

Interim Report

- Improved profit
- Increased margin
- Strategic acquisition of Creuna

JANUARY – SEPTEMBER 2020

NET SALES INCREASED BY 1.2 PERCENT TO SEK 2,455.3 (2,426.9) MILLION
 THE OPERATING PROFIT (EBITA) INCREASED BY 2.1 PERCENT TO SEK 226.7 (222.0) MILLION
 RESULTS AFTER TAXES INCREASED TO SEK 177.5 (163.9) MILLION
 EARNINGS PER SHARE INCREASED TO SEK 8.84 (8.18) *
 THE OPERATING MARGIN (EBITA) INCREASED TO 9.2 (9.1) PERCENT
 CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 264.4 (190.9) MILLION

JULY – SEPTEMBER 2020

NET SALES WERE SEK 661.4 (708.6) MILLION
 THE OPERATING PROFIT (EBITA) INCREASED BY 3.9 PERCENT TO SEK 58.5 (56.3) MILLION
 RESULTS AFTER TAXES INCREASED TO SEK 46.6 (39.7) MILLION
 EARNINGS PER SHARE INCREASED TO SEK 2.34 (1.99) *
 THE OPERATING MARGIN (EBITA) INCREASED TO 8.8 (7.9) PERCENT
 CASH FLOW FROM OPERATING ACTIVITIES WAS SEK -16.0 (122.1) 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 and the Swedish Securities Market Act. The information was made public through the agency of CEO and President Per Wallentin, at 07.30 CEST on 22 October 2020.

COMMENTS FROM THE CEO

Good development and strategic acquisition

During the third quarter, we have kept the profit and margin up, as compared with the corresponding period last year. In a survey we performed, over 97 percent of the 800 people asked responded that investments in digitalization and sustainability were given higher or equal priority as before the pandemic. It is pleasing to see sign that the market continues to demand our services, despite the prevailing uncertainties regarding the developments of covid-19.

THE BUSINESS AREA Solutions continues to deliver projects and solutions at a good pace. Net sales increased, as did the profit and margin. Digitalization in society continues to the same extent as before.

Within the business area Experience, we have increased our profit and improved our margin. The main reason is increased internal efficiency with higher resource usage. New client behaviors have a continued positive impact on demand for the core operations, data-driven e-commerce solutions, and user-friendly customer interfaces.

The operations in the business area Insight have continued to feel the impact of the slowdown we began to see signs of last year. Strategic projects were put on hold at the start of the pandemic, but we are seeing that companies are finding their way back to a new normal. During this quarter, we have continued to streamline the organization, minimize the overhead, and decrease the number of employees. This, combined with investments into specialist areas with high demand, like societal security and e-health are efforts that have yielded a positive trend for the quarter.



A STRATEGIC ACQUISITION SHIFTS OUR POSITION*

The acquisition of the Nordic digital agency Creuna with around 300 employees is a strategic investment that reinforces our position as the largest ad agency in the Nordic region. With the strategic acquisition of the Nordic agency Creuna, with 300 employees, we are reinforcing our position as the largest digital agency in the Nordic region. We supplement each other well in digital strategies, data-driven sales and market communication. With the reinforcement of Creuna, our offer in digital transformation will become the strongest in the Nordic region.

** Read more in the press release on [knowit.eu](https://www.knowit.eu).*


ATTRACTIVE WORKPLACE

Knowit has, for several years, shown strong organic growth. As of the third quarter, we are seeing an intentional decrease in recruitment. However, our ambition is to continue to grow and it is important that we continue to attract the best talents. We have been given multiple

awards over the years and in October we were ranked as the most attractive consultancy firm in Universum's annual survey among young IT professionals. We are one of the most interesting workplaces for the very best consultants in our field. This bodes well for future recruitments.

SUSTAINABLE INVESTMENT CHOICE

We continue to develop our corporate culture. This is reflected in our ESG rating, where we for the second year running have met the criteria for a sustainable investment choice. We are working actively on matters related to the environment, social responsibilities, and corporate governance within the entire group. It is my opinion that Knowit should be best in the field as regards these matters.

Covid-19 has had negative impacts on both individuals and large parts of society. We are doing what we can to minimize these negative effects. This involves both taking responsibility for employees, clients and others, and offering services and solutions that, through digitalization, make everyday life easier for all of us. 

PER WALLENTIN
CEO and President

EVENTS DURING THE YEAR

AFTER THE END OF THE QUARTER

Knowit Experience acquires the **NORDIC DIGITAL AGENCY CREUNA** and reinforces its strong position on the Nordic market. The Knowit group hereby grows to by around 300 consultants a total of 2,600 employees. Acquisition will be final after approval from the Norwegian Competition Authority.



JULY – SEPTEMBER 2020

In August, Knowit participated in **THE LARGEST E-HEALTH CONFERENCE IN THE NORDIC REGION**, Vitalis. Representatives from Knowit led panel debates during the conference.

Knowit participated as a partner at the conference **THE NEW NORMAL**, organized by Oslo Business Forum in September.

AROUND 30 UNIVERSITY STUDENTS were given the chance to take summer jobs at the office in Oslo, to get an insight into working as a consultant and system developer, and to get an idea of what it is like to work at Knowit.

Knowit performed and presented a market survey among 800 top executives in the Nordic region, covering investments into **DIGITALIZATION AND SUSTAINABILITY** (Norstat). More than 97 percent felt that projects in digitalization were given higher or equal priority compared with before covid-19.

A **NEW SUBSIDIARY**, Knowit Impact, with a client offer in IT architecture, innovation, and technical design, was established in the business area Solutions in Oslo.

Knowit won two procurements for consultancy services serving to assist **THE SWEDISH RIKSBANK** to implement a modern, general IT support in the analytics field, tailored for their operations.



APRIL – JUNE 2020

The business area Insight has established operations in **HELSINKI**. Thus, Knowit is offering services from all business areas locally in Finland.

Per Wallentin, CEO and President of Knowit, has been elected to the board of the **MEMBER ORGANIZATION SWEDISH IT AND TELECOM INDUSTRIES**. The organization has 1,300 members, which employ a total of 100,000 people in Sweden.

Knowit participated as a partner to the **TECHARENAN CHALLENGE**, in a digital panel discussion on e-health, entitled “Health technology innovation – how we create the best conditions for the sustainable healthcare of the future.”

The business area Experience has, together with companies in the healthcare industry, created a seminar series called **“HEALTH HACK”**. The initiative is a joint effort to contribute to Sweden becoming an e-health leader before 2025.

For the Swedish National Veterinary Institute, Knowit has developed and deployed an **E-COMMERCE SOLUTION** and a new website.

Knowit has developed an **ANALYTICAL TOOL** and a digital customer dialogue solution for Feelgood.

→ EVENTS DURING THE YEAR

Knowit participated as a partner with **COMPETENCE AND INNOVATIVE POWER** in the digital event “Hack the Crisis” in April. The event gathered 7,000 participants working to design and develop creative solutions to decrease the impact of covid-19.



JANUARY – MARCH 2020

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

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.

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

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

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.

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

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

Because of covid-19, Knowit's Board chose to **RETRACT THE PROPOSAL FOR DIVIDENDS**. The purpose was to further strengthen the Company's financial position.

THE PERIOD IN BRIEF

Positive development for the Group

JANUARY – SEPTEMBER 2020

Profit before amortization of intangible assets (EBITA) increased to SEK 226.7 (222.0) million. Compared with the corresponding period last year, exchange rate developments had a negative effect on EBITA totaling SEK 10.8 million.

Cash flow from operating activities increased to SEK 264.4 (190.9) million, where the change in operating capital had an impact of SEK 85.2 million.

Goodwill and other intangible assets increased to SEK 1,033.2 (988.8) million.

On September 30, 2020, a total of 2,310 (2,383) people were employed in the Group.

STATE SUPPORT GRANTED

The long-term impact of covid-19 on Knowit's operations remains hard to assess and overview.

Knowit has, thus far during the year, applied for and been granted support for furloughs, which have reduced staff costs by around SEK 13 million. The company has

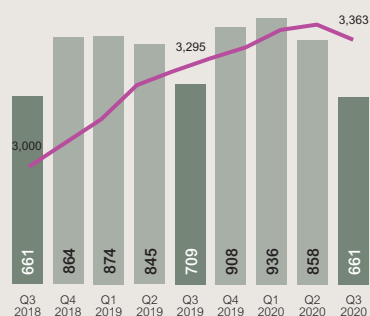
also received support in the form of decreased employer's contributions, totaling around SEK 26 million. At the end of the third quarter, this has meant reduced staff costs during the current financial year of around SEK 39 million in total.

About 60 people have, at the time of publication of this report, been affected by short-time work, corresponding to around 30 full-time positions. The figure communicated in the report for Q2 2020 was around 230 people.

An review of costs has been performed since the covid-19 outbreak. Travel costs and conference costs, in particular, have decreased.

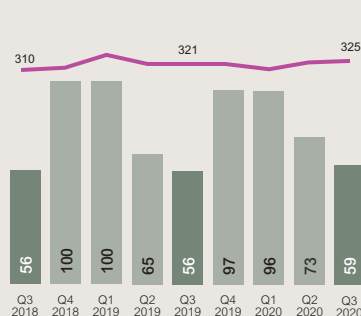
The company has, at the end of the third quarter, updated its estimates for valuation of intangible assets and performed an impairment test, which showed that there is no write-down requirement. Knowit has a stable financial position with net liquid assets of SEK 177 million. **k**

SEK, MILLIONS	JAN-SEP 2020	JAN-SEP 2019
Sales	2,455.3	2,426.9
EBITA	226.7	222.0
EBITA margin, %	9.2	9.1
Cash flow from operating activities	264.4	190.9
Intangible assets	1,033.2	988.8
Number of employees	2,310	2,383



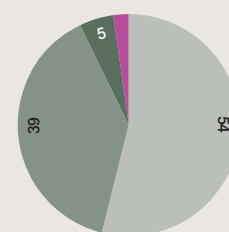
NET SALES, SEK, MILLIONS

- Net sales, quarterly data
- Rolling 12 months



EBITA, SEK, MILLIONS

- EBITA, quarterly data
- Rolling 12 months



SALES PER COUNTRY JANUARY – SEPTEMBER 2020

Sweden	54% (53)
Norway	39% (40)
Finland	5% (5)
Other	2% (2)

MARKET AND OPERATIONS

Clearly positioned business areas

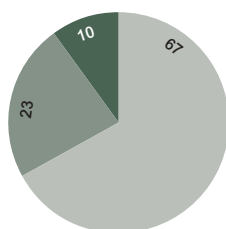
Knowit's strategy is to create long-term sustainable and innovative digital solutions that contribute to high business value for its clients. With its three business areas, Knowit can accommodate purchasers throughout its clients' organizations. The three business areas are: Solutions, system development 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 38 percent of net sales. The shares in retail, banking and finance, and the manufacturing industry are relatively stable, each in the range 11-16 percent of sales.

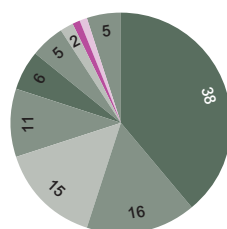
A STRONG CLIENT OFFERING

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



SALES PER BUSINESS AREA
JANUARY - SEPTEMBER 2020

Solutions	67% (63)
Experience	23% (25)
Insight	10% (12)



SALES PER INDUSTRY FIELD
JANUARY - SEPTEMBER 2020

Public sector	38% (36)
Banking, finance and insurance	16% (15)
Retail and service companies	15% (15)
Industry	11% (13)
Energy	6% (5)
Telecommunications operators	5% (6)
Media, education and gaming	2% (2)
Telecommunications industry	1% (2)
Pharmaceuticals	1% (1)
Other	5% (5)

NASDAQ ESG TRANSPARENCY PARTNER 2020

ESG rating is becoming an increasingly important part of how investors assess a company. Knowit has, since 2019, met the requirements on follow-up made by Nasdaq and has also, in 2020, met the requirements for certification. ESG is short for environmental (commitments), social (commitments), and governance, and refers to a set of criteria that summarize a company's sustainability work.

COLLABORATION WITHIN E-HEALTH

Solutions, Experience, and Insight have during the fall gathered their competence and experience in the e-health area to create a stronger and more comprehensive client offer on the Swedish market. A series of joint digital webinars have been performed, as well as a seminar series called "health hacks" with the goal of gathering experts in healthcare to discuss existing needs and find innovative solutions. The first webinar focused on identifying the challenges within healthcare with the help of a specially invited panel of experts.

MOST SHORT-TERM FURLOUGHS HAVE ENDED

General demand weakened initially, with differing impact on different parts of the company. During the quarter, Knowit has seen signs that demand has increased for several parts of its operations, depending on the mix of clients and products. With the pandemic speeding up the digital shift, demand in some sectors – such as the public sector and retail – is expected to remain high.

However, the pace of recovery differs, not only between sectors, but also between clients, countries and individual projects. Knowit's exposure to the sectors that have been most heavily impacted, such as hotels, restaurants and stores, is relatively limited. The largest share of clients (38%) is in the public sector.

During the quarter, all three of Knowit's business areas have gradually ended most of the short-term furloughs begun during the spring and summer.

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 1,713.4 (1,601.9) million, for Experience, they decreased to SEK

→ MARKET AND OPERATIONS

589.0 (636.5) million, and for Insight, they decreased to SEK 270.1 (309.1) million.

Profit before amortization of intangible assets (EBITA) for Solutions increased to SEK 211.1 (183.2) million, for Experience increased to SEK 67.0 (45.3) million, and for Insight decreased to SEK 8.2 (30.2) million.

The EBITA margin for Solutions increased to 12.3 (11.4) percent, for Experience increased to 11.4 (7.1) percent, and for Insight decreased to 3.0 (9.8) percent.

Solutions

SEK, MILLIONS	JAN-SEP 2020	JAN-SEP 2019
Sales	1,713.4	1,601.9
EBITA	211.1	183.2
EBITA margin, %	12.3	11.4
Number of employees	1,420	1,428

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.

During the quarter, Knowit Solutions established a new specialist company in Oslo, Knowit Impact. The company currently has 16 employees in Oslo. Knowit Impact's main service area is in technology and business advice – including business architecture, business-technical governance, strategy and business design, and innovation management.

COMMENTS FROM THE EVP OF SOLUTIONS:

“Most of our projects have continued as planned, as they have an operation-critical nature and are vital for the transition to new, more efficient digital business models. We have had a continued positive development during the quarter and both net sales and profit are higher than in previous years. This is a strong quarter on all our markets,” says Åsa Holmberg.

HIGHER PACE IN DIGITALIZATION PROJECTS

Covid-19 has during the third quarter had a relatively limited impact on the execution of projects for existing clients in the business area Solutions. New work methods, with teleworking and digital meetings, have made it possible to continue deliveries to clients largely as before.

In both Norway and Sweden, the business area Solutions has the largest single share of its clients in the public sector. In this area, the current situation has led to an increased focus and greater willingness among clients to increase the pace in digitalization. A new contract with the Norwegian train operator VY (formerly

NSB) was signed during the quarter. Here, Solutions is developing and designing an improved digital customer and user interface, in collaboration with the business area Experience. Knowit has had assignments for VY's IT organization for a long time.

Solutions has a strong offering in data-driven decision support. The business area offers Norwegian banks a fully digital and automatic management of mortgage applications through its self-developed platform Dploy for credit solutions. With a full range of service in UX/CX (user experience/customer experience), web development, app development, and analytics, to support the digital loan process regarding credit applications, document creation, status updates and purchase confirmation, the entire mortgaging process is digitalized.

A CURRENT REFERENCE CASE: UPDATES TO THE CENSUS WITHIN MINUTES

Since 2016, the Norwegian Tax Authority has been working on a project with Knowit to create a digital and modern population register. This has been a long, extensive project, in which many important parts of the solution have now been finalized and tested. The solution means that millions of changes which were in the past made of paper can now be managed digitally, which has shortened the time for updating from weeks to minutes.

Experience

SEK, MILLIONS	JAN-SEP 2020	JAN-SEP 2019
Sales	589.0	636.5
EBITA	67.0	45.3
EBITA margin, %	11.4	7.1
Number of employees	583	623

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.

After the end of the quarter, Knowit has acquired the digital agency Creuna. Experience, which even before the acquisition was one of the Nordic region's largest digital agencies focused on digital customer experiences, will thus have 900 employees when acquisition becomes final after approval from the Norwegian Competition Authority, which is expected to be granted in November.

Experience's assignments are a combination of short-term projects and long-term partnerships and its 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 has continued to develop positively in both Sweden and Norway, although net sales have decreased somewhat for the business area as a whole. The decrease in sales has been compensated by continuing with our cost optimization and increasing

→ MARKET AND OPERATIONS

internal efficiency. We have managed to keep up our sales activities on the market during the quarter,” says Fredrik Ekerhovd.

NEW DEMAND

Covid-19 has affected some client assignments, which have been decreased in scope or postponed. At the same time, demand has increased in other areas. These include, for example, an increased need to quickly shift sales to data-driven e-commerce solutions. Current client assignments in e-commerce include work for KappAhl, MarQet and Ramundberget.

Digitalization in the healthcare sector has also created new business opportunities for Experience, which supports its clients in developing user-friendly customer interfaces and integrating processes between different e-health parties. This has led to a gradual phasing out of the short-term furloughs performed during the previous quarter.

One of Experience’s core competencies is to reinforce client brands through an understanding of the digital user experience. One example is OBOS, one of the largest housing companies in Norway, for which Knowit has an assignment to create a new digital solution for tenants, with the user and the contents in focus.

A CURRENT REFERENCE CASE: DIGITAL SUPPORT FOR SUSTAINABLE RECREATIONAL FISHING

In 2020, the Norwegian Directorate of Fisheries launched a new version of the Recreational fishing app developed by Knowit. Using cloud services and data from the Norwegian Directorate of Fisheries, Knowit has created a solution for fish recognition based on AI and machine learning. The solution is designed so that the user can take a photo of a fish in the app and quickly get information on the species they have caught and the fishing rules that apply. The recreational fisher can also get information on protected species and minimum sizes, and the possibility to report lost or found equipment.

Insight

SEK, MILLIONS	JAN-SEP 2020	JAN-SEP 2019
Sales	270.1	309.1
EBITA	8.2	30.2
EBITA margin, %	3.0	9.8
Number of employees	283	318

Knowit Insight offers management consultancy services and its primary target group includes the executive teams of companies and operations. Specialists at Insight support organizations in creating agile organizations and performed digital transformations, from idea to result. In close collaboration with the client, they create methods and model based on the client’s challenges and unique market circumstances.

The business area Insight, with around 280 employees, is a challenger on the Nordic management consulting market. Primary offers from Insight include data-driven growth, the organization of the future, efficiency and automation, and societal security.

As a result of the continued high demand and

growing lack of competence within society in security and law, Insight continues to recruit experts and will be performing a “cyber hero program” for new graduates.

COMMENTS FROM THE EVP OF INSIGHT:

“Our situation has remained challenging, with lower net sales and profit, but we have also seen a positive trend during the third quarter. We have reached out to new clients, in parallel with overhauling our internal efficiency and organization. One area where we are investing is e-health, where we see increased demand. In the security field, demand also remains strong and we have therefore continued to recruit specialists in that area,” says Carin Strindmark.


A FOCUS ON DIGITAL TRANSFORMATION AND SECURITY

The business area Insight has, during the quarter, continued to review its organization, decrease its overhead and reinforced its efforts in security and e-health. During the quarter, some employees have been given notice or downsized. These changes have primarily been made in western and southern Sweden. The Norwegian operations have continued to see slower growth than what had been planned for. However, an increased demand for the offers of the business area is seen, and furloughs have gradually been phased out.

Around 100 of Insight’s consultants are currently in offers related to the security area. Insight has worked with law and security in the creation of Precise Biometrics’ latest product, Precise YOUNiQ, an access system based on facial recognition. Precise Biometrics is a listed company working with leading technology in biometrics.

Insight has a strong client base in the public sector and an important role in developing and leading execution of the digital transformation for its clients. One example is the investments made by the municipality of Lomma in e-health, where Knowit is helping the municipality prepare for taking over and running operations itself in the future.

A CURRENT REFERENCE CASE: LEGAL SERVICES EASILY ACCESSIBLE FOR EVERYONE

Insight has worked with the other business areas during the past year to develop a long-term partnership with Familjens Jurist. Familjens Jurist is Sweden’s largest legal firm in family law and has an explicit ambition to make legal expertise a matter of course and more readily available. Insight has supported the company with a pricing strategy and an agile work method, to develop new offerings based on business cases and data-driven insight. With the help of Insight, Familjens Jurist has deployed its first digital service to help people create estate inventories online: bouppteckna.se. 

THE GROUP

Improved profit and increased margin

Net sales and profit

The Group

JANUARY – SEPTEMBER

Net sales increased to SEK 2,455.3 (2,426.9) million, an increase by 1.2 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 96.9 million. Net sales increased to SEK 1,330.3 (1,279.3) million in Sweden, and decreased to SEK 945.6 (969.9) million in Norway and to SEK 122.7 (126.5) million in Finland. Sales per employee increased to KSEK 1,120 (1,109).

The operating profit before amortization of intangible assets (EBITA) increased to SEK 226.7 (222.0) million. Compared with the corresponding period 10.8 million. In Sweden, EBITA increased to SEK 152.2 (137.5) million, in Norway to SEK 119.2 (118.2) million, and in Finland to SEK 14.2 (8.6) million. The operating margin (EBITA) increased to 9.2 (9.1) percent.

Amortization of intangible assets amounted to SEK -8.2 (-4.7) million.

The operating profit after financial items increased to SEK 228.3 (210.4) million. The financial net increased to SEK 9.8 (-6.9) million, affected primarily by exchange rate development.

The results after taxes increased to SEK 177.5 (163.9) million. Tax for the period was SEK -50.8 (-46.5) million. The non-controlling interests' share of profit for the year increased to SEK 7.3 (6.4) million. Earnings per share increased to SEK 8.84 (8.18).

THE THIRD QUARTER

Net sales were SEK 661.4 (708.6) million, a decrease by 6.7 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 36.5 million. Net sales were SEK 342.3 (358.0) million in Sweden, SEK 267.5 (296.4) million in Norway and SEK 34.4 (37.3) million in Finland. Sales per employee were KSEK 312 (322).

The operating profit before amortization of intangible assets (EBITA) increased to SEK 58.5 (56.3) million. Compared with the corresponding period last year, the exchange rate development has had a negative impact on EBITA of SEK 3.4 million. In Sweden, EBITA was SEK 30.6 (31.4) million, in Norway SEK 30.7 (31.1) million, and in Finland it increased to SEK 4.6 (2.4) million. The operating margin (EBITA) increased to 8.8 (7.9) percent.

Amortization of intangible assets amounted to SEK -3.1 (-1.6) million.

The operating profit after financial items increased to SEK 57.9 (51.4) million. The financial net increased to SEK 2.5 (-3.3) million, affected primarily by revaluation of additional consideration.

The results after taxes increased to SEK 46.6 (39.7) million. Tax for the period was SEK -11.3 (-11.7) million. The non-controlling interests' share of profit for the year increased to SEK 1.5 (1.3) million. Earnings per share increased to SEK 2.34 (1.99).

Segments

JANUARY – SEPTEMBER

The Group's operations are organized so that the corporate management mainly follows up on three business areas: 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 1,713.4 (1,601.9) million, for the segment Experience they decreased to SEK 589.0 (636.5) million and for the segment Insight to SEK 270.1 (309.1) million.

EBITA increased to SEK 211.1 (183.2) million for the segment Solutions and to SEK 67.0 (45.3) million for the segment Experience, and decreased to SEK 8.2 (30.2) million for the segment Insight.

The EBITA margin increased to 12.3 (11.4) percent for the segment Solutions and to 11.4 (7.1) percent for the segment Experience, and decreased to 3.0 (9.8) percent for the segment Insight.

THE THIRD QUARTER

Net sales for the segment Solutions were SEK 464.2 (483.0) million, for the segment Experience SEK 159.2 (184.7) million, and for the segment Insight SEK 70.0 (77.8) million.

EBITA was SEK 52.4 (52.6) million for the segment Solutions, and increased to SEK 15.0 (11.7) million for the segment Experience and to SEK -0.6 (-1.9) million for the segment Insight.

The EBITA margin increased to 11.3 (10.9) percent for the segment Solutions, to 9.4 (6.3) percent for the segment Experience, and to -0.9 (-2.4) percent for the segment Insight.

Cash flow

JANUARY – SEPTEMBER

Cash flow from operating activities increased to SEK 264.4 (190.9) million, where the change in working capital is affected by increased operating liabilities. The operating capital is also affected by decreased accounts receivable.

Cash flow from investment activities amounted to SEK -76.5 (-18.5) million, affected by the acquisition of Invativa AB and, to a certain extent, by investments in tangible assets.

Cash flow from financing activities increased to SEK 18.2 (-175.3) million, affected by amortizations of leasing liabilities and non-forthcoming dividends.

Total cash flow increased to SEK 206.1 (-2.9) million.

THE THIRD QUARTER

Cash flow from operating activities was SEK -16.0 (122.1) million, where the change in working capital is affected by decreased accounts receivable and decreased operating liabilities.

Cash flow from investment activities increased to SEK -2.8 (-5.4) million, affected by investments in tangible assets.

→ THE GROUP

Cash flow from financing activities increased to SEK -15.6 (-22.7) million, affected by amortizations of leasing liabilities.

Total cash flow was SEK -34.4 (94.0) million.

Acquisition of operations

In January 2020, Knowit acquired 92 percent 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 – SEPTEMBER

Cash and cash equivalents increased to SEK 484.6 (191.4) million as per September 30, 2020. Goodwill and other intangible assets increased to SEK 1,033.2 (988.8) million, of which goodwill was SEK 983.2 (964.9) million, and other intangible assets were SEK 50.0 (23.9) million.

Equity increased to SEK 1,362.1 (1,172.6) million. Interest-bearing liabilities totaled SEK 301.1 (286.3) million on September 30, 2020, of which SEK 126.9 (189.4) million were long-term and SEK 174.2 (96.9) million were short-term. Bank loans are SEK 91.3 (3.4) 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 166.7 (203.4) million and liabilities related to future consideration in subsidiaries totaled SEK 43.1 (79.6) million.

The equity/asset ratio increased to 56.4 (54.6) percent as per September 30, 2020.

Employees

JANUARY – SEPTEMBER

On September 30, 2020, a total of 2,310 (2,383) people were employed by the Group. The number of employees has decreased by 27 people during 2020.

The average number of employees has during the period increased to 2,192 (2,189). The average number of employees in Sweden was 1,274 (1,294), in Norway 758 (741), and in Finland 117 (111).

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 dropped due to the Christmas and New Year 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 – SEPTEMBER

The operating profit/loss before amortization of intangible assets (EBITA) was SEK -50.2 (-40.1) million. The financial net decreased to SEK 16.4 (114.7) million, affected mainly by exchange rate development and non-forthcoming dividends from subsidiaries. The profit/

loss after financial net decreased to SEK -36.3 (72.7) million.

As per September 30, 2020, equity had increased to SEK 400.3 (334.3) million. Untaxed reserves, mainly accrual funds, were SEK 111.8 (92.9) million. **k**

OTHER INFORMATION

Accounting principles and forward-looking information

AGM

The AGM will occur on Thursday 29 April, 2021, at 1 PM in Knowit's offices, Klarabergsgatan 60, Stockholm.

Notice to attend will be announced in a press release, in the newspapers Post och Inrikes Tidningar and Dagens Industri, and on Knowit's website.

Essential risks and uncertainty factors

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

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 reporting period

On October 22, 2020, Knowit AB acquired the Nordic digital agency Creuna. The acquisition means that Knowit Experience will grow by around 300 to around 900 employees, and that the number of employees in the group will, after the acquisition, be around 2,600.

The initial consideration amounts to approximately 178 MSEK on a cash and debt-free basis, of which 50 MSEK is paid in cash, and approximately 85 MSEK in the form of 356 856 newly issued shares in Knowit, at

closing (corresponding to a dilution of approximately 2 per cent of the total number of shares outstanding in Knowit after the share issue), and around 43 MSEK is paid at the latest on 17 December 2021, either in cash or in newly issued Knowit shares. The consideration will be adjusted for net debt and normalized operating capital at closing. The adjustment for net debt and operating capital at closing is estimated to 10 MSEK and will be paid in the form of newly issued Knowit shares.

Further, annual additional considerations may be payable, based on EBITA for the combined business area Knowit Experience, encompassing present Knowit Experience and Creuna, if EBITA exceeds certain base levels for the financial years 2021, 2022, and 2023, respectively. Knowit has the option of paying these additional considerations either in cash or in the form of newly issued Knowit shares.

Knowit will value the entire consideration, including the additional consideration, at fair value at closing, whereby the share portion will be based on the then-current Knowit share price on Nasdaq Stockholm. The consideration will be subject to continual revaluation, until the final payment of additional consideration has been made. Knowit estimates that additional considerations will be reported at around 163 MSEK in the acquisition balance sheet at closing.

The acquisition is financed through available funds and a non-cash issue of preliminary 398 419 shares in Knowit to the seller. The Board intends to issue the share portion of the initial consideration based on the authorization granted to the Board by the AGM on April 28, 2020.

The acquisition is expected to be finalized during the fourth quarter 2020.

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. They depend, 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.

→ OTHER INFORMATION

Financial calendar

YEAR-END REPORT 2020

February 5, 2021, 8:30 AM

INTERIM REPORT JANUARY – MARCH 2021

April 29, 2021, 8:30 AM

AGM

April 29, 2021, 1:00 PM

INTERIM REPORT JANUARY – JUNE 2021

July 15, 2021, 8:30 AM

INTERIM REPORT JANUARY – SEPTEMBER 2021

October 22, 2021, 8:30 AM

YEAR-END REPORT 2021

February 4, 2022, 8:30 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 22 October, 2020

PER WALLENTIN

Chief Executive Officer

Address and contact information

Knowit AB, (Company reg.no. 556391-0354)
Box 3383, 103 68 Stockholm

Visiting address: Klarabergsgatan 60

Phone: + 46 (0)8 700 66 00, Fax: +46 (0)8 700 66 10
knowit.eu.

For more information


Per Wallentin, President and CEO, Knowit AB (publ),
+46 (0)8 700 66 00 or

Christina Johansson, CCO, Knowit AB (publ),
+46 (0)8 700 66 00 or +46 (0)705 421 734 or

Marie Björklund, CFO, Knowit AB (publ),

+46 (0)8 700 66 00.

Knowit AB (publ)

Knowit AB (publ) is a consultancy firm that creates unique customer values by offering digital and cross-functional solutions from three business areas: Experience, Insight and Solutions. It is the capacity to combine 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 2,300 employees in 14 locations in Sweden, five locations in Norway, and one each in Denmark, Finland and Germany. Knowit AB (publ) is quoted on NASDAQ OMX in Stockholm. For further information about Knowit, please visit knowit.eu. 

Review report

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Knowit AB (publ) as of September 30, 2020 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

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

Conclusion

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

Stockholm October 22, 2020

KPMG AB

HELENA ARVIDSSON ÄLGNE

Authorized Public Accountant

ACCOUNTS

Consolidated income statement in summary

SEK, MILLIONS	JUL-SEP 2020	JUL-SEP 2019	JAN-SEP 2020	JAN-SEP 2019	JAN-DEC 2019
Net sales	661.4	708.6	2,455.3	2,426.9	3,335.1
Operating costs	-584.8	-633.9	-2,173.8	-2,150.6	-2,942.6
Depreciation of tangible fixed assets	-18.1	-18.4	-54.8	-54.3	-73.3
Operating result before depreciations of intangible assets (EBITA)	58.5	56.3	226.7	222.0	319.2
Depreciation of intangible fixed assets	-3.1	-1.6	-8.2	-4.7	-6.1
OPERATING RESULT (EBIT)	55.4	54.7	218.5	217.3	313.1
Financial incomes	3.9	1.3	13.2	2.3	15.5
Financial costs	-1.4	-4.6	-3.4	-9.2	-15.4
RESULT AFTER FINANCIAL ITEMS	57.9	51.4	228.3	210.4	313.2
Taxes	-11.3	-11.7	-50.8	-46.5	-71.5
RESULT FOR THE PERIOD	46.6	39.7	177.5	163.9	241.7
Result for the period assignable to shareholders in Parent Company	45.1	38.4	170.2	157.5	232.2
Result for the period assignable to non-controlling interests' holdings	1.5	1.3	7.3	6.4	9.5
EARNINGS PER SHARE					
Earnings per share, before dilution, SEK	2.34	1.99	8.84	8.18	12.06
Earnings per share, after dilution, SEK	2.34	1.99	8.84	8.18	12.06

Consolidated total results in summary

SEK, MILLIONS	JUL-SEP 2020	JUL-SEP 2019	JAN-SEP 2020	JAN-SEP 2019	JAN-DEC 2019
Result for the period	46.6	39.7	177.5	163.9	241.7
<i>Items that may later be reclassified to profit or loss</i>					
Exchange rate differences	-4.7	-3.2	-57.2	28.2	15.8
OTHER TOTAL RESULTS FOR THE PERIOD, NET AFTER TAX	41.9	36.5	120.3	192.1	257.5
Total result for the period					
Total result assignable to shareholders in Parent Company	41.7	34.7	114.4	185.2	247.8
Total result assignable to non-controlling interests' holdings	0.2	1.8	5.9	6.9	9.7

→ ACCOUNTS

Consolidated balance sheet in summary

SEK, MILLIONS	2020-09-30	2019-09-30	2019-12-31
Assets			
Intangible fixed assets	1,033.2	988.8	983.4
Tangible fixed assets	192.6	233.3	234.3
Financial fixed assets	12.7	8.3	9.0
Deferred tax assets	3.2	3.3	2.6
Current assets	687.0	722.6	718.5
Cash equivalents	484.6	191.4	278.4
TOTAL ASSETS	2,413.3	2,147.7	2,226.2
Equity and liabilities			
Share capital	19.3	19.3	19.3
Other paid-in capital and provisions	518.3	587.1	574.4
Recognized profits, including profit for the year	802.6	553.0	631.4
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	1,340.2	1,159.4	1,225.1
Non-controlling interests	21.9	13.2	16.0
TOTAL EQUITY	1,362.1	1,172.6	1,241.1
Long-term provisions	57.9	45.8	50.7
Interest-bearing long-term liabilities	126.9	189.4	164.4
Interest-bearing short-term liabilities	174.2	96.9	105.8
Other short-term liabilities	692.6	643.0	664.2
TOTAL EQUITY AND LIABILITIES	2,413.3	2,147.7	2,226.2

Consolidated cash flow analysis in summary

SEK, MILLIONS	JUL-SEP 2020	JUL-SEP 2019	JAN-SEP 2020	JAN-SEP 2019	JAN-DEC 2019
Cash flow current operations before changes in working capital	63.5	60.5	179.2	195.4	313.2
Change in working capital	-79.5	61.6	85.2	-4.5	-8.2
CASH FLOW FROM CURRENT OPERATIONS	-16.0	122.1	264.4	190.9	305.0
Cash flow from investing activities	-2.8	-5.4	-76.5	-18.5	-25.9
Cash flow from financing activities	-15.6	-22.7	18.2	-175.3	-195.4
CASH FLOW FOR THE PERIOD	-34.4	94.0	206.1	-2.9	83.7
Opening balance at start of period	518.6	97.2	278.4	194.6	194.6
Exchange rate differences in cash equivalents	0.4	0.2	0.1	-0.3	0.1
CLOSING BALANCE AT END OF PERIOD	484.6	191.4	484.6	191.4	278.4

→ ACCOUNTS

Statement of changes in equity in summary – Group

SEK, MILLIONS	JUL-SEP 2020	JUL-SEP 2019	JAN-SEP 2020	JAN-SEP 2019	JAN-DEC 2019
Opening balance	1,319.4	1,141.9	1,241.1	1,106.3	1,106.3
Exchange rate differences	-4.7	-3.2	-57.2	28.2	15.8
Result for the period	46.6	39.7	177.5	163.9	241.7
TOTAL RESULT FOR THE PERIOD	41.9	36.5	120.3	192.1	257.5
TOTAL BEFORE TRANSACTIONS WITH SHAREHOLDERS	1,361.3	1,178.4	1,361.4	1,298.4	1,363.8
Non-controlling interests' holdings	-0.1	–	-0.3	–	–
Additional capital from non-controlling interests' holdings	0.9	-3.0	1.0	-2.9	0.2
Dividend payment	–	-2.8	–	-122.9	-122.9
CLOSING BALANCE	1,362.1	1,172.6	1,362.1	1,172.6	1,241.1

Key figures

SEK, MILLIONS	JUL-SEP 2020	JUL-SEP 2019	JAN-SEP 2020	JAN-SEP 2019	JAN-DEC 2019
Average number of employees	2,122	2,199	2,192	2,189	2,213
Sales per average number of employees (SEK, 000s)	312	322	1,120	1,109	1,507
Result after financial items per average number of employees (SEK, 000s)	27	23	104	96	142
Return on total capital, %	2.4	2.6	10.0	10.8	15.8
Return on equity, %	3.5	3.4	13.6	14.4	20.6
Return on capital employed, %	3.6	3.9	14.6	16.4	24.1
EBITA margin, %	8.8	7.9	9.2	9.1	9.6
Equity ratio, %	56.4	54.6	56.4	54.6	55.7

Data per share

SEK, MILLIONS	JUL-SEP 2020	JUL-SEP 2019	JAN-SEP 2020	JAN-SEP 2019	JAN-DEC 2019
Earnings per share, (SEK)					
Before dilution	2.34	1.99	8.84	8.18	12.06
After dilution	2.34	1.99	8.84	8.18	12.06
Equity per share, (SEK)					
Before dilution	69.61	60.22	69.61	60.22	63.63
After dilution	69.61	60.22	69.61	60.22	63.63
Average number of shares, (000s)					
Before dilution	19,254	19,254	19,254	19,254	19,254
After dilution	19,254	19,254	19,254	19,254	19,254
Number of shares on balance sheet day, (000s)					
Before dilution	19,254	19,254	19,254	19,254	19,254
After dilution	19,254	19,254	19,254	19,254	19,254

→ ACCOUNTS

Group segment reporting in summary

JUL-SEP 2020 SEK, MILLIONS	Solutions	Experience	Insight	Parent Company/ consol. adj.	Total
External net sales	450.9	145.3	65.7	–	661.9
Net sales between segments	13.3	13.9	4.3	-31.5	–
NET SALES	464.2	159.2	70.0	-31.5	661.9
Operating result before depreciations of intangible assets (EBITA)	52.4	15.0	-0.6	-8.3	58.5
Depreciation of intangible assets	-1.6	-0.3	–	-1.2	-3.1
OPERATING PROFIT (EBIT)	50.8	14.7	-0.6	-9.5	55.4
Result after financial items					57.9
RESULT FOR THE PERIOD					46.6
EBITA margin, %	11.3	9.4	-0.9		8.8
Average number of employees	1,340	519	241	22	2,122
JUL-SEP 2019 SEK, MILLIONS	Solutions	Experience	Insight	Parent Company/ consol. adj.	Total
External net sales	466.8	171.6	70.2	–	708.6
Net sales between segments	16.2	13.1	7.6	-36.9	–
NET SALES	483.0	184.7	77.8	-36.9	708.6
Operating result before depreciations of intangible assets (EBITA)	52.6	11.7	-1.9	-6.1	56.3
Depreciation of intangible assets	-0.5	-0.5	–	-0.6	-1.6
OPERATING PROFIT (EBIT)	52.1	11.2	-1.9	-6.7	54.7
Result after financial items					51.4
RESULT FOR THE PERIOD					39.7
EBITA margin, %	10.9	6.3	-2.4		7.9
Average number of employees	1,339	567	280	13	2,199

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 segment reporting in summary, continued

JAN-SEP 2020 SEK, MILLIONS	Solutions	Experience	Insight	Parent Company/ consol. adj.	Total
External net sales	1,668.4	539.9	247.5	–	2,455.8
Net sales between segments	45.0	49.1	22.6	-116.7	–
NET SALES	1,713.4	589.0	270.1	-116.7	2,455.8
Operating result before depreciations of intangible assets (EBITA)	211.1	67.0	8.2	-59.6	226.7
Depreciation of intangible assets	-4.8	-0.9	–	-2.5	-8.2
OPERATING PROFIT (EBIT)	206.3	66.1	8.2	-62.1	218.5
Result after financial items					228.3
RESULT FOR THE PERIOD					177.5
EBITA margin, %	12.3	11.4	3.0		9.2
Average number of employees	1,377	535	257	23	2,192
Intangible assets	713.6	238.4	59.5	21.7	1,033.2
Tangible fixed assets	9.8	3.1	0.2	179.5	192.6
JAN-SEP 2019 SEK, MILLIONS	Solutions	Experience	Insight	Parent Company/ consol. adj.	Total
External net sales	1,550.8	593.0	283.1	–	2,426.9
Net sales between segments	51.1	43.5	26.0	-120.6	–
NET SALES	1,601.9	636.5	309.1	-120.6	2,426.9
Operating result before depreciations of intangible assets (EBITA)	183.2	45.3	30.2	-36.7	222.0
Depreciation of intangible assets	-1.8	-1.0	–	-1.9	-4.7
OPERATING PROFIT (EBIT)	181.4	44.3	30.2	-38.6	217.3
Result after financial items					210.4
RESULT FOR THE PERIOD					163.9
EBITA margin, %	11.4	7.1	9.8		9.1
Average number of employees	1,319	572	285	13	2,189
Intangible assets	664.4	247.6	61.6	15.2	988.8
Tangible fixed assets	11.2	2.2	0.3	219.6	233.3

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	JUL-SEP 2020	JUL-SEP 2019	JAN-SEP 2020	JAN-SEP 2019	JAN-DEC 2019
GEOGRAPHIC CATEGORIZATION					
Fee revenue					
Sweden	328.8	342.4	1,251.3	1,215.8	1,686.3
Norway	259.7	288.1	920.1	939.1	1,267.2
Finland	33.9	37.2	122.1	126.0	171.2
Other	16.8	16.9	55.7	51.2	69.8
TOTAL FEE REVENUE	639.2	684.6	2,349.2	2,332.1	3,194.5
Other revenue					
Sweden	13.5	15.6	79.0	63.5	93.7
Norway	7.8	8.3	25.5	30.8	44.7
Finland	0.5	0.1	0.6	0.5	2.2
Other	0.4	0.0	1.0	0.0	0.0
TOTAL OTHER REVENUE	22.2	24.0	106.1	94.8	140.6
TOTAL NET REVENUE	661.4	708.6	2,455.3	2,426.9	3,335.1

SEK, MILLIONS	JUL-SEP 2020	JUL-SEP 2019	JAN-SEP 2020	JAN-SEP 2019	JAN-DEC 2019
SEGMENT CATEGORIZATION					
Fee revenue					
Solutions	453.4	470.4	1,642.9	1,558.8	2,146.6
Experience	142.9	169.3	539.5	576.9	783.4
Insight	68.6	75.5	265.4	301.3	409.2
Parent Company/consol. adjustments	-25.7	-30.6	-98.6	-104.9	-144.7
TOTAL FEE REVENUE	639.2	684.6	2,349.2	2,332.1	3,194.5
Other revenue					
Solutions	10.9	12.6	70.5	43.1	63.7
Experience	16.3	15.4	49.5	59.6	87.1
Insight	1.3	2.3	4.6	7.8	11.0
Parent Company/consol. adjustments	-6.3	-6.3	-18.5	-15.7	-21.2
TOTAL OTHER REVENUE	22.2	24.0	106.1	94.8	140.6
TOTAL NET REVENUE	661.4	708.6	2,455.3	2,426.9	3,335.1

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	2020-09-30			2019-09-30		
	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	–	3.2	3.2 ¹⁾	–	0.3	0.3 ¹⁾
Other long-term receivables	1.4	–	1.4	1.1	–	1.1
Accounts receivable and other receivables	603.5	–	603.5	634.3	–	634.3
Cash equivalents	484.6	–	484.6	191.4	–	191.4
TOTAL	1,089.5	3.2	1,092.7	826.8	0.3	827.1

SEK, MILLIONS	2020-09-30			2019-09-30		
	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	–	20.4	20.4 ²⁾	–	61.7	61.7 ²⁾
Future consideration	22.7	–	22.7 ²⁾	17.8	–	17.8 ²⁾
Other interest-bearing liabilities	258.0	–	258.0	206.8	–	206.8
Accounts payable	106.0	–	106.0	99.6	–	99.6
Other liabilities	249.7	–	249.7	257.0	–	257.0
TOTAL	636.4	20.4	656.8	581.2	61.7	642.9

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.

SEK, MILLIONS	Future additional considerations and options	Future considerations
Fair value, 2020-01-01	52.0	14.6
Total recognized profits and losses:		
Recognized in profit/loss for the year	-4.4	–
Recognized in other comprehensive income	–	-1.0
Settlement of future additional considerations, options and future consideration	-27.2	-7.8
Cost of acquisitions	–	16.9
Fair value, 2020-09-30	20.4	22.7
Fair value, 2019-01-01	51.1	18.7
Total recognized profits and losses:		
Recognized in profit/loss for the year	4.7	–
Recognized in other comprehensive income	–	2.9
Settlement of future additional considerations, options and future consideration	-2.5	-3.8
Cost of acquisitions	8.4	–
Fair value, 2019-09-30	61.7	17.8

→ ACCOUNTS

Income statement Parent Company in summary

SEK, MILLIONS	JUL-SEP 2020	JUL-SEP 2019	JAN-SEP 2020	JAN-SEP 2019	JAN-DEC 2019
Net sales	91.5	74.3	306.5	249.8	353.1
Operating costs	-102.7	-86.0	-355.8	-289.0	-404.7
Depreciation of tangible fixed ass	-0.3	-0.3	-0.9	-0.9	-1.2
OPERATING RESULT BEFORE DEPRECIATION OF INTANGIBLE ASSETS (EBITA)	-11.5	-12.0	-50.2	-40.1	-52.8
Depreciation of intangible fixed assets	-1.2	-0.6	-2.5	-1.9	-2.6
OPERATING RESULT (EBIT)	-12.7	-12.6	-52.7	-42.0	-55.4
Financial items	-0.3	80.1	16.4	114.7	267.0
RESULT AFTER FINANCIAL ITEMS	-13.0	67.5	-36.3	72.7	211.6
Appropriations	–	–	–	–	-18.9
Income taxes	0.1	0.4	0.5	0.4	-17.9
RESULT FOR THE PERIOD	-12.9	67.9	-35.8	73.1	174.8

Balance sheet Parent Company in summary

SEK, MILLIONS	2020-09-30	2019-09-30	2019-12-31
Assets			
Intangible fixed assets	18.0	15.1	16.5
Tangible fixed assets	2.7	3.6	3.4
Financial fixed assets	949.0	876.8	874.5
Current assets	142.0	103.1	97.7
Cash equivalents	470.3	185.5	273.5
TOTAL ASSETS	1,582.0	1,184.1	1,265.6
Equity and liabilities			
Share capital	19.3	19.3	19.3
Statutory reserve	68.0	68.0	68.0
Fund for development costs	6.2	9.3	8.7
Unrestricted share capital including result for the period	306.8	237.7	340.1
TOTAL EQUITY	400.3	334.3	436.1
Untaxed reserves	111.8	92.9	111.8
Long-term provisions	5.2	2.3	2.4
Interest-bearing long-term liabilities	7.9	8.5	7.9
Interest-bearing short-term liabilities	91.3	3.4	0.4
Other short-term liabilities	965.5	742.7	707.0
TOTAL EQUITY AND LIABILITIES	1,582.0	1,184.1	1,265.6

→ 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.

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
Considerations	
Paid in cash	70.0
Provisions for considerations	16.9
Total consideration	86.9
Identifiable net assets	-13.7
Other intangible assets	-26.1
Deferred tax on intangible assets	5.4
Goodwill	52.5

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
Identifiable net assets	13.7
Consideration settled in cash	-70.0
Liquid assets in acquired companies	11.7
Impact on the Group's liquid assets from this year's acquisitions	-58.3
Additional considerations paid for acquisitions made in past years	-9.1
Impact on the Group's liquid assets from acquisitions of operations	-58.7

The acquired company has during the period contributed with net sales of SEK 18,9 million and with profit before amortization of intangible assets (EBITA) of SEK 3,5 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 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 2019, pages 12 and 101. **k**

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. ($226.7 / 2,455.3 = 9.2\%$)

NET LIABILITIES Interest-bearing liabilities less financial interest-bearing assets. ($126.9 + 174.2 - 484.6 = -183.5$)

AVERAGE EQUITY The average of the opening equity of the period and the closing equity of the period. ($(1,241.1 + 1,362.1) / 2 = 1,301.6$)

EARNINGS ON EQUITY The profit after taxes in percent of average equity including non-controlling interest shares. ($177.5 / 1,301.6 = 13.6\%$)

AVERAGE CAPITAL EMPLOYED Total assets plus interest-bearing liabilities. ($(1,362.1 + 126.9 + 174.2 + 1,241.1 + 164.4 + 105.8) / 2 = 1,587.3$)

EARNINGS ON CAPITAL EMPLOYED Profit after financial items plus financial costs in percent of average capital employed. ($(228.3 + 3.4) / 1,587.3 = 14.6\%$)