

Year-end report

» Continued growth and increased dividends

JANUARY – DECEMBER 2022

NET SALES INCREASED BY 42.0 PERCENT TO SEK 6,833.8 (4,811.8) MILLION
 THE OPERATING PROFIT (EBITA) INCREASED BY 36.0 PERCENT TO SEK 596.5 (438.5) MILLION
 THE ADJUSTED OPERATING PROFIT (EBITA) INCREASED BY 24.7 PERCENT TO SEK 608.5 (487.9) MILLION¹⁾

THE OPERATING MARGIN (EBITA) WAS 8.7 (9.1) PERCENT
 THE ADJUSTED OPERATING MARGIN (EBITA) WAS 8.9 (10.1) PERCENT¹⁾

RESULTS AFTER TAX INCREASED TO SEK 392.2 (294.8) MILLION
 EARNINGS PER SHARE INCREASED TO SEK 14.05 (12.26)²⁾

CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 475.3 (462.8) MILLION
 THE BOARD PROPOSES A DIVIDEND OF SEK 7.50 PER SHARE, SEK 205.6 MILLION IN TOTAL³⁾

OCTOBER – DECEMBER 2022

NET SALES INCREASED BY 25.2 PERCENT TO SEK 1,972.9 (1,575.9) MILLION
 THE OPERATING PROFIT (EBITA) INCREASED BY 5.8 PERCENT TO SEK 178.0 (168.2) MILLION
 THE ADJUSTED OPERATING PROFIT (EBITA) WAS SEK 179.3 (181.1) MILLION¹⁾

THE OPERATING MARGIN (EBITA) WAS 9.0 (10.7) PERCENT
 THE ADJUSTED OPERATING MARGIN (EBITA) WAS 9.1 (11.5) PERCENT¹⁾

RESULTS AFTER TAX WERE SEK 119.0 (125.8) MILLION
 EARNINGS PER SHARE WAS SEK 4.31 (4.67)²⁾

CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 319.4 (267.3) MILLION

1) EBITA is adjusted for items that affect comparability between periods, to improve understanding of the Group's underlying operative activities. For more information, see definitions on page 30. 2) Before and after dilution. 3) The Board proposes a dividend of SEK 7.50 (7.00) per share, to be paid out in two instalments of SEK 3.75 each.

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 Securities Market Act. The information was made public through the agency of CEO and President Per Wallentin, at 07.30 CET on February 7, 2023.

COMMENTS FROM THE CEO

A stable end to the year

The last quarter of the year was characterized by high demand for digitalization projects in the Nordic region and we are pleased to close out the year with continued net sales growth. The EBITA result is greater than that of last year, but in order to meet demand and take on larger assignments, our proportion of subconsultants has increased compared with in past years. This increases revenue and improves flexibility, but has a negative effect on the margin. Uncertainty regarding macroeconomic developments means that decision processes for new projects are longer than a year ago, while our clients appreciate a broader, stronger offer.

THE NEED TO adapt business models to an increasingly digital society remains large. Uncertainty regarding macroeconomic developments means that sales cycles have become somewhat longer for certain clients and in certain geographic areas. We are seeing more caution in Finland compared with in Norway, for instance, where demand remains very high, largely thanks to a stable foundation in the public sector. Like in the two past quarter, our margin is affected by increased costs related to conferences and moving to new offices. Within the organization, we are working to increase our internal efficiency and the focus on sales, to increase profitability and improve our margins going forward.

During the fourth quarter, we have had a strong organic development in all business areas and the business area Connectivity is showing a continuing positive profitability trend. The weaker margin in the business area Solutions is mainly due to increased use of subconsultants in client assignments – a priority made to ensure continued deliveries to strategically important clients. It is gratifying to see that the business area Insight has strengthened its profitability compared with in the third quarter.

An increased share of Knowit's client projects are contributing to the climate shift in some way. For instance, Knowit has helped Norwegian Statkraft, the largest producer of renewable energy in Europe, to digitalize a hydroelectric power plant in southern Sweden, saving both time and energy for our client.

ACQUISITIONS CONTRIBUTING TO A STRONGER AND BROADER OFFER

Throughout 2022 we have worked actively with broadening and strengthening our offer through a combination of intense recruitment and acquisitions. During the fourth quarter, we finalized the acquisitions of the management consultants Ascend and Ionic, with good results, meaning that we have integrated seven acquired units during the year. Knowit's strategy of combining organic growth with supplementary acquisitions has been one of the driving forces in Nordic consolidations in the past few years.

INCREASED CONFIDENCE IN KNOWIT

Our work with continuously developing Knowit as an employer is key to securing future deliveries to clients throughout the Nordic region. I am pleased to be able to conclude that our recurring employee survey, performed in the fourth



quarter last year, once again showed that our employees enjoy working for Knowit and that the share that recommend Knowit as an employer is increasing. Even on a more uncertain market, recruitment of new talents in areas where we see continued high demand is a top priority, and attracting candidates from our employees' personal networks is a safe and secure recruitment method.

The analyst Radar Group has recently published an industry report showing that Knowit has the highest level of brand recognition in the consultancy industry and is one of few suppliers exceeding its levels from 2021. Furthermore, Knowit is the company that – according to its clients – is considered to create most value in client relationships. Both recognition and value creation are important parameters in all stages of an economic cycle and a clear show of strength in times of uncertainty regarding the macroeconomic development of the coming year.

A STRENGTHENED POSITION AHEAD OF 2023

I look back at a year where Knowit has advanced even further as one of the Nordic region's leading suppliers of projects that help companies and organizations in the digital transformation. We have strong confidence on the market and digitalization is high on our clients' agendas in a weaker economic climate too. This means I look forward to a 2023 with continued high demand. Thanks to a solid foundation with high profitability, the Board can propose a dividend of SEK 7.50 per share. ■

PER WALLENTIN
CEO and President

EVENTS DURING THE PERIOD



OCTOBER – DECEMBER 2022

In October, Knowit – a strong partner of Microsoft in the Nordic region – was awarded **FOUR SOLUTIONS PARTNER DESIGNATIONS** within the framework of Microsoft's new Cloud Partner program. The new partner program replaced Microsoft silver and gold partnerships with six new Solutions Partner Designations.

Knowit is getting an expanded license in software components for vehicle usage, **A SPICE LEVEL 2** is a joint initiative from the German vehicle industry and encompasses independent assessment of suppliers with the goal of validating the ability to deliver secure and reliable software programs to the vehicle industry.

Knowit has entered into a new five-year strategic **COLLABORATION AGREEMENT WITH AMAZON WEB SERVICES (AWS)** to accelerate the digital transformation of clients in the Nordic region. The increased collaboration and partnership with AWS provides clients with the latest technology and support, while also strengthening Knowit's position in cloud-related assignments in the Nordic region.

Knowit has been named the **SWEDISH TAX AGENCY'S NEW CREATIVE DIGITAL AGENCY**. Knowit will be supporting the Swedish Tax Agency in developing the digital client experience, including ideation, strategic planning, creative digital production, and analysis.

In December, Knowit launched a new website for the **LARGEST MOTORCYCLE STORE IN SWEDEN, JE68**. The new website is based on Knowit's e-commerce platform E-commerce Accelerator, KEX3. The new solution and a new brand identity simplify the customer journey for JE68's end customers.

During December, Knowit and its employees, clients, partners and friends raised more than EUR 54,000 for **UNHCR'S WORK IN UKRAINE**.

Knowit has been given the confidence to be a strategic partner in further development of **VERISURE'S** digital services. Knowit won a procurement process in several different areas and will support Verisure with technical competence in a hybrid design with consultants from both Poland and Sweden.

Knowit's Nordic client survey (KantarSifo) shows **HIGH LEVELS OF CLIENT SATISFACTION** on all markets, 4 on a scale 1–5. Eighty percent see Knowit as a very important supplier or strategic partner.

The analyst Radar has during the fall performed a **TRUST AND BRAND SURVEY**, where Knowit was found to be the consultancy firm that could deliver most value in relation to its clients.

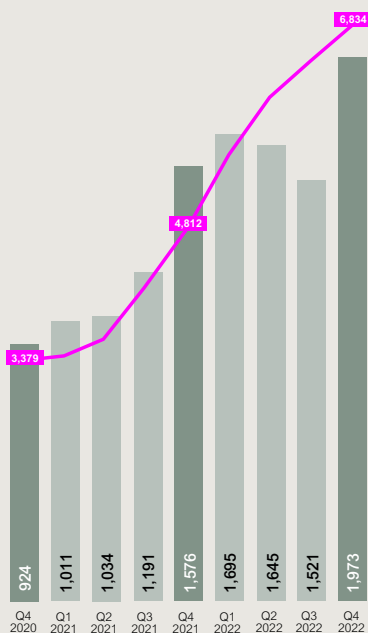
THE QUARTER IN BRIEF

Good growth and stable profitability

OCTOBER – DECEMBER 2022

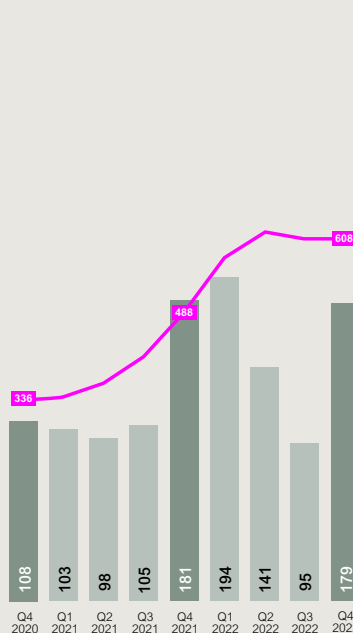
KNOWIT IS FACING strong demand during the final quarter of the year, with growth in all business areas. The growth, including acquired units, is 11.5 percent. The adjusted EBITA result is unchanged compared with in the previous year, which means the margin has weakened to 9.1 (11.5) percent. During the year, Knowit has gradually increased the proportion of subconsultants to meet demand from clients, which has had a negative impact on the margin.

During the quarter, the acquisitions of the sister companies Ascend and Ionic, with around 60 management consultants in Stockholm, were finalized. Together, these units strengthen the offer on the Swedish market further.



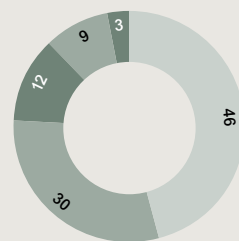
NET SALES, SEK, MILLIONS

- Net sales, quarterly data
- Rolling 12 months



ADJUSTED EBITA PROFIT, SEK, MILLIONS

- Adjusted EBITA profit, quarterly data
- Rolling 12 months



SALES PER COUNTRY OCTOBER – DECEMBER 2022

Sweden	46% (51)
Norway	30% (30)
Denmark	12% (7)
Finland	9% (9)
Poland	3% (3)
Other	0% (0)

→ THE QUARTER IN BRIEF

OCTOBER – DECEMBER 2022

Financial development

The net sales for the quarter increased to SEK 1,972.9 (1,575.9), affected by the acquisitions of 1508.dk, Strømlin, Swedspot, Miracle, Marketing Clinic, Ascend, and Ionic. Profit before amortization of intangible assets (EBITA) increased to SEK 178.0 (168.2) million. The adjusted EBITA profit was SEK 179.3 (181.1) million, adjusted for acquisition and integration costs of SEK 1.4 million.

Compared with the corresponding period last year, exchange rate developments had a positive effect on EBITA totaling SEK 57.7 million. Cash flow from operating activities increased to SEK 319.4 (267.3) million, where the change in operating capital had an impact of SEK 69.3 (52.8) million. ■

The below table shows financial history that includes the acquisitions of 1508.dk, Strømlin, Swedspot, Miracle, Marketing Clinic, Ascend, and Ionic for comparable periods, to facilitate for the reader to follow the development. See more information on page 28.

SEK, MILLIONS	OCT-DEC 2022	OCT-DEC 2021
Sales	1,972.9	1,575.9
Sales, acquisitions		193.6 ¹⁾
Sales, including acquisitions	1,972.9	1,769.4
Sales, change, %	11.5	
<i>of which is exchange rate effect, %</i>	3.3	

1) Adjustments relate to addition of net sales in 1508.dk, Strømlin, Swedspot, Miracle, Marketing Clinic, Ascend, and Ionic for the period October – December 2021.

In the below table, EBITA is adjusted for items that impair comparability between different periods, to enable increased understanding for the Group's underlying operations.

SEK, MILLIONS	OCT-DEC 2022	OCT-DEC 2021
EBITA	178.0	168.2
Adjusted EBITA profit	179.3¹⁾	181.1 ¹⁾
EBITA margin, %	9.0	10.7
Adjusted EBITA margin, %	9.1²⁾	11.5 ²⁾
Cash flow from operating activities	319.4	267.3
Intangible assets	4,629.7	3,839.5
Number of employees at the end of the period	4,410	3,849

1) EBITA is adjusted for items that impair comparability between different periods, to improve the understanding of the Group's underlying operations. Comparison-impairing items include costs connected to acquisitions and sales and costs for restructuring and integration programs.

2) Adjusted EBITA profit in relation to the net sales of the period.

MARKET AND OPERATIONS

A driving force in the digital transformation

Knowit actively contributes to a sustainable development of society by developing innovative solutions along with its clients and partners. Together, Knowit's four business areas provide a complete offer in digital transformation, encompassing every aspect of the client's organization. *Solutions*, system development and tech-associated services, *Experience*, digital communication solutions and data-driven customer experiences, *Connectivity*, development of embedded systems, security applications, and cloud services, and *Insight*, management consultancy and organizational development.

THE DIGITAL TRANSFORMATION means that companies and organizations are adapting their processes and business models to become entirely or partially digitalized. Knowit is there, in every step of this development, as support. In a digitalized society, new possibilities for a simplified and sustainable everyday existence are created for both people and companies. The solution to many of the main challenges in society, such as climate change, is dependent on mankind's ability to use new and existing technology in a sustainable way. Digital solutions that Knowit has developed along with clients and partners are found throughout all parts of society, from schools, health-care services, and authorities, to e-commerce, transportation, security systems in vehicles, and new energy systems. Knowit's competence in new technology and digital solutions, such as artificial intelligence, automation, and robotization, creates good possibilities to have a positive impact on society and the climate challenges. Knowit has its largest operations in the Nordic region, with a smaller organization in Germany and operations in Poland that support the Nordic operations with expertise in programming and system development. With its agile work method and client-tailored solutions, Knowit has a strong position on the Nordic digitalization market.

A STRONG CLIENT OFFERING

Knowit's four business areas build on the clients' needs for support in various parts of their organizations. The business area Solutions usually collaborates with companies' operative and IT departments. Experience's usual client group encompasses sales and marketing departments, and Connectivity's target group is mainly research and development departments. Insight mainly has corporate management and management teams as its clients. Knowit's clients often have a need for services from several business areas. This means that projects can be performed with the support of multiple competencies from more than one business area. These are collaborations that develop both Knowit's and the clients' businesses.

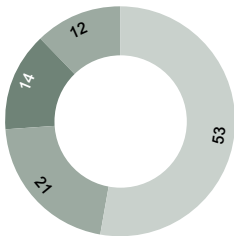
GOOD SPREAD ACROSS DIFFERENT CLIENT INDUSTRIES

Knowit meets clients in many different industries, where companies and organizations have the need for competent support to develop their operations and drive the change towards a digitalized society. The largest proportion of net sales is in the public sector, providing 39 percent of Knowit's total net sales. Other significant client sectors are Retail and service companies, Industry, and Banking, finance, and insurance, which are behind 16, 15, and 10 percent of net sales, respectively.

WITH A FOCUS ON SUSTAINABILITY

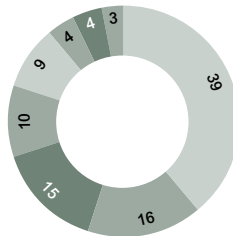
Actively contributing to the development of a sustainable and carbon-neutral society is a top priority at Knowit. As one important step, Knowit's new sustainability targets were made public in early 2022. They serve to ensure that the Company, along with its clients and partners, actively contributes to the UN Agenda 2030, with positive environmental and climate impact and increased inclusivity. As of January 1, 2022, Knowit is a climate-positive company and has, within the framework of Fossil-free Sweden, committed to decreasing its carbon dioxide emissions by at least 50 percent by 2030. The goal is in line with the Science-Based Target initiative (SBTi), an initiative that objectively reviews the emission decrease targets of companies in relation to scientific best practices.

Knowit is working in several client projects serving to decrease climate impact. A good example of this is the assignment for the Norwegian-owned hydroelectric power plant Statkraft, described in more detail on page 9.



**SALES PER BUSINESS AREA
OCTOBER - DECEMBER 2022**

Solutions	53% (54)
Experience	21% (22)
Connectivity	14% (14)
Insight	12% (10)



**SALES PER CLIENT INDUSTRY
OCTOBER - DECEMBER 2022**

Public sector	39% (37)
Retail and service companies	16% (18)
Industry	15% (14)
Banking, finance, and insurance	10% (10)
Telecommunications	9% (10)
Energy	4% (3)
Media, education, and gaming	4% (3)
Other	3% (5)

→ MARKET AND OPERATIONS

A STRONG EMPLOYER BRAND

The growing demand for digital services means that Knowit is working hard to attract new employees and retain its strong employer brand in the tech sector. One key to doing this is the continuous performance of employee surveys, which provide an important foundation for ensuring that Knowit develops as a workplace. In the fourth quarter, a new employee survey was performed, revealing positive development and showing that Knowit is well above the industry average as regards employee satisfaction. As part of the development of Knowit as a workplace, a new, digital development platform was introduced during the fourth quarter.

AN ACTIVE GROWTH AGENDA COMBINED WITH ORGANIC GROWTH

The Nordic market for digitalization is dominated by a few larger players and large number of smaller companies specialized in particular areas in the digitalization chain. Knowit is one of the players that can, and has the ambition to, drive the consolidation trend through strategic or supplementary acquisitions, that complement a long-term sound organic growth.

During the fourth quarter, Knowit finalized the acquisition of the management consultancy company Ascend AB and its sister company Ionic AB. Ascend is strengthening the existing management offer primarily in the areas Business Technology and Commercial Excellence. During 2022, Knowit has performed several acquisitions that have reinforced its client offer in various ways and strengthened its geographic presence.

FINANCIAL OUTCOME

The Group's operations are organized so that the corporate management team primarily follows four business areas: Solutions, Experience, Connectivity, and Insight.

The net sales for Solutions increased to SEK 1,120.9 (902.2) million, for Experience to SEK 431.9 (365.6) million, for Connectivity to SEK 287.5 (229.4) million, and for Insight to SEK 254.3 (174.5) million.

Profit before amortization of intangible assets (EBITA) for Solutions was SEK 110.5 (112.8) million, for Experience it increased to SEK 48.4 (42.3) million, for Connectivity to SEK 34.7 (25.3) million, and for Insight to SEK 32.7 (26.2) million.

The EBITA margin for Solutions was 9.9 (12.5) percent, for Experience was 11.2 (11.6) percent, for Connectivity it increased to 12.1 (11.0) percent, and for Insight it was 12.9 (15.0) percent.

Solutions

	OCT-DEC 2022	OCT-DEC 2021 ¹⁾	OCT-DEC 2021 incl. acquisition ²⁾
Sales, SEK, million	1,120.9	902.2	1,005.1
EBITA, SEK, million	110.5	112.8	116.1
EBITA margin, %	9.9	12.5	11.5
Number of employees at the end of the period	1,931	1,750	1,880

1) The comparative figures have been updated based on the new organization.
2) Pertains to the acquisition of Miracle from October to December 2021.

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 approximately 1,900 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.

In the Nordic region, the business area Solutions has most of its clients in the public sector. Examples of clients include VY (formerly NSB), several larger companies in retail and e-commerce and leading companies like Telia and Telenor in the telecom sector. Examples of interesting organizations that Knowit Solutions has delivered communication solutions to include the aid organization Sida and SOS Alarm.

COMMENTS FROM THE HEAD OF SOLUTIONS

The business area Solutions has had a stable development during the quarter, with positive growth. In Norway, we are seeing continued growth of assignments with a relatively large proportion of subconsultants, which increases revenue, but leads to a lower margin. Our Swedish operations are challenged by high demand for system development competence, which means that the need for new recruitment remains high and that the pace of growth has been inhibited during the quarter. In Danish Miracle, which was acquired earlier in the year, some restructuring has been performed during the quarter to ensure future profitability.

"We are seeing generally high demand for digitalization competence and have increased our focus on sales to new clients during the quarter. In Sweden and Norway, recruitment remains a high priority, while this need has decreased somewhat in Finland and Denmark," says Åsa Holmberg.

Experience

	OCT-DEC 2022	OCT-DEC 2021	OCT-DEC 2021 incl. acquisition ¹⁾
Sales, SEK, million	431.9	365.6	384.6
EBITA, SEK, million	48.4	42.3	47.3
EBITA margin, %	11.2	11.6	12.3
Number of employees at the end of the period	1,000	929	969

1) Pertains to the acquisition of 1508.dk and Stramlin from October to December 2021.

The business area Experience is one of the leading digital agencies in the Nordic region, which has this year passed a milestone with 1,000 specialists at the interface between technology and communication, who take responsibility for the entire digital customer experience. In the client projects, staffed with multiple competencies in web, e-commerce, analysis, marketing, design, and big data, Experience helps companies and organizations achieve their business-critical marketing and sales goals.

Knowit Experience's relationships with its clients are typically a combination of time-limited project assignments and long-term partnerships. An example is the increased need to shift sales to data-driven e-commerce solutions more quickly. Examples of clients include Danish Arla, Nordic OKQ8, Inera 1177.se in Sweden, and the Norwegian insurance company Storebrand.

→ MARKET AND OPERATIONS

COMMENTS FROM THE HEAD OF EXPERIENCE

The business area Experience has grown on all Nordic markets during the last quarter of the year. During the last six months of the year, the business area has expanded its offer through the operations in Poland, which opens for new discussions with clients and makes Knowit even more relevant. After a period with a high recruitment pace, the margin is affected by somewhat longer waiting times in getting new consultants into assignments.

“After a long period of extensive recruitment, we are now increasing our focus on sales activities in the business area – which is showing results. We have the critical mass and breadth of competence that our large clients need, which can be seen in the growing number of large assignments,” says Fredrik Ekerhovd.

Connectivity

	OCT-DEC 2022	OCT-DEC 2021	OCT-DEC 2021 incl. acquisition ¹⁾
Sales, SEK, million	287.5	229.4	240.5
EBITA, SEK, million	34.7	25.3	26.5
EBITA margin, %	12.1	11.0	11.0
Number of employees at the end of the period	773	659	693

¹⁾ Pertains to the acquisition of Swedspot from October to December 2021.

Connectivity combines technical expertise and business competence for innovative, secure, and sustainable solutions in IT and communication technology. The business area is primarily active in product, system, and service development of embedded systems, cloud solutions, and security applications. The business area has around 750 consultants in Sweden and Poland and smaller operations in Germany. Connectivity is specialized in development of 5G technology, at the absolute cutting edge of digitalization. The platform enables usage of artificial intelligence (AI), the internet of things (IoT), and extended reality (XR). Thus, it has potential to decrease costs, energy usage, emissions and waste, and to mitigate climate change. Connectivity is a leading supplier to clients in the telecom industry, the vehicle industry, the manufacturing industry. Connectivity collaborates with companies' research and development departments, for clients like ABV, Assa, Ericsson, Scania, and Valmet.

COMMENTS FROM THE HEAD OF CONNECTIVITY

Connectivity is closing out the year in a strong way, with continued growth and an improved margin. The demand for our services is high, with a tendency towards increased caution among some clients. During the quarter, our Polish operations have shown a particularly positive development, with new, profitable client assignments.

“The quarter is characterized by a stable development, where we are seeing continued high demand in both

Sweden and Poland. Our organization has a lot of drive and a high capacity to satisfy our clients' continuing need for development competence,” says Bo Strömqvist.

Insight

	OCT-DEC 2022	OCT-DEC 2021 ¹⁾	OCT-DEC 2021 incl. acquisition ²⁾
Sales, SEK, million	254.3	174.5	235.1
EBITA, SEK, million	32.7	26.2	34.6
EBITA margin, %	12.9	15.0	14.7
Number of employees at the end of the period	553	389	497

¹⁾ The comparative figures have been updated based on the new organization.

²⁾ Pertains to the acquisitions of Marketing Clinic, Ascend, and Ionic from October to December 2021.

Insight supports its clients in creating agile organizations and performing digital transformations, from idea to result. Investments in Knowit's management consulting operations in the latest year have created a significantly broader and more attractive offer to Nordic clients, in particular in working capital optimization and business development. With more than 550 employees, Knowit Insight is now a significant player in digital management consulting.

Insight is currently supporting its Nordic clients in areas within growth and profitability strategies, development of new business models, change management, and cybersecurity. With its clients, Insight develops and implements strategies where digitalization and new technology facilitate solutions that make everyday life easier for people, increases their quality of life – and makes a difference for the environment and our planet. Insight has a strong offer in cybersecurity and is seeing steadily growing demand in this area. Clients are found in both the private and the public sector.

COMMENTS FROM THE HEAD OF INSIGHT

The business area Insight is facing good demand in both Norway and Sweden. Specific competencies, such as cybersecurity, are still in very high demand, whereas others are seeing more reticence than one year ago. In Finland, the operations – excluding units acquired during the year – have recovered and shown positive development. The acquired unit Marketing Clinic has had a continued weak development, but several restructuring efforts have contributed to turning this trend around toward the end of the quarter.

“We have a stable platform and a broader offer today than we did one year ago. In Sweden, we are one of the market leaders in digital management consulting and our Norwegian operations are showing significant growth. During the fall, we have worked to strengthen the parts of our Finnish operations that have had a weaker development than expected,” says Carin Strindmark. ■

CUSTOMER CASES

Current projects create client value

Knowit are digitalization consultants that create unique client values by offering digital solutions that contribute to creating a sustainable society.

KNOWIT DELIVERS CLIENT projects that contribute to societal development and involve the human aspect, based on both usability and privacy. An important part of Knowit's contributions is increasing the clients' understanding of how digitalization can contribute to a circular economy and an improved society.



DIGITALIZATION OF A NORWEGIAN-OWNED HYDROELECTRIC POWER PLANT

On assignment from Sweco, Knowit has helped Statkraft – Europe's largest producer of renewable energy – to digitalize a hydroelectric power station in southern Sweden. With a secure and flexible industrial IoT (Internet of Things) solution, the work of the engineers has been streamlined and signals from the power station can be interpreted with greater precision thanks to the installation of more sensors in the facilities.

Within the framework of the project, Knowit's system developers have analyzed the power station's mainframe computer and analyzed signals sent to it from the power station. The project resulted in an application enabling for Statkraft's engineers to both control and monitor the entire power station remotely, using a tablet computer, smartphone, or computer. Compared with in the past, when engineers had to travel by car back and forth to the facilities, both time and energy are being saved.

Thanks to the successful project, there are already plans to automate the work with machine learning and digitalize more of the company's hydroelectric power plants.



AN E-COMMERCE SOLUTION THAT PROMOTES SUSTAINABILITY

Large e-commerce platforms, like Marketplace and E-bay, have strong positions and offers for consumers who want to buy and sell second-hand goods.

A global, market-leading retailers of consumer products asked Knowit to develop an e-commerce platform that could match the market leaders, to help consumers interact to buy and sell their second-hand products of that specific brand. An important goal was to offer a marketplace that made it easy for buyers to filter all the offers and for sellers to ensure that their ads were seen and noticed. Another goal was to ensure that consumers would feel safe in the knowledge that the products sold on the platform were of the brand they knew and loved.

This is a new service that is part of our client's overall sustainability strategy: taking responsibility for the carbon footprint of its products, throughout their lifecycles.

Knowit has created a first prototype of the platform as a basis for approving the launch of a pilot. The prototype combines high usability and design, which makes the shopping experience simple and inspiring. Image recognition technology helps sellers link to all the relevant information about their used product (material, size, color, etc.) and presents a price suggestion based on its condition. Identification software is used to ensure security in the chatroom and payment solution. The technical architecture is being developed to make the solution equally simple and attractive for both buyers and sellers. The ambition is to launch the new e-commerce platform on a Nordic test market in late 2023.

The applications now have significantly higher availability and are scalable to new needs, providing a much better experience for the users.

→ KUNDCASE



A SILENT HEALTHCARE ENVIRONMENT AND SECURE ALARM CHAINS FOR IMPROVED QUALITY AND PATIENT SAFETY AT SALA HOSPITAL

Sala hospital is growing and developing the care in Region Västmanland with new hospital buildings based on high requirements on infrastructure and modern technology. Knowit has delivered a feasibility study of the current status and, in the requirements specification, suggested solutions that would modernize the hospital and give healthcare staff increased mobility.

The assignment included finding appropriate emergency alarm systems and patient call systems that would both streamline work and decrease stress among staff, as well as giving patients increased security and safety. For instance, a patient can signal from a treatment room to alert staff, and staff can signal to each other in case of emergency situations or alert an emergency team in case of cardiac arrest.

The solutions involve a high level of modernization and digitalization, with concepts like:

1. Silent alarms, meaning that a silent signal and vibration is sent to staff phones. This eliminates beeping and blinking equipment in hospital corridors.
2. Escalation chains mean that the signal is sent to the next person, if the first person cannot respond. This contributes to secure alarm chains and increased quality assurance in healthcare.
3. Implementing apps in mobile devices means that staff can use tablet computers or smartphones to receive alarms and send them to specific workgroups or units.
4. Connection to a central environment, where all alarms and calls are logged, enables later follow-up and investigation of events, analysis of statistics, and – if necessary – expansion of the system.

Because the hospital in Sala was built in accordance with the principle “flexible construction,” it can quickly be adapted to new work methods, equipment, and technology. Knowit has supported the purchasing of a central environment, so the hospital can implement an optimal alarm and call solution, and contributed in development of work methods and securing equipment deliveries.



PAULIG'S CLOUD MANAGEMENT MODEL SERVES CHANGING BUSINESS NEEDS

Finland's largest coffee house and food producer, Paulig, has implemented a new cloud-based model that enables business development at a pace that the digital society requires. Knowit has provided a model that provides clear rules for working in the cloud in a secure, agile and business-like manner.

The rapidly digitalizing world challenge Paulig's IT environment to be able to effectively meet ever changing business needs. When the business environment includes factory-based ERP systems, migration of traditional data centers to the cloud and invoice management processes demands are placed on cloud solutions on a multi-level. The main goal of the new solution is to strengthen the company's competitive advantages in an agile and secure way, while the cloud transition secures capacity for new launches and service development.

Knowit's expertise in cloud architecture allowed for the cloud transition to be implemented so that it suited the business needs. The scalable model has given Paulig the lever to react quickly, for example when launching of a new service.

The transformation to a cloud-based solution is building on Knowit's strategic planning, including infrastructure and architectural design and implementation of Azure environments. Creating a robust strategic foundation was essential to make the cloud transition as controlled as possible for the long-term. The biggest strategic changes related to the migration of legacy production systems to Microsoft Azure.

Knowit's serverless technology and "Platform as a Service" helped reduce unnecessary service loads thanks to their scalability. Migrating the existing systems to the cloud was a reform for Paulig, which gave a lasting result thanks to a strong partnership. There is a strong common value base to promote sustainable development, with both Paulig and Knowit committed to the UN's goals for Sustainable Development. ■

THE GROUP

Continued positive growth

Net sales and profit

The Group

JANUARY – DECEMBER

Net sales increased to SEK 6,833.8 (4,811.8) million, an increase by 42.0 percent as compared with the corresponding period last year. The exchange rate development for the year had a positive impact on net sales of SEK 187.8 (11.7) million.

Net sales increased to SEK 3,210.4 (2,521.2) million in Sweden, to SEK 2,110.0 (1,606.7) million in Norway, to SEK 614.1 (338.4) million in Finland, to SEK 676.8 (254.3) million in Denmark, and to SEK 199.7 (76.2) in Poland. Net sales per country in the previous year has been adjusted due to a partially erroneous allocation during 2021. Sales per employee increased to KSEK 1,763 (1,615).

The operating profit before amortization of intangible assets (EBITA) increased by 36.0 percent, to SEK 596.5 (438.5) million. The adjusted EBITA profit increased by 24.7 percent to SEK 608.5 (487.9) million, adjusted for acquisition costs of SEK 8.7 (26.4) million and integration costs of SEK 3.3 (23.0) million. The exchange rate development for the year had a positive impact on EBITA of SEK 12.3 (2.3) million.

In Sweden, EBITA increased to SEK 421.4 (306.5) million, in Norway to SEK 204.5 (175.7) million, in Finland it was SEK 28.2 (30.3) million, in Denmark it increased to SEK 44.4 (22.6) million, and in Poland to SEK 22.3 (7.7) million.

The EBITA margin was 8.7 (9.1) percent. The adjusted EBITA margin was 8.9 (10.1) percent.

Amortization of intangible assets amounted to SEK -149.3 (-75.2) million, affected by increased amortization related to the acquisitions of Cybercom, Capacent, 1508.dk, Strömlin, Swedspot, Miracle, Marketing Clinic, Ascend, and Ionic.

The operating profit after financial items increased to SEK 483.7 (370.1) million. The financial net increased to SEK 36.5 (6.8) million, affected primarily by sales of non-controlling interests in Stacc AS totaling SEK 65.6 million, increased interest revenue totaling SEK 8.2 (1.6) million, interest costs totaling SEK -35.5 (-8.1) million, and revaluation of additional consideration totaling SEK -7.1 million.

The results after tax increased to SEK 392.2 (294.8) million. Tax for the period was SEK -91.5 (-75.3) million. The non-controlling interests' share of profit for the year increased to SEK 7.2 (4.3) million. Earnings per share increased to SEK 14.05 (12.26).

THE FOURTH QUARTER

Net sales increased to SEK 1,972.9 (1,575.9) million, an increase by 25.2 percent as compared with the corresponding period last year. The exchange rate development for the year had a positive impact on net sales of SEK 57.7 (20.0) million. Net sales increased to SEK 906.2 (858.9) million in Sweden, to SEK 587.3 (442.2) million in Norway, to SEK 185.9 (139.1) million in Finland, to SEK 232.0 (91.6) million in Denmark, and to SEK 54.7 (39.8) in Poland. Sales per employee increased to KSEK 472 (435).

The operating profit before amortization of intangible assets (EBITA) increased by 5.8 percent to SEK 178.0 (168.2) million. The adjusted EBITA profit was SEK 179.3 (181.1) million, adjusted for acquisition costs of SEK 0.8 (3.1) million and integration costs of SEK 0.6 (9.8) million.

The exchange rate development for the year had a positive impact on EBITA of SEK 3.1 (2.3) million. In Sweden, EBITA increased to SEK 129.2 (127.0) million, in Norway to SEK 60.8 (47.3) million, in Finland it was SEK 5.4 (19.2) million, in Denmark it increased to SEK 11.0 (8.1) million, and in Poland to SEK 6.2 (3.8) million.

Amortization of intangible assets amounted to SEK -46.4 (-35.9) million, affected by increased amortization related to acquisitions.

The operating profit after financial items was SEK 136.7 (148.7) million. The financial net was SEK 5.1 (16.4) million, affected primarily by increased interest revenue totaling SEK 4.2 (0.2) million, interest costs totaling SEK -15.9 (-3.2) million, and revaluation of additional consideration totaling SEK 17.5 (17.0) million.

The results after tax were SEK 119.0 (125.8) million. Tax for the period was SEK -17.7 (-22.9) million. The non-controlling interests' share of profit for the year increased to SEK 1.0 (-2.2) million. Earnings per share were SEK 4.31 (4.67).

Segments

JANUARY – DECEMBER

The Group's operations are organized so that the corporate management primarily follows up on net sales, EBITA profit, and average number of employees for the Group's segments. The Corporate Management Team does not follow up on balance sheet items other than intangible assets across the different segments. In connection with the acquisition of Cybercom on July 1, 2021, a fourth segment, Knowit Connectivity, was created, with a focus on meeting the needs from clients in the industry, tech, and telecom sectors. Thus, the Corporate Management Team primarily follows up on the five segments Solutions, Experience, Connectivity, Insight, and other. Other items include cloud services of a smaller scope, the Parent Company's group-wide costs for management, financials, and marketing, and adjustments related to IFRS 16, which are not allocated to the segments.

On July 1, Knowit performed an organizational change which means that operations that had formerly been part of Solutions were moved to the new segment Connectivity. Further, on December 31, 2021, a smaller operation formerly part of the segment Solutions was transferred to the segment Insight. The comparative figures have been altered to reflect the new segmentation.

Net sales for the segment Solutions increased to SEK 3,924.4 (2,807.5) million, for the segment Experience to SEK 1,585.4 (1,306.8) million, for the segment Connectivity to SEK 1,040.3 (479.4) million, and for the segment Insight to SEK 730.9 (489.2) million.

EBITA increased to SEK 398.6 (318.3) million for the segment Solutions, to SEK 167.8 (131.9) million for the segment Experience, to SEK 118.6 (48.3) million for the segment Connectivity, and to SEK 68.6 (50.0) million for the segment Insight.

→ THE GROUP

The EBITA margin was 10.2 (11.3) percent for the segment Solutions, increased to 10.6 (10.1) percent for the segment Experience, increased to SEK 11.4 (10.1) for the segment Connectivity, and was 9.4 (10.2) percent for the segment Insight.

THE FOURTH QUARTER

Net sales for the segment Solutions increased to SEK 1,120.9 (902.2) million, for the segment Experience to SEK 431.9 (365.6) million, for the segment Connectivity to SEK 287.5 (229.3) million, and for the segment Insight to SEK 254.3 (174.5) million.

EBITA was SEK 110.5 (112.8) million for the segment Solutions, increased to SEK 48.4 (42.3) million for the segment Experience, to SEK 34.7 (25.3) million for the segment Connectivity, and SEK 32.7 (26.2) million for the segment Insight.

The EBITA margin was 9.9 (12.5) percent for the segment Solutions, 11.2 (11.6) percent for the segment Experience, increased to SEK 12.1 (11.0) for the segment Connectivity, and was 12.9 (15.0) percent for the segment Insight.

Cash flow

JANUARY – DECEMBER

Cash flow from operating activities increased to SEK 475.3 (462.8) million, positively affected by the result increase, but negatively as a result of taxes paid totaling SEK -195.1 (-64.4) million, mainly related to restructuring effects in Finland. The change in working capital was SEK -58.3 (-49.8) million, mainly affected by increased accounts receivable.

Cash flow from investment activities amounted to SEK -750.9 (-411.9) million, affected mainly by the acquisitions of 1508.dk, Strømlin, Swedspot, Miracle, Marketing Clinic, Ascent, and Ionic, payment of contingent additional considerations, investments in fixed assets, and disposal of financial assets.

Cash flow from financing activities was SEK -88.1 (126.6) million, affected mainly by dividends, loans taken, and amortizations. The previous year was also positively impacted by a new issue.

Total cash flow was SEK -363.7 (177.5) million.

THE FOURTH QUARTER

Cash flow from operating activities increased to SEK 319.4 (267.3) million, where the change in working capital had an impact of SEK 69.3 (52.8) million, mainly affected by increased interim liabilities and increased accounts receivable.

Cash flow from investment activities amounted to SEK -233.8 (-169.9) million, affected mainly by acquired operations, payment of contingent additional consideration, and investments in fixed assets.

Cash flow from financing activities was SEK -232.6 (-34.6) million, affected mainly by dividends and amortizations. The previous year was also positively impacted by a new issue.

Total cash flow was SEK -147.0 (62.8) million.

Acquisition of operations

On January 3, 2022, Knowit AB acquired 80 percent of the shares in the design agency 1508.dk and 100 percent of the tech agency Strømlin. The remaining 20 percent

of 1508.dk will be acquired during 2023, after renegotiation of the original agreement during 2022. The new operations, combined with the existing operations of the business area Experience in Copenhagen and Aarhus, are expected to become a strong platform for continued growth on the Danish market. The companies' offers supplement each other well and reinforce Knowit Experience's offer in mainly design, consultancy, and tech.

On June 1, 2022, Knowit acquired 100 percent of the shares in Swedspot, a company with a strong focus on software development for the car industry. The company has around 40 employees and is based in Gothenburg and Trollhättan. Swedspot will be an important addition to Knowit's business area Connectivity, and supplements existing offers within embedded systems with both broad competence in software development and a unique platform with smart services for connected vehicles.

On July 1, 2022, Knowit acquired 90 percent of the shares in Miracle AS, a Danish consultancy company with well-positioned operations in system development and advisory activities, and high competence in open source platforms. The company has around 130 employees with offices in Copenhagen, Aarhus, and Aalborg. Miracle is part of the business area Knowit Solutions, which means that Knowit will get a significantly stronger position on the Danish market.

On July 1, 2022, Knowit acquired 100 percent of the shares in the holding company Marketing Clinic Oy, which has around 60 strategy consultants, primarily in Helsinki. The company also has operations in Oslo and Stockholm. Through the acquisition, Knowit strengthens its position in management consulting on the Finnish market and broadens its offer in growth and business development strategies. Marketing Clinic is part of the business area Knowit Insight.

On October 1, 2022, Knowit acquired 100 percent of Ascend AB and its sister company Ionic AB, with a total of around 60 employees in Stockholm. The companies are part of the business area Insight and strengthen the existing management offer, primarily in the areas Business Technology and Commercial Excellence. The acquisition analysis remains preliminary.

For more information, see pages 25-27. The acquisition analyses remain preliminary.

Financial position

JANUARY – DECEMBER

Cash and cash equivalents were SEK 497.6 (851.4) million as per December 31, 2022. Goodwill and other intangible assets increased to SEK 4,629.7 (3,839.5) million, of which goodwill was SEK 3,754.5 (3,120.5) million, and other intangible assets were SEK 875.2 (719.0) million.

Equity increased to SEK 4,207.7 (3,892.4) million. Interest-bearing liabilities increased to SEK 1,594.7 (892.9) million as per December 31, 2022, with long-term liabilities totaling SEK 1,303.3 (286.3) million and short-term liabilities totaling SEK 291.4 (606.6) million. Knowit has a credit facility of SEK 300 million that matures in 2026 and another of SEK 750 million that matures in 2027. In total, the granted facilities total SEK 1,050 million. As of December 31, 2022, SEK 700.0 (455.3) million of the granted facilities were used. The leasing liabilities increased to SEK 643.1 (247.6) million, mainly affected by newly signed rental contracts. Liabilities related to future con-

→ THE GROUP

sideration in subsidiaries increased to SEK 251.1 (190.0) million.

The equity/asset ratio was 55.3 (61.4) percent as per December 31, 2022.

Employees

JANUARY – DECEMBER

On September 30, 2022, a total of 4,410 (3,849) people were employed by the Group. The number of employees has increased by 561 people during 2022.

The average number of employees has during the period increased to 3,877.2 (2,979.7). The average number of employees in Sweden increased to 1,980.6 (1,593.1), in Norway to 936.3 (863.0), in Finland to 429.8 (268.6), in Denmark to 223.9 (105.0), and in Poland to 291.2 (141.7).

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 transactions have occurred during the period. For more information, see Note 29 Transactions with related parties, page 93 in the Annual Report 2021. ■

PARENT COMPANY

Results and financial position

JANUARY – DECEMBER

The operating profit/loss before amortization of intangible assets (EBITA) was SEK -134.6 (-104.3) million. The financial net increased to SEK 724.1 (209.6) million, affected primarily by increased dividends and group contributions from subsidiaries. The profit/loss after financial net increased to SEK 584.1 (100.5) million.

As per December 31, 2022, equity had increased to SEK 2,981.8 (2,652.4) million. Untaxed reserves, mainly accrual funds, increased to SEK 159.6 (128.0) million. ■

OTHER INFORMATION

The Board proposes a dividend of SEK 7,50 per share for 2022

Dividend and dividend policy

The Board suggests a dividend of SEK 7.50 (7.00) per share for the financial year, totaling SEK 205.6 (191.9) million, to be paid out on two occasions during the year, in line with the process last year. The Board's suggestion is therefore for dividends of SEK 3.75 with a planned record date on May 5, 2023, and SEK 3.75 with a planned record date on November 16, 2023.

The Board has adopted a dividend policy where the ambition is that the dividend shall be 40-60 percent of earnings after tax. The dividend shall reflect the Board's view on the expected market development and the Company's growth strategy.

Annual General Meeting

The Company's Annual General Meeting will take place on Monday May 3, 2023, at 5 PM, in Knowit's facilities at Sveavägen 20, Stockholm. Notice will be made public through a press release in Post och Inrikes Tidningar and Dagens Nyheter, and published on Knowit's website.

Essential risks and uncertainty factors

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

Russia's invasion of Ukraine and the connected sanctions affect our surroundings and future developments are uncertain. The direct financial effects for Knowit are currently assessed as minor. However, a long-term deterioration of the macroeconomic situation can affect Knowit's possibilities to generate profits and growth in line with historic values. For more information on risks, see the Annual Report for 2021, pages 54-56 and 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.

All figures stated in this report are, unless otherwise indicated, given as million Swedish kronor (SEK million). Differences due to rounding may occur.

Events after the end of the reporting period

No significant events other have occurred after the end of the interim period.

Forward-looking information

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

Financial calendar

INTERIM REPORT JANUARY – MARCH 2023

May 3, 2023, 7:30 AM

AGM 2023

May 3, 2023, 5:00 PM

INTERIM REPORT JANUARY – JUNE 2023

July 20, 2023, 7:30 AM

INTERIM REPORT JANUARY – SEPTEMBER 2023

October 25, 2023, 7:30 AM

YEAR-END REPORT 2023

February 8, 2024, 7:30 AM

→ OTHER INFORMATION

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, February 7, 2023

PER WALLENTIN

Chief Executive Officer

This Interim Report has not been reviewed by Knowit's auditors.

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About Knowit

We are digitalization consultants and a Nordic powerhouse for the digital business models of the future. Our vision is to create a sustainable and humane society through digitalization and innovation. Knowit supports its clients in the digital transformation and stands out among other consultancy firms through its decentralized organization and agile work methods in client assignments. The operations are divided into four business areas – Solutions, Experience, Connectivity, and Insight – which offer services in bespoke system development, digital customer experiences, the internet of things, cloud, cybersecurity, and management consultancy. Competences from several business areas are often combined in client projects.

Knowit was founded in 1990 and has around 4,000 employees, mainly in the Nordic countries, but also in operations in Poland and Germany. Knowit AB (publ) has been listed on the stock market since 1997 and is currently listed on Nasdaq OMX Stockholm Mid Cap. For more information on Knowit, please visit [knowit.eu](https://www.knowit.eu). ■

FINANCIAL STATEMENTS

Consolidated income statement in summary

SEK, MILLIONS	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Net sales	1,972.9	1,575.9	6,833.8	4,811.8
Operating costs	-1,752.6	-1,367.2	-6,088.5	-4,249.7
Depreciation of tangible fixed assets	-42.3	-40.5	-148.8	-123.6
Operating result before amortization of intangible assets (EBITA)	178.0	168.2	596.5	438.5
Amortization of intangible fixed assets	-46.4	-35.9	-149.3	-75.2
OPERATING RESULT (EBIT)	131.6	132.3	447.2	363.3
Financial incomes	11.6	16.9	94.9	20.6
Financial expenses	-6.5	-0.5	-58.4	-13.8
RESULT AFTER FINANCIAL ITEMS	136.7	148.7	483.7	370.1
Tax	-17.7	-22.9	-91.5	-75.3
RESULT FOR THE PERIOD	119.0	125.8	392.2	294.8
Result for the period attributable to shareholders in Parent Company	118.0	128.0	385.0	290.5
Result for the period attributable to non-controlling interests' holdings	1.0	-2.2	7.2	4.3
EARNINGS PER SHARE				
Earnings per share, before dilution, SEK	4.31	4.67	14.05	12.26
Earnings per share, after dilution, SEK	4.31	4.67	14.05	12.26

Consolidated comprehensive income in summary

SEK, MILLIONS	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Profit for the period	119.0	125.8	392.2	294.8
<i>Items that may later be reclassified to profit or loss</i>				
Loss on hedging of exchange rate risks in foreign operations	15.4	0.5	51.4	5.1
Tax effects on hedging	-3.2	-0.1	-10.6	-1.3
Translation differences	39.7	24.8	103.8	54.3
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	51.9	25.2	144.6	58.1
Total comprehensive income for the period	170.9	151.0	536.8	352.9
Total comprehensive income attributable to shareholders in Parent Company	169.9	153.3	529.2	348.6
Total comprehensive income attributable to non-controlling interests' holdings	1.0	-2.3	7.6	4.3

→ FINANCIAL STATEMENTS

Consolidated balance sheet in summary

SEK, MILLIONS	2022-12-31	2021-12-31
Assets		
Intangible fixed assets	4,629.7	3,839.5
Tangible fixed assets	723.9	290.7
Financial fixed assets	11.4	17.0
Deferred tax assets	106.5	96.8
Current assets	1,636.5	1,240.0
Cash equivalents	497.6	851.4
TOTAL ASSETS	7,605.6	6,335.4
Equity and liabilities		
Share capital	27.4	27.4
Other capital provided and provisions	2,971.4	2,832.0
Retained earnings, including profit for the year	1,187.7	1,025.3
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	4,186.5	3,884.7
Non-controlling interests	21.2	7.7
TOTAL EQUITY	4,207.7	3,892.4
Non-current provisions	276.5	229.9
Interest-bearing non-current liabilities	1,303.3	286.3
Interest-bearing current liabilities	291.4	606.6
Other current liabilities	1,526.7	1,320.2
TOTAL EQUITY AND LIABILITIES	7,605.6	6,335.4

→ FINANCIAL STATEMENTS

Consolidated cash flow statement

SEK, MILLIONS	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Operating activities				
Profit before taxes	136.7	148.6	483.7	370.1
Adjustment for non-cash items	116.6	59.8	245.0	206.9
Paid taxes	-3.2	6.1	-195.1	-64.4
CASH FLOW BEFORE CHANGES IN OPERATING CAPITAL	250.1	214.5	533.6	512.6
Changes in operating capital	69.3	52.8	-58.3	-49.8
CASH FLOW FROM OPERATING ACTIVITIES	319.4	267.3	475.3	462.8
Investing activities				
Acquisition of businesses	-204.8	-166.3	-752.9	-403.4
Acquisition on intangible assets	-3.0	-0.1	-10.0	-4.1
Acquisition of property, plant and equipment	-26.0	-3.5	-63.3	-8.0
Disposal of financial assets	–	–	75.3	3.6
CASH FLOW FROM INVESTING ACTIVITIES	-233.8	-169.9	-750.9	-411.9
Financing activities				
New share issue	–	–	–	492.5
Amortization of loans and leasing liabilities	-136.6	-34.6	-228.7	-813.9
Loans raised	–	–	344.7	600.0
Dividend	-96.0	–	-204.1	-152.0
CASH FLOW FROM FINANCING ACTIVITIES	-232.6	-34.6	-88.1	126.6
CASH FLOW FOR THE PERIOD	-147.0	62.8	-363.7	177.5
Cash and cash equivalents at the beginning of the period	638.5	792.4	851.4	675.6
Translation differences in cash and cash equivalents	6.1	-3.8	9.9	-1.7
CASH AND CASH EQUIVALENTS, DECEMBER 31	497.6	851.4	497.6	851.4

→ FINANCIAL STATEMENTS

Consolidated statement of changes in equity

SEK, MILLIONS	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Opening balance	4,136.9	3,741.6	3,892.4	1,545.0
Translation differences	39.7	24.8	103.8	54.3
Result from hedging of currency risk in foreign currency	15.4	0.5	51.4	5.1
Tax effect, hedging of currency risk	-3.2	-0.1	-10.6	-1.3
Result for the period	119.0	125.8	392.2	294.8
TOTAL PROFIT FOR THE PERIOD RECOGNIZED IN THE INCOME STATEMENT	170.9	151.0	536.8	352.9
TOTAL BEFORE TRANSACTIONS WITH SHAREHOLDERS	4,307.8	3,892.6	4,429.2	1,897.9
Non-controlling interests	5.9	-3.0	6.1	-4.4
Additional capital from non-controlling interest	-10.0	0.0	-28.4	1.5
Dividend paid	-96.0	-	-204.1	-152.0
Acquisition of partially owned subsidiary with non-controlling interests	-	-	4.9	-
New share issue, company acquisition	-	2.8	-	2,149.4
CLOSING BALANCE	4,207.7	3,892.4	4,207.7	3,892.4

Performance measures

	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Number of employees at end of period	4,410	3,849	4,410	3,849
Average number of employees	4,179.3	3,625.7	3,877.2	2,979.7
Sales per average number of employees, (SEK, 000s)	472	435	1,763	1,615
Result after financial items per average number of employees, (SEK, 000s)	33	41	125	124
Return on total capital, %	1.9	2.4	7.8	8.3
Return on equity, %	2.9	3.3	9.7	10.8
Return on capital employed, %	2.5	3.1	10.2	11.2
EBITA margin, %	9.0	10.7	8.7	9.1
Adjusted EBITA margin, %	9.1	11.5	8.9	10.1
Equity ratio, %	55.3	61.4	55.3	61.4

Data per share

	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Earnings per share, SEK				
Before dilution	4.31	4.67	14.05	12.26
After dilution	4.31	4.67	14.05	12.26
Equity per share, SEK				
Before dilution	152.74	141.73	152.74	141.73
After dilution	152.74	141.73	152.74	141.73
Average number of shares, (000s)				
Before dilution	27,409	27,409	27,409	23,702
After dilution	27,409	27,409	27,409	23,702
Number of shares on balance sheet day, (000s)				
Before dilution	27,409	27,409	27,409	27,409
After dilution	27,409	27,409	27,409	27,409

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Consolidated segment reporting

OCT-DEC 2022 SEK, MILLIONS	Solutions	Experience	Connectivity	Insight	Other	Total
External net sales	1,044.1	401.3	274.8	231.7	21.0	1,972.9
Net sales between segments	76.8	30.6	12.7	22.6	-142.7	0.0
NET SALES	1,120.9	431.9	287.5	254.3	-121.7	1,972.9
Operating result before amortization of intangible assets (EBITA)	110.5	48.4	34.7	32.7	-48.3	178.0
Amortization of intangible assets	-16.6	-6.5	-15.1	-6.4	-1.8	-46.4
OPERATING PROFIT (EBIT)	93.9	41.9	19.6	26.3	-50.1	131.6
Result after financial items						136.7
RESULT FOR THE PERIOD						119.0
EBITA MARGIN, %	9.9	11.2	12.1	12.9		9.0
Average number of employees	1,855.0	914.3	741.9	531.4	136.7	4,179.3
OCT-DEC 2021 SEK, MILLIONS	Solutions ¹⁾	Experience	Connectivity	Insight ¹⁾	Other	Total
External net sales	863.7	340.3	205.7	154.4	11.7	1,575.9
Net sales between segments	38.5	25.3	23.6	20.0	-107.5	0.0
NET SALES	902.2	365.6	229.4	174.5	-95.7	1,575.9
Operating result before amortization of intangible assets (EBITA)	112.8	42.3	25.3	26.2	-38.4	168.2
Amortization of intangible assets	-16.0	-4.0	-12.5	-1.8	-1.6	-35.9
OPERATING PROFIT (EBIT)	96.8	38.3	12.8	24.4	-40.0	132.3
Result after financial items						148.7
RESULT FOR THE PERIOD						125.8
EBITA MARGIN, %	12.5	11.6	11.0	15.0		10.7
Average number of employees	1,671.8	833.7	645.1	368.5	106.6	3,625.7

The Group's operations are organized so that the corporate management primarily follows up on net sales, EBITA profit, and average number of employees for the Group's segments. The Corporate Management Team does not follow up on balance sheet items other than intangible assets across the different operating segments. Other items include cloud services of a smaller scope, where Knowit can, through its partnerships, offer the cloud supplier that is best suited for the client's specific needs and IT structure. Other items also include the Parent Company's group-wide costs for management, financials, and marketing, and adjustments related to IFRS 16, which are not allocated to the segments.

1) On January 1, 2022, a smaller operation formerly part of the segment Solutions was transferred to the segment Insight. The comparative figures have been presented in accordance with the new segmentation. No items that impair comparison have affected the segments during the period.

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Group segment reporting in summary, continued

JAN-DEC 2022 SEK, MILLIONS	Solutions	Experience	Connectivity	Insight	Other	Total
External net sales	3,664.0	1,473.4	981.1	653.3	62.0	6,833.8
Net sales between segments	260.4	112.0	59.2	77.6	-509.2	0.0
NET SALES	3,924.4	1,585.4	1,040.3	730.9	-447.2	6,833.8
Operating result before amortization of intangible assets (EBITA)	398.6	167.8	118.6	68.6	-157.1	596.5
Amortization of intangible assets	-57.2	-25.6	-46.0	-13.6	-6.9	-149.3
OPERATING PROFIT (EBIT)	341.4	142.2	72.6	55.0	-164.0	447.2
Result after financial items						483.7
RESULT FOR THE PERIOD						392.2
EBITA margin, %	10.2	10.6	11.4	9.4		8.7
Average number of employees	1,738.9	895.8	694.0	420.4	128.1	3,877.2
Intangible assets	2,105.0	739.1	1,179.7	587.5	12.9	4,624.2
Tangible fixed assets	20.1	4.2	11.8	1.8	684.4	722.3
JAN-DEC 2021 SEK, MILLIONS	Solutions ¹⁾	Experience	Connectivity ¹⁾	Insight ¹⁾	Other	Total
External net sales	2,695.2	1,208.4	431.3	433.2	43.7	4,811.8
Net sales between segments	112.3	98.4	48.1	56.0	-314.9	0.0
NET SALES	2,807.5	1,306.8	479.4	489.2	-271.1	4,811.8
Operating result before amortization of intangible assets (EBITA)	318.3	131.9	48.3	50.0	-110.0	438.5
Amortization of intangible assets	-30.2	-15.9	-21.2	-1.8	-6.1	-75.2
OPERATING PROFIT (EBIT)	288.1	116.0	27.1	48.2	-116.1	363.3
Result after financial items						370.1
RESULT FOR THE PERIOD						294.8
EBITA margin, %	11.3	10.1	10.1	10.2		9.1
Average number of employees	1,475.9	815.1	326.1	296.5	66.1	2,979.7
Intangible assets	1,888.6	592.3	1,100.9	238.5	19.2	3,839.5
Tangible fixed assets	11.3	5.4	0.3	0.0	273.7	290.7

The Group's operations are organized so that the corporate management primarily follows up on net sales, EBITA profit, and average number of employees for the Group's segments. The Corporate Management Team does not follow up on balance sheet items other than intangible assets across the different operating segments. Other items include cloud services of a smaller scope, where Knowit can, through its partnerships, offer the cloud supplier that is best suited for the client's specific needs and IT structure. Other items also include the Parent Company's group-wide costs for management, financials, and marketing, and adjustments related to IFRS 16, which are not allocated to the segments.

1) On January 1, 2022, a smaller operation formerly part of the segment Solutions was transferred to the segment Insight. On July 1, 2021, Knowit performed an organizational change, which meant that operations formerly included in the segment Solutions were transferred to the segment Connectivity. Further, a smaller operation formerly part of the segment Solutions was transferred to the segment Insight as of December 31, 2021. The comparative figures have been presented in accordance with the new segmentation. No items that impair comparison have affected the segments during the period.

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Group revenue from client contracts

SEK, MILLIONS	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021 ¹⁾
GEOGRAPHIC CATEGORIZATION				
Fee revenue				
Sweden	856.3	821.4	3,047.5	2,412.7
Norway	569.7	430.0	2,057.0	1,555.7
Finland	174.8	128.2	580.8	317.1
Denmark	198.2	89.8	615.7	248.3
Poland	54.1	39.2	197.2	75.0
Other	6.7	4.1	22.7	15.7
TOTAL FEE REVENUE	1,859.9	1,512.7	6,521.0	4,624.4
Other revenue				
Sweden	49.9	37.5	162.9	108.5
Norway	17.6	12.2	53.0	50.1
Finland	11.1	10.9	33.3	21.3
Denmark	33.8	1.8	61.1	6.0
Poland	0.6	0.6	2.5	1.3
Other	0.0	0.2	0.0	0.2
TOTAL OTHER REVENUE	113.0	63.2	312.8	187.4
TOTAL NET REVENUE	1,972.9	1,575.9	6,833.8	4,811.8
SEGMENT CATEGORIZATION				
Fee revenue				
Solutions	1,056.4	876.9	3,769.3	2,740.3
Experience	407.5	341.7	1,502.6	1,222.1
Connectivity	267.8	216.5	951.7	438.5
Insight	248.7	171.4	716.1	482.7
Other	-120.5	-93.7	-418.6	-259.1
TOTAL FEE REVENUE	1,859.9	1,512.7	6,521.0	4,624.5
Other revenue				
Solutions	64.5	25.3	155.1	67.3
Experience	24.4	23.9	82.8	84.8
Connectivity	19.7	12.9	88.6	40.9
Insight	5.6	3.1	14.8	6.6
Other	-1.2	-2.0	-28.6	-12.1
TOTAL OTHER REVENUE	113.0	63.2	312.8	187.4
TOTAL NET REVENUE	1,972.9	1,575.9	6,833.8	4,811.8

Segmentation is updated in accordance with the segment reporting on page 21-22. The comparative figures for 2021 have been updated. The revenue category Software licenses is reported under the category Other revenue, as the amount is not significant. For more information, see Note 1 Accounting and valuation principles, pages 71-77 in the Annual Report 2021.

1) Net sales per country in the previous year have been adjusted due to a partially erroneous allocation during 2021.

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Financial assets and liabilities at fair value and categorization

SEK, MILLIONS	2022-12-31			2021-12-31		
	Financial assets valued at amortized costs	Financial assets valued at fair value in income statement	Fair value	Financial assets valued at fair value in income statement	Financial assets valued at fair value in income statement	Fair value
Assets in balance sheet						
Other long-term securities	–	2.6	2.6 ¹⁾	–	11.3	11.3 ¹⁾
Other long-term receivables	3.8	–	3.8	3.4	–	3.4
Accounts receivable and other receivables	1,488.9	–	1,488.9	1,166.3	–	1,166.3
Liquid assets	497.6	–	497.6	851.4	–	851.4
TOTAL	1,990.3	2.6	1,992.9	2,021.1	11.3	2,032.4

SEK, MILLIONS	2022-12-31			2021-12-31		
	Other financial liabilities	Financial liabilities valued at fair value in income statement	Fair value	Other financial liabilities	Financial liabilities valued at fair value in income statement	Fair value
Liabilities in balance sheet						
Future additional considerations	–	196.4	196.4 ²⁾	–	177.7	177.7 ²⁾
Future consideration	54.4	–	54.4 ²⁾	12.3	–	12.3 ²⁾
Other interest-bearing liabilities	1,343.7	–	1,343.7	703.0	–	703.0
Accounts payable	400.2	–	400.2	325.3	–	325.3
Other liabilities	488.5	–	488.5	444.0	–	444.0
TOTAL	2,286.8	196.4	2,483.2	1,484.6	177.7	1,662.3

1) Fair value pursuant to categorization level 2.

2) Fair 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 fair value. For more information, see Note 22 in the Annual Report for 2021.

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

SEK, MILLIONS	Other financial liabilities	Future considerations	Liabilities to sellers
Fair value, 2022-01-01	177.7	12.3	–
Total recognized profits and losses:			
Recognized in profit/loss for the year	7.4	–	–
Recognized in equity	–	29.6	–
Settlement of future additional considerations, options and future consideration	-75.1	-11.0	–
Cost of acquisitions	86.4	23.5	–
Fair value, 2022-12-31	196.4	54.4	–
Fair value, 2021-01-01	169.0	27.3	54.1
Total recognized profits and losses:			
Recognized in profit/loss for the year	-12.2	–	–
Recognized in equity	–	-1.5	–
Settlement of future additional considerations, options and future consideration	–	-13.5	-54.1
Cost of acquisitions	20.9	–	–
Fair value, 2021-12-31	177.7	12.3	–

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Income statement Parent Company

SEK, MILLIONS	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Net sales	205.8	164.4	730.9	569.2
Operating costs	-243.4	-202.6	-863.2	-672.3
Depreciation of property, plant and equipment	-0.7	-0.3	-2.3	-1.2
OPERATING RESULT BEFORE AMORTIZATION OF INTANGIBLE ASSETS (EBITA)	-38.3	-38.5	-134.6	-104.3
Amortization of intangible assets	-1.4	-1.3	-5.4	-4.8
OPERATING RESULT (EBIT)	-39.7	-39.8	-140.0	-109.1
Financial items	453.3	200.9	724.1	209.6
RESULT AFTER FINANCIAL ITEMS	413.6	161.1	584.1	100.5
Appropriations	-31.6	-12.3	-31.6	-12.3
Income tax	-31.2	-17.1	-31.2	-16.6
RESULT FOR THE PERIOD	350.8	131.7	521.3	71.6

Balance sheet Parent Company

SEK, MILLIONS	2022-12-31	2021-12-31
Assets		
Intangible assets	10.0	15.3
Property, plant and equipment	22.7	1.4
Financial non-current assets	5,514.0	4,888.1
Current assets	460.2	125.5
Cash equivalents	329.3	699.2
TOTAL ASSETS	6,336.2	5,729.5
Equity and liabilities		
Share capital	27.4	27.4
Statutory reserve	68.0	68.0
Fund for development costs	–	0.4
Unrestricted share capital including result for the period	2,886.4	2,556.6
TOTAL EQUITY	2,981.8	2,652.4
Untaxed reserves	159.6	128.0
Non-current provisions	1,510.2	759.3
Provisions	12.2	133.3
Interest-bearing current liabilities	–	508.4
Other current liabilities	1,672.4	1,548.1
TOTAL EQUITY AND LIABILITIES	6,336.2	5,729.5

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Acquired operations

1508.dk A/S and Strømlin ApS

On January 3, 2022, Knowit AB acquired 80 percent of the shares in the design agency 1508.dk A/S and 100 percent of the tech agency Strømlin ApS. The remaining 20 percent of 1508.dk A/S will be acquired during 2023 and 2024. The new operations, combined with the existing operations of the business area Experience in Copenhagen and Aarhus, are expected to become a strong platform for continued growth on the Danish market. The companies' offers supplement each other well and reinforce Knowit Experience's offer in mainly design, consultancy, and tech. The acquisition analysis remains preliminary.

Swedspot AB

On June 1, 2022, Knowit acquired 100 percent of all shares in Swedspot AB, a company with a strong focus on software development for the car industry. The company has around 40 employees and is based in Gothenburg and Trollhättan. Swedspot will be an important addition to Knowit's business area Connectivity, supplementing existing offers in embedded systems with both broad competence in software development and a unique platform with smart services for connected vehicles. The acquisition analysis remains preliminary.

SEK, MILLIONS	1508.dk A/S	Strømlin ApS	Swedspot AB	Total
Consideration paid				
Liquid assets	67.7	45.2	87.6	200.5
Liabilities to sellers	6.2	14.7	–	20.9
Contingent consideration / Contingent additional consideration	17.2	–	13.8	31.0
Total consideration paid to sellers	91.1	59.9	101.4	252.4

Contingent consideration pertaining to 1508.dk A/S shall be paid based on future results for the company and will be settled in 2023 and 2024. Liabilities to the sellers were settled during the second quarter 2022. Contingent additional consideration pertaining to Swedspot AB shall be paid out based on future results and will be settled 2023. Another contingent additional consideration is paid when the company achieves a particular result level, although no later than 2025. The sums that are discounted as reported in predicted results.

The assets reported are preliminary fair value of identifiable acquired assets and adopted debts:

SEK, MILLIONS	1508.dk A/S	Strømlin ApS	Swedspot AB	Total
Intangible assets	24.8	25.6	34.2	84.6
Tangible assets	0.5	0.2	0.5	1.2
Current assets	11.1	4.9	14.4	30.4
Liquid assets	4.9	10.1	13.7	28.7
Long-term liabilities	-7.9	-6.3	-8.7	-22.8
Short-term liabilities	-7.6	-8.6	-12.6	-28.8
Acquired identifiable net assets	25.9	25.9	41.5	93.3
Goodwill	65.3	34.0	59.9	159.2
Acquired net assets	91.1	59.9	101.4	252.5

The goodwill that arises through the acquisitions is attributable to the high profitability of the companies and the synergy effects that are expected from the merger of the companies and Knowit's operations.

1508.dk A/S has during January to December 2022 contributed with revenue of SEK 53.2 million and EBITA of SEK 11.5 million. Swedspot AS has during June to

December 2022 contributed with revenue of SEK 28.3 million and EBITA of SEK 4.4 million. Strømlin ApS has during the second quarter been integrated with Knowit's operations, making it impossible to determine how much the company contributed with in revenue and EBITA during the period January to December 2022.

SEK, MILLIONS	1508.dk A/S	Strømlin ApS	Swedspot AB	Total
Cash flow from acquiring subsidiaries, less acquired liquid assets				
Cash consideration	-67.7	-45.2	-87.6	-200.6
Acquired liquid assets	4.9	10.1	13.7	28.7
Impact on the Group's liquid assets	-62.8	-35.2	-73.9	-171.9

In total, acquisition-related costs pertaining to the acquisition of Swedspot AB, totaling SEK 1.1 million, are included in EBITA and in the operating activities

in the cash flow analysis. Acquisitions costs pertaining to 1508.dk A/S and Strømlin ApS were included in EBITA and cash flow in 2021.

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Acquired operations, continued

Miracle A/S

On July 1, 2022, Knowit acquired 90 percent of the shares in Miracle A/S, a Danish consultancy firm with well-positioned operations in system development and advisory activities, and high competence in open source platforms. The company has around 130 employees, with offices in Copenhagen, Aarhus, and Aalborg. Miracle is part of the business area Knowit Solutions and will significantly strengthen Knowit's position on the Danish market. The acquisition analysis remains preliminary.

Marketing Clinic Oy

On July 1, 2022, Knowit acquired 100 percent of the shares in the holding company Marketing Clinic Oy. The company has around 60 strategy consultants, primarily in Helsinki, with operations in Oslo and Stockholm as well. Through the acquisition, Knowit will strengthen its position in management consulting on the Finnish market and broaden its offer in growth and business development strategies. Marketing Clinic is primarily part of Knowit Insight. The acquisition analysis remains preliminary.

SEK, MILLIONS	Miracle A/S	Marketing Clinic Oy	Total
Consideration paid			
Liquid assets	209.0	102.1	311.1
Liabilities to sellers	28.3	–	28.3
Contingent additional consideration	–	7.8	7.8
Total consideration paid to sellers	237.3	109.9	347.2

The debts to the sellers of Miracle A/S have been settled during the third quarter 2022. Contingent additional consideration for Marketing Clinic may be paid out based on the companies' results in 2022. Discounted sums are reported as estimated outcomes.

The assets reported are preliminary fair value of identifiable acquired assets and adopted debts:

SEK, MILLIONS	Miracle A/S	Marketing Clinic Oy	Total
Intangible assets	101.6	35.2	136.8
Tangible assets	0.4	0.9	1.3
Current assets	69.0	22.2	91.2
Liquid assets	29.4	10.5	39.9
Long-term liabilities	-29.5	-7.4	-36.9
Short-term liabilities	-51.0	-18.4	-69.4
Non-controlling interest shares of net assets	-4.9	–	-4.9
Acquired identifiable net assets	115.0	43.0	158.0
Goodwill	122.3	66.9	189.2
Acquired net assets	237.3	109.9	347.2

The goodwill that arises through the acquisitions is attributable to the high profitability of the companies and the synergy effects that are expected from the merger of the companies and Knowit's operations.

During the period July to December 2022, Miracle A/S and Marketing Clinic Oy have contributed with revenue of SEK 153.6 million and SEK 34.9 million, respectively, and EBITA of SEK -6.1 million and SEK -13.6 million, respectively.

SEK, MILLIONS	Miracle A/S	Marketing Clinic Oy	Total
Cash flow from acquiring subsidiaries, less acquired liquid assets			
Cash consideration	-209.0	-102.1	-311.1
Acquired liquid assets	29.4	10.5	39.9
Impact on the Group's liquid assets	-179.6	-91.6	-271.2

In total, acquisition-related costs of SEK 6.5 million are included in EBITA and in the operating activities in the cash flow analysis, of which SEK 2.5 million

pertain to the acquisition of Miracle A/S and SEK 4.0 million to the acquisition of Marketing Clinic Oy.

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Acquired operations, continued

Ascend AB and Ionic AB

On October 1, 2022, Knowit acquired 100 percent of Ascend AB and its sister company Ionic AB, with a total of around 60 employees in Stockholm. The companies are part of the business area Insight and strengthen

the existing management offer, primarily in the areas Business Technology and Commercial Excellence. The acquisition analysis remains preliminary.

SEK, MILLIONS	Ascend AB	Ionic AB	Total
Consideration paid			
Liquid assets	178.7	33.8	212.5
Liabilities to sellers	–	–	–
Contingent additional consideration	35.0	15.0	50.0
Total consideration paid to sellers	213.7	48.8	262.5

Contingent additional consideration for Ascend AB and Ionic AB may be paid out based on the companies' results in 2022 and 2023; these are reported based on estimated outcomes.

The assets reported are preliminary fair value of identifiable acquired assets and adopted debts:

SEK, MILLIONS	Ascend AB	Ionic AB	Total
Intangible assets	45.4	9.1	54.5
Tangible assets	–	–	–
Current assets	21.1	5.4	26.5
Liquid assets	17.8	0.9	18.8
Long-term liabilities	-10.0	-1.9	-11.9
Short-term liabilities	-17.8	-3.1	-20.9
Non-controlling interest shares of net assets	–	–	–
Acquired identifiable net assets	56.4	10.5	66.9
Goodwill	157.3	38.3	195.6
Acquired net assets	213.7	48.8	262.5

The goodwill that arises as a result of the acquisitions is attributable to the strong profitability of the companies and the synergy effects that are expected from the merger of the operations of the companies and Knowit.

During October to December 2022, Ascend AB and Ionic AB have contributed with revenue of SEK 30.0 million and SEK 6.3 million, respectively, and EBITA of SEK 5.8 million and SEK 1.3 million, respectively.

SEK, MILLIONS	Ascend AB	Ionic AB	Total
Cash flow from acquiring subsidiaries, less acquired liquid assets			
Cash consideration	-178.7	-33.8	-212.5
Acquired liquid assets	17.8	0.9	18.7
Impact on the Group's liquid assets	-160.9	-32.9	-193.8

In total, acquisition-related costs for Ascend AB and Ionic AB of SEK 1.1 million are included in EBITA and in the operating activities in the cash flow analysis.

If all acquisitions in 2022 had been performed on January 1, 2022, the Group would, pro forma for revenue and EBITA, have totaled SEK 7,172.0 million and SEK 633.6 million, respectively, for the year.

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Financial overview by business area

The table shows the outcome for the quarter and interim period, with comparative figures including acquisitions, to facilitate analysis.

SEK, MILLIONS	OCT-DEC 2022	OCT-DEC 2021 ¹⁾	OCT-DEC 2021 incl. acquisitions ²⁾	JAN-DEC 2022	JAN-DEC 2021 ¹⁾	JAN-DEC 2021 incl. acquisitions ²⁾
The Group						
Net sales	1,972.9	1,575.9	1,769.4	6,833.8	4,811.8	6,125.4
Adjusted EBITA profit	179.3	181.1	199.0	608.5	487.9	588.6
Adjusted EBITA margin, %	9.1	11.5	11.2	8.9	10.1	9.6
Number of employees at the end of the period	4,410	3,849	4,161	4,410	3,849	4,161
Business areas						
Solutions						
Net sales	1,120.9	902.2	1,005.1	3,924.4	2,807.5	3,455.2
Adjusted EBITA profit	110.5	112.8	116.1	398.6	318.3	377.2
Adjusted EBITA margin, %	9.9	12.5	11.5	10.2	11.3	10.9
Number of employees at the end of the period	1,931	1,750	1,880	1,931	1,750	1,880
Experience						
Net sales	431.9	365.6	384.6	1,585.4	1,306.8	1,390.5
Adjusted EBITA profit	48.4	42.3	47.3	167.8	131.9	145.8
Adjusted EBITA margin, %	11.2	11.6	12.3	10.6	10.1	10.5
Number of employees at the end of the period	1,000	929	969	1,000	929	969
Connectivity						
Net sales	287.5	229.4	240.5	1,040.3	479.4	879.6
Adjusted EBITA profit	34.7	25.3	26.5	118.6	48.3	85.3
Adjusted EBITA margin, %	12.1	11.0	11.0	11.4	10.1	9.7
Number of employees at the end of the period	773	659	693	773	659	693
Insight						
Net sales	254.3	174.5	235.1	730.9	489.2	697.4
Adjusted EBITA profit	32.7	26.2	34.6	68.6	50.0	76.8
Adjusted EBITA margin, %	12.9	15.0	14.7	9.4	10.2	11.0
Number of employees at the end of the period	553	389	497	553	389	497

1) The comparative figures have been recalculated retroactively based on the new segmentation implemented as of July 1, 2021.

2) The adjustments of pertain to the acquisitions of Cybercom from January to June, Capacent from January to September, 1508.dk and Strömlin from Januari to december, Swedspot from June to December and Miracle and Marketing Clinic from July to December and Ascend and Ionic October to December 2021.

→ FINANCIAL STATEMENTS

Financial overview by country

The table shows the profit/loss by quarter and period where comparative figures are shown to facilitate analysis. Net sales per country in the previous year have been

corrected, meaning that the comparative figures for 2021 have been updated.

SEK, MILLIONS	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Sweden				
Net sales	906.2	858.9	3,210.4	2,521.2
EBITA	129.2	127.0	421.4	306.5
EBITA margin, %	14.3	14.8	13.1	12.2
Norway				
Net sales	587.3	442.2	2,110.0	1,606.7
EBITA	60.8	47.3	204.5	175.7
EBITA margin, %	10.4	10.7	9.7	10.9
Finland				
Net sales	185.9	139.1	614.1	338.4
EBITA	5.4	19.2	28.2	30.3
EBITA margin, %	2.9	13.8	4.6	9.0
Denmark				
Net sales	232.0	91.6	676.8	254.3
EBITA	11.0	8.1	44.4	22.6
EBITA margin, %	4.7	8.8	6.6	8.9
Poland				
Net sales	54.7	39.8	199.7	76.2
EBITA	6.2	3.8	22.3	7.7
EBITA margin, %	11.3	9.5	11.2	10.1

OTHER

Definitions

Alternative key figures

Knowit uses alternative performance measures, as we believe they are relevant for following up the long-term financial targets and to provide a fair view of Knowit's profit and financial position. For instance, the Board has determined that the Company should grow faster than the market, with the goal of an annual growth rate of around 15 percent over time, and that the EBITA margin should grow to 12 percent over time. Further, net liabilities relative to EBITDA should not exceed two multiples over time. We also monitor capital employed, as it is an important aspect of the working capital turnover. Knowit's alternative performance measures are EBITDA profit, EBITA profit, adjusted EBITA profit, EBITA margin, adjusted EBITA margin, net debt, average equity, return on equity, capital employed, and return on capital employed.

For more information on our long-term financial targets and further definitions of performance measures, see pages 4 and 91 in the Annual Report for 2021. ■

EBITDA PROFIT Profit before depreciation and amortization of tangible and intangible non-current assets, respectively. $(596.5 + 148.8 = 745.3)$

EBITA PROFIT Profit before amortization of intangible non-current assets.

ADJUSTED EBITA PROFIT This performance measure is used as of the second quarter in 2021, for which reason no comparative figures for earlier periods are presented. EBITA is adjusted for items that impair comparability between periods, to provide increased understanding of the Group's underlying operative activities. Adjusted items include costs connected to acquisitions and disposals and costs for restructuring and integration programs.

This year's adjustments of SEK 12.0 million encompass expenses for legal and financial consultancy in connection with the acquisition transactions, totaling SEK 8.7 million encompass expenses for legal and financial consultancy in connection with the acquisition transactions, totaling SEK 3.3 million. They also include adjustments for integration and restructuring expenses such as financial and legal consultancy regarding restructuring, project management of integrations, financing expenses, and tax expenses connected to internal disposal of acquired foreign operations. $(596.5 + 12.0 = 608.5)$

EBITA MARGIN Profit before amortization of intangible non-current assets (EBITA) in relation to net sales for the period. $(596.5 / 6,833.8 = 8.7\%)$

ADJUSTED EBITA MARGIN Adjusted EBITA profit in relation to net sales for the period. $(608.5 / 6,833.8 = 8.9\%)$

NET DEBT Interest-bearing liabilities less financial interest-bearing assets. $(291.4 + 1,303.3 - 497.6 = 1,097.1)$

AVERAGE EQUITY The average of the period's opening equity balance and the period's closing equity balance. $((3,892.4 + 4,207.7) / 2 = 4,050.1)$

RETURN ON EQUITY Profit after full tax as a percentage of average equity including non-controlling interests. $(392.2 / 4,050.1 = 9.7\%)$

CAPITAL EMPLOYED Equity plus interest-bearing liabilities. $((3,892.4 + 286.3 + 606.6 + 4,207.7 + 1,303.3 + 291.4) / 2 = 5,295.2)$

RETURN ON CAPITAL EMPLOYED Profit after financial items plus financial expenses expressed as a percentage of average capital employed. $((483.7 + 58.4) / 5,295.2 = 10.2\%)$