.5</b>	<b>1,241.1</b>

## Key figures

	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
Average number of employees	2,286	2,184	2,213
Sales per average number of employees (SEK, 000s)	410	400	1 507
Result after financial items per average number of employees (SEK, 000s)	49	44	142
Return on total capital, %	5.0	4.8	15.8
Return on equity, %	7.0	6.6	20.6
Return on capital employed, %	7.3	7.3	24.1
EBITA margin, %	10.2	11.5	9.6
Equity ratio, %	56.1	52.9	55.7

## Data per share

	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
<b>Earnings per share (SEK)</b>			
Before dilution	4.39	3.84	12.06
After dilution	4.39	3.84	12.06
<b>Equity per share (SEK)</b>			
Before dilution	65.64	61.71	63.63
After dilution	65.64	61.71	63.63
<b>Average number of shares (000s)</b>			
Before dilution	19,254	19,254	19,254
After dilution	19,254	19,254	19,254
<b>Number of shares on balance sheet day (000s)</b>			
Before dilution	19,254	19,254	19,254
After dilution	19,254	19,254	19,254

→ ACCOUNTS

## Group segment reporting in summary

JAN-MAR 2020 SEK, MILLIONS	Solutions	Experience	Insight	Parent Company/ consol. adj.	Total
External net sales	622.9	214.8	98.6	–	936.3
Net sales between segments	18.3	16.9	10.8	-46.0	–
<b>NET SALES</b>	<b>641.2</b>	<b>231.7</b>	<b>109.4</b>	<b>-46.0</b>	<b>936.3</b>
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>84.5</b>	<b>27.6</b>	<b>6.6</b>	<b>-23.2</b>	<b>95.5</b>
Depreciation of intangible assets	-1.6	-0.3	–	-1.0	-2.9
<b>OPERATING PROFIT (EBIT)</b>	<b>82.9</b>	<b>27.3</b>	<b>6.6</b>	<b>-24.2</b>	<b>92.6</b>
Result after financial items					111.4
<b>RESULT FOR THE PERIOD</b>					<b>87.7</b>
<b>EBITA margin in %</b>	<b>13.2</b>	<b>11.9</b>	<b>6.0</b>		<b>10.2</b>
<b>Average number of employees</b>	<b>1,405</b>	<b>565</b>	<b>292</b>	<b>24</b>	<b>2,286</b>
<b>Intangible assets</b>	<b>721.1</b>	<b>239.7</b>	<b>59.7</b>	<b>19.1</b>	<b>1,039.6</b>
<b>Tangible fixed assets</b>	<b>10.2</b>	<b>3.5</b>	<b>0.2</b>	<b>195.3</b>	<b>209.2</b>
JAN-MAR 2019 SEK, MILLIONS	Solutions	Experience	Insight	Parent Company/ consol. adj.	Total
External net sales	555.5	210.8	107.4	–	873.7
Net sales between segments	12.6	18.7	9.7	-41.0	–
<b>NET SALES</b>	<b>568.1</b>	<b>229.5</b>	<b>117.1</b>	<b>-41.0</b>	<b>873.7</b>
<b>Operating result before depreciations of intangible assets (EBITA)</b>	<b>73.9</b>	<b>20.6</b>	<b>18.9</b>	<b>-13.0</b>	<b>100.4</b>
Depreciation of intangible assets	-0.5	-0.3	–	-0.8	-1.6
<b>OPERATING PROFIT (EBIT)</b>	<b>73.4</b>	<b>20.3</b>	<b>18.9</b>	<b>-13.8</b>	<b>98.8</b>
Result after financial items					97.0
<b>RESULT FOR THE PERIOD</b>					<b>76.8</b>
<b>EBITA margin in %</b>	<b>13.0</b>	<b>9.0</b>	<b>16.1</b>		<b>11.5</b>
<b>Average number of employees</b>	<b>1,309</b>	<b>574</b>	<b>289</b>	<b>12</b>	<b>2,184</b>
<b>Intangible assets</b>	<b>663.4</b>	<b>238.5</b>	<b>61.4</b>	<b>13.2</b>	<b>976.5</b>
<b>Tangible fixed assets</b>	<b>12.3</b>	<b>2.7</b>	<b>0.3</b>	<b>247.2</b>	<b>262.5</b>

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

→ ACCOUNTS

## Group revenue from client contracts

SEK, MILLIONS	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
<b>GEOGRAPHIC CATEGORIZATION</b>			
<b>Fee revenue</b>			
Sweden	484.7	441.5	1,686.3
Norway	358.5	325.1	1,267.2
Finland	44.7	45.1	171.2
Other	20.3	18.4	69.8
<b>TOTAL FEE REVENUE</b>	<b>908.2</b>	<b>830.1</b>	<b>3,194.5</b>
<b>Other revenue</b>			
Sweden	17.5	23.6	93.7
Norway	10.4	19.5	44.7
Finland	0.2	0.3	2.2
Other	0.0	0.2	0.0
<b>TOTAL OTHER REVENUE</b>	<b>28.1</b>	<b>43.6</b>	<b>140.6</b>
<b>TOTAL NET REVENUE</b>	<b>936.3</b>	<b>873.7</b>	<b>3,335.1</b>
<b>SEGMENT CATEGORIZATION</b>			
<b>Fee revenue</b>			
Solutions	626.4	549.5	2,146.6
Experience	214.3	201.5	783.4
Insight	107.1	114.9	409.2
Parent Company/consol. adjustments	-39.6	-35.8	-144.7
<b>TOTAL FEE REVENUE</b>	<b>908.2</b>	<b>830.1</b>	<b>3,194.5</b>
<b>Other revenue</b>			
Solutions	14.8	18.6	63.7
Experience	17.4	28.0	87.1
Insight	2.3	2.2	11.0
Parent Company/consol. adjustments	-6.4	-5.2	-21.2
<b>TOTAL OTHER REVENUE</b>	<b>28.1</b>	<b>43.6</b>	<b>140.6</b>
<b>TOTAL NET REVENUE</b>	<b>936.3</b>	<b>873.7</b>	<b>3,335.1</b>

The income category Licensing fees is reported under the category Other revenue, as the amount is not significant. For more information, see Note 1 Accounting and valuation principles, pages 70-76 in the Annual Report 2019.



→ ACCOUNTS

## Financial assets and liabilities

SEK, MILLIONS	2020-03-31			2019-03-31		
	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
<b>Assets in balance sheet</b>						
Other long-term securities holdings	–	3.3	3.3 <sup>1)</sup>	–	0.3	0.3 <sup>1)</sup>
Other long-term receivables	1.0	–	1.0	1.3	–	1.3
Accounts receivable and other receivables	705.5	–	705.5	794.9	–	794.9
Cash equivalents	242.1	–	242.1	152.8	–	152.8
<b>TOTAL</b>	<b>948.6</b>	<b>3.3</b>	<b>951.9</b>	<b>949.0</b>	<b>0.3</b>	<b>949.3</b>

SEK, MILLIONS	2020-03-31			2019-03-31		
	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
<b>Liabilities in balance sheet</b>						
Future additional considerations and options	–	51.6	51.6 <sup>2)</sup>	–	52.1	52.1 <sup>2)</sup>
Future consideration	31.2	–	31.2 <sup>2)</sup>	22.2	–	22.2 <sup>2)</sup>
Other interest-bearing liabilities	180.7	–	180.7	237.3	–	237.3
Accounts payable	109.1	–	109.1	156.1	–	156.1
Other liabilities	258.0	–	258.0	263.2	–	263.2
<b>TOTAL</b>	<b>579.0</b>	<b>51.6</b>	<b>630.6</b>	<b>678.8</b>	<b>52.1</b>	<b>730.9</b>

1) Actual value pursuant to categorization level 2

2) Actual value pursuant to categorization level 3

Reported values of Group financial assets and liabilities, distributed based on classification pursuant to IFRS 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 2019.

The table below shows a reconciliation of the opening and closing balances for financial instruments valued at level 3.

SEK, MILLIONS	Future additional considerations and options	Future considerations
<b>Fair value Jan 1, 2020</b>	<b>52.0</b>	<b>14.6</b>
Total recognized profits and losses:		
Recognized in profit/loss for the year	–	–
Recognized in other comprehensive income	-0.4	-0.3
Cost of acquisitions	–	16.9
<b>Fair value March 31, 2020</b>	<b>51.6</b>	<b>31.2</b>
<b>Fair value Jan 1, 2019</b>	<b>51.1</b>	<b>21.6</b>
Total recognized profits and losses:		
Recognized in profit/loss for the year	1.0	–
Recognized in other comprehensive income	–	0.6
<b>Fair value March 31, 2019</b>	<b>52.1</b>	<b>22.2</b>

→ ACCOUNTS

## Income statement Parent Company in summary

SEK, MILLIONS	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
Net sales	104.4	84.1	353.1
Operating costs	-125.3	-96.6	-404.7
Depreciation of tangible fixed ass	-0.3	-0.3	-1.2
<b>OPERATING RESULT BEFORE DEPRECIATION OF INTANGIBLE ASSETS (EBITA)</b>	<b>-21.2</b>	<b>-12.8</b>	<b>-52.8</b>
Depreciation of intangible fixed assets	-1.0	-0.8	-2.6
<b>OPERATING RESULT (EBIT)</b>	<b>-22.2</b>	<b>-13.6</b>	<b>-55.4</b>
Financial items	23.3	23.8	267.0
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>1.1</b>	<b>10.2</b>	<b>211.6</b>
Appropriations	–	–	-18.9
Income taxes	–	–	-17.9
<b>RESULT FOR THE PERIOD</b>	<b>1.1</b>	<b>10.2</b>	<b>174.8</b>

## Balance sheet Parent Company in summary

SEK, MILLIONS	2020-03-31	2019-03-31	2019-12-31
<b>Assets</b>			
Intangible fixed assets	16.4	13.2	16.5
Tangible fixed assets	3.3	4.1	3.4
Financial fixed assets	944.5	862.8	874.5
Current assets	126.0	116.7	97.7
Cash equivalents	225.3	147.1	273.5
<b>TOTAL ASSETS</b>	<b>1,315.5</b>	<b>1,143.9</b>	<b>1,265.6</b>
<b>Equity and liabilities</b>			
Share capital	19.3	19.3	19.3
Statutory reserve	68.0	68.0	68.0
Fund for development costs	7.7	10.5	8.7
Unrestricted share capital including result for the period	342.2	285.3	340.1
<b>TOTAL EQUITY</b>	<b>437.2</b>	<b>383.1</b>	<b>436.1</b>
Untaxed reserves	111.8	92.9	111.8
Long-term provisions	2.4	–	2.4
Interest-bearing long-term liabilities	7.9	–	7.9
Interest-bearing short-term liabilities	–	7.0	0.4
Other short-term liabilities	756.2	660.9	707.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,315.5</b>	<b>1,143.9</b>	<b>1,265.6</b>

## → ACCOUNTS

# Acquired Group companies 2020

In January 2020, Knowit acquired 92% of the shares in Invativa AB, a consultancy firm with specialists in digital business and service development. The company has around 25 consultants, primarily based in Göteborg, with branches in Östersund and Sundsvall. Through the acquisition of Invativa, Knowit further strengthened its offering in data-driven digital business development and supplemented its existing offering in system development. The acquisition analysis is preliminary.

For the acquired company, the values of assets and liabilities, considerations, and impact on the Group's liquidity were as follows:

SEK, MILLIONS	INVATIVA AB
<b>Considerations</b>	
Paid in cash	70.0
Provisions for considerations	16.9
<b>Total consideration</b>	<b>86.9</b>
Identifiable net assets	-13.7
Other intangible assets	-26.1
Deferred tax on intangible assets	5.4
<b>Goodwill</b>	<b>52.5</b>

Goodwill is attributable to the profitability of the acquired companies and the synergy effects expected to arise with other Knowit companies. Other intangible assets are attributable to the client relationships of the acquired companies.

The assets and liabilities included in the acquisition are the following:


SEK, MILLIONS	INVATIVA AB
Property, plant and equipment	3.0
Current assets	6.4
Liquid assets	11.7
Other liabilities	-7.4
<b>Identifiable net assets</b>	<b>13.7</b>
Consideration settled in cash	-70.0
Liquid assets in acquired companies	11.7
<b>Impact on the Group's liquid assets from this year's acquisitions</b>	<b>-58.3</b>
Additional considerations paid for acquisitions made in past years	-0.4
<b>Impact on the Group's liquid assets from acquisitions of operations</b>	<b>-58.7</b>

The acquired company has during the period contributed with net sales of SEK 7.2 million and with profit before amortization of intangible assets (EBITA) of SEK 1.4 million.

## OTHER INFORMATION

# 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 longterm 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 2019, pages 12 and 101. 

**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.  $(95.5 / 936.3 = 10.2\%)$

**NET LIABILITIES** Interest-bearing liabilities less financial interest-bearing assets.  $(161.2 + 102.3 - 242.1 = 21.4)$

**AVERAGE EQUITY** The average of the opening equity of the period and the closing equity of the period.  $((1,241.1 + 1,281.6) / 2 = \text{SEK } 1,261.4 \text{ million})$

**EARNINGS ON EQUITY** The profit after taxes in percent of average equity including non-controlling interest shares.  $(87.7 / 1,261.4 = 7.0\%)$

**AVERAGE CAPITAL EMPLOYED** Total assets plus interest-bearing liabilities.  $((1,281.6 + 161.2 + 102.3 + 1,241.1 + 164.4 + 105.8) / 2 = \text{SEK } 1,528.2 \text{ million})$

**EARNINGS ON CAPITAL EMPLOYED** Profit after financial items plus financial costs in percent of average capital employed.  $((111.4 + 0.7) / 1,528.2 = 7.3\%)$