



iNTERiM REPORt

JANUARY – SEPTEMBER 2017

Improved profit
Increased margin and sales
High recruitment

JANUARY – SEPTEMBER 2017

NET SALES INCREASED BY 12.9 PERCENT TO SEK 1,952.3 (1,729.2) MILLION

THE EBITA PROFIT INCREASED BY 43.3 PERCENT TO SEK 187.1 (130.6) MILLION

RESULTS AFTER TAXES INCREASED TO SEK 136.3 (94.6) MILLION

EARNINGS PER SHARE INCREASED TO SEK 6.90 (4.83)

THE EBITA MARGIN INCREASED TO 9.6 (7.6) PERCENT

CASH FLOW FROM OPERATING ACTIVITIES WERE SEK 36.3 (90.5) MILLION

JULY – SEPTEMBER 2017

NET SALES INCREASED BY 15.5 PERCENT TO SEK 577.6 (499.9) MILLION

THE EBITA PROFIT INCREASED BY 35.8 PERCENT TO SEK 50.1 (36.9) MILLION

RESULTS AFTER TAXES INCREASED TO SEK 35.0 (25.4) MILLION

EARNINGS PER SHARE INCREASED TO SEK 1.74 (1.26)

THE EBITA MARGIN INCREASED TO 8.7 (7.4) PERCENT

CASH FLOW FROM OPERATING ACTIVITIES WERE SEK -61.8 (15.3) MILLION

Continued positive development

We have continued to increase profit, margin and sales during the third quarter, and throughout the first nine months of the year. Despite high competition regarding new employees, we have continued to hire new consultants during the year.

We remain a very attractive choice for new employees and see a very high interest for both Knowit in general and for job openings. In early September we could welcome around 100 new employees in our introduction program.

Knowit is an obvious choice for both companies and authorities that have digitalization high up on their agendas. Success requires openness and courage to challenge accustomed patterns, something that our clients and employees have in great measure.

THE BIGGER PICTURE

We continue to develop our business in three business fields that jointly offer our clients solutions and projects with the bigger picture in mind, as well as high value. In my view, it is important that we keep up a good pace in developing new, relevant client offerings in line with our vision, to create a sustainable, humane society through digitalization and innovation.

In the business field Experience we have, as earlier during the year, had a continued positive profit development, with increased sales, profit and margin. To reinforce our e-commerce deal, we have in Malmö merged our digital agency with our e-commerce company. We see high demand in the rapidly growing e-commerce area.

Our business field for management consultancy, Insight, is powering ahead. During this quarter we have established the new company Knowit Digital Law, which offers services at the interface between IT and law. Within the fast-paced digitalization, legal matters are growing in importance for authorities and companies, including as an effect of the implementation of new regulations, such as personal data protection regulation GDPR. The demand for manage-

ment consultants with an understanding of technological development, combined with creative thinking, continues to grow.


In our largest business field, Solutions, we are seeing strong development with increased sales, profit and margin. We have, for instance, been given an assignment in artificial intelligence for the municipality of Oslo, as well as signing a framework agreement with the Norwegian Tax Authority. Within Solutions, where we combine understanding of client operations with high technical knowledge, we have continued to increase the number of consultants. This, combined with our high efficiency in everything from sales to delivery, reinforces the positive development.

LESSONS ON SECURITY

The security flaws in the digitalization project of the Swedish Transport Agency has led to a discussion on how authorities deal with outsourcing.

In an opinion piece in Svenska Dagbladet, I highlighted the importance of better follow-up of authorities' security reviews, and pointed out that the lacking competence within authorities must be rectified and that security experts must gain a clearer role in organizations. This applies to all Swedish authorities.

Sustainable, unique values Societal digitalization is fast and creates new values. When used correctly, digitalization contributes to a better environment, increased interaction between people and a stronger economy. It is important that our work contributes to creating a humane and sustainable society.

At Knowit, we help our clients develop in an increasingly fast-paced world. Because our consultants have a high strategic capacity, broad technical competence and innovative thinking, we can create unique values for clients, employees and shareholders – as well as for society in general. 

Per Wallentin
CEO and President

Important events during the year

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

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

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

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

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

Knowit initiates a partnership with **LITIUM**.

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

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

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

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

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

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

Knowit is given the task of **DEVELOPING JULA'S NEW E-COMMERCE SOLUTION**.

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

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

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

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

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

High demand

INSIGHT

Knowit's 250 specialists in the business field Insight work to improve the business models, methods and business-driving processes of clients, by identifying and realizing the opportunities created by new technology.

We create ideas, act as advisors and develop tailored solutions. Our assignments involve strategic and tactical implementation of change and improvement projects together with our clients.

Knowit is supporting a global bank in transformation efforts serving to increase the bank's capacity for flexibility and speed. Initially, the bank is developing its capacities in product and service development, in order to become an agile business. The consultancy services encompass analysis, design of methodology and work methods, development of tools and technology, organizational development and training coaches. The project is performed in an agile way, to ensure delivery benefits.

SOLUTIONS

In the business field Solutions, we have 1,250 consultants working in system development projects with high requirements on traceability, performance and accessibility. We offer services for all aspects of the development process – from project governance and architecture to programming, testing and security.

Knowit has delivered a solution in artificial intelligence to the municipality of Oslo for processing of appeals parking tickets. The solution is based on machine learning and currently gives about 85 percent correct responses. The number of correct assessments increases in step with the development of the machine learning algorithms. The goal is to unburden municipal officials and shorten response times to benefit the appealing parties.

The Norwegian Tax Authority, Skatteetaten, has signed a three-year framework agreement with Knowit. Skatteetaten is on an extensive digitalization journey and has drawn up new strategies to be achieved over the next few years.

Knowit's geographic market is the Nordic region, supplemented with operations in Estonia and Germany.

Within the scope of ever swifter digitalization, Knowit creates client value by offering deliveries from three business fields: Experience, Insight and Solutions. It is the ability to combine competencies within design and communication, management consultancy and IT that sets us apart from other consultancy firms.

The common denominator is innovation and creative thinking within digital transformation, with a focus on the end user – and our ability to handle the complex market, business setting and technology of today.

Within Knowit's three business fields, demand is very high in general. Geographically, demand varies between different regions. In Sweden and Norway, demand has been high. On the Finnish market, demand has continued to improve.

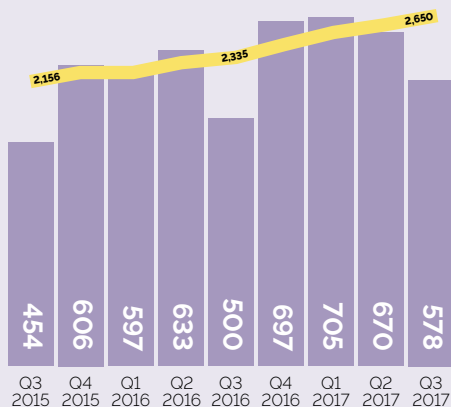
EXPERIENCE

We see that advertising and marketing are converging with IT. Knowit, with the business field Experience, has a strong position and is currently at the forefront of this development. With around 550 specialists in the Nordic region, we work with digitalization, web and mobile development, market communication and various forms of client/user experience.

Knowit Experience continues its Nordic venture into e-commerce solutions, with site launches for Nilson Group, Jula and Hiab, among others. The specialist team in Malmö has been reinforced with 30 new colleagues. Knowit now also has a partnership with Litium, as a supplement to the existing premium partnership with Epi and the Platinum partnership with InRiver.

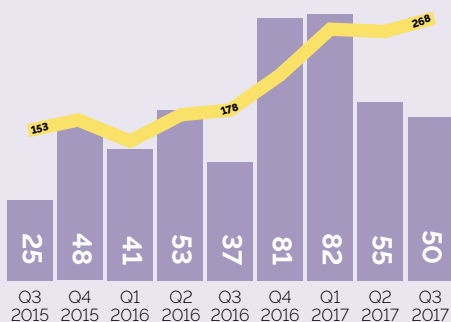
Knowit's Eivind Savio received an honorary award during the Google Performance Awards 2017 in Oslo and Knowit achieved its third certification as a supplier and retailer of Google's 360 version of Analytics, Tag Manager and Optimize.

At this year's Google Global Partner Summit in New York, Google chose to highlight Knowit's campaign for the client Fjordkraft, which is based on Google's »Audience Insight.«



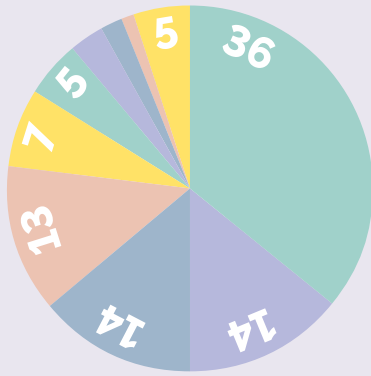
NET SALES, SEK, MILLIONS

Quarterly data
Rolling 12-monthly



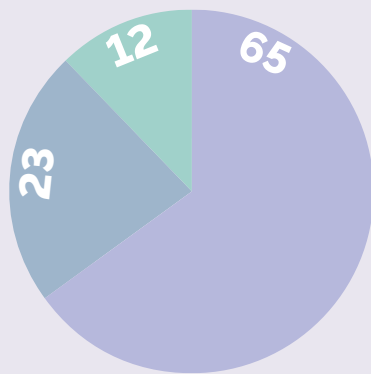
EBITA, SEK, MILLIONS

Quarterly data
Rolling 12-monthly



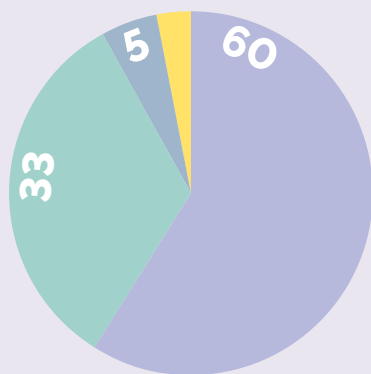
SALES PER INDUSTRY FIELD JANUARY – SEPTEMBER 2017

Public sector	36% (36)
Retail	14% (15)
Industry	14% (13)
Banking, finance and insurance	13% (12)
Telecommunications operators	7% (8)
Energy	5% (5)
Media, education and gaming	3% (3)
Telecommunications industry	2% (2)
Pharmaceuticals	1% (1)
Other	5% (5)



SALES PER SEGMENT JANUARY – SEPTEMBER 2017

Solutions	65% (66)
Experience	23% (21)
Insight	12% (13)



SALES PER COUNTRY JANUARY – SEPTEMBER 2017

Sweden	60% (64)
Norway	33% (30)
Finland	5% (5)
Other	2% (1)

MARKET AND OPERATION CONTINUED

Julia Suneson, who works in IT Management, Knowit Solutions, is nominated to Lilla Polhemspriset for the best thesis for a degree as Master of Science. Lilla Polhemspriset is the oldest award in the engineering field in Sweden and is awarded by the organization Engineers of Sweden.

With deep knowledge in several crucial areas of technology, we contribute to increasing our clients' competitiveness.

Among the clients in this segment are Bertel O Steen, Clas Ohlson, Hiab, ICA and Vagabond.


THE MANUFACTURING INDUSTRY

Within the manufacturing industry, digitalization is an important driving force for streamlining and renewal. Knowit has long experience, for instance from the vehicle industry, where digitalization and the Internet of Things are gaining momentum, both in vehicles, with around 100 onboard computers, and in the infrastructure developed around them, to support internet connection, maintenance and repair.

Among our clients in this segment are Gasum, Lerøy Seafood Group, Saab, Statoil and Volvo Cars.

THE PUBLIC SECTOR

In the public sector, Knowit contributes with its competence to streamline operations and simplify communications with citizens. Knowit has long experience and a strong position in the public sector, with framework agreements with several large players, including Kammarkollegiet in Sweden and Hansel in Finland.

Examples of clients are the Estonian Railways, HUS (The Hospital District of Helsinki and Uusimaa), the Swedish Prison and Probation Service, the municipality of Oslo and SALAR, of Helsinki and Uusimaa), Kriminalvården, Oslo kommun och SKL. 

Client industries

Knowit has a good distribution of clients in many different industries. This creates stability, as the company is not dependent on the development in one or just a few industries. This highest proportion of sales comes from public sector, retail, industry as well as bank and finance.

BANKING AND FINANCE

Traditional banking operations are getting competition from new parties using new digital business models and the growing technological opportunities. Knowit is highly familiar with the new competitive situation in which prices, brands and client experiences have gained in importance.

Among the clients in this segment are BankID, DnB ASA, Odin Förvaltning, Santander and Sparebank Vest.

RETAIL

Knowit has over the course of many years amassed a wide knowledge of the field and now supplies services and solutions to a number of leading retail companies and chains of stores.

CORPORATE DEVELOPMENT

Law and IT

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

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

NEW OPERATIONS

Knowit has established the legal consultancy firm Knowit Digital Law, which offers support in legal matters connected to digitalization. Knowit Digital Law also offers services relating to how organizations can prepare for future possibilities and challenges connected to new regulations, such as GDPR.


During this quarter, Knowit has chosen to close down the company Knowit Business Growth, which has been struggling with profitability for some time.

In Malmö, Knowit has merged two companies, Knowit Experience Syd and Knowit E-Commerce, to strengthen its e-commerce deal and facilitate faster growth. The goal is to optimize deliveries on the fast-growing e-commerce market.

ATTRACTIVE WORKPLACE

When the employer branding company Universum performs its annual survey of the most popular employers in the Nordic region among IT students, Knowit is yet again near the top. Knowit is the most popular Nordic consultancy firm among the IT students.

Knowit has over 20,000 followers on LinkedIn, the result of well-planned efforts in social media to strengthen our employer brand.

Knowit Solutions' testing conference, Testit 2017, was held in Malmö in September, for the fourth year running. Interest was very high for this year's conference. The event was fully booked and attracted over 100 participants. This year's theme was »Test automation and Creative testing.« 

THE GROUP

Continued positive development

Net sales and profit

JANUARY – SEPTEMBER

Net sales increased to SEK 1,952.3 (1,729.2) million, an increase by 12.9 percent as compared with the corresponding period last year. Net sales increased to SEK 1,160.5 (1,087.1) million in Sweden, SEK 640.7 (523.1) million in Norway and SEK 102.3 (79.5) million in Finland. Sales per employee increased to SEK 1,054 (996) thousand.

The operating profit before amortization of intangible assets (EBITA) increased to SEK 187.1 (130.6) million, an increase by 43.3 percent as compared with the corresponding period last year. In Sweden, EBITA increased to SEK 131.9 (112.0) million, in Norway to SEK 72.4 (49.7) million, and in Finland to SEK 8.6 (6.1) million.

The operating margin (EBITA) increased to 9.6 (7.6) percent.

Amortization of intangible assets totaled SEK -4.1 (-9.1) million.

Profit after financial items increased to SEK 174.2 (121.0) million. The financial net was SEK -8.8 (-0.5) million. The financial net is affected

by interest costs for loans and leases and costs for synthetic options.

The results after taxes were SEK 136.3 (94.6) million. Tax for the period amounted to SEK -37.9 (-26.4) million. Non-controlling interests' shares of profit for the year totaled SEK 5.3 (4.6) million. Earnings per share increased to SEK 6.90 (4.83).

THE THIRD QUARTER

Net sales increased to SEK 577.6 (499.9) million, an increase by 15.5 percent as compared with the corresponding period last year. Net sales increased to SEK 333.5 (300.9) million in Sweden, SEK 195.7 (163.9) million in Norway and SEK 32.4 (22.2) million in Finland. Sales per employee increased to SEK 311 (290) thousand.

The operating profit before amortization of intangible assets (EBITA) increased to SEK 50.1 (36.9) million, an increase by 35.8 percent as compared with the corresponding period last year. In Sweden, EBITA was SEK 26.6 (33.0) million, in Norway SEK 23.3 (18.8) million, and in Finland SEK 2.6 (1.4) million.

The operating margin (EBITA) increased to 8.7 (7.4) percent.

Amortization of intangible assets totaled SEK -1.3 (-2.7) million.

Profit after financial items increased to SEK 46.6 (34.1) million. The financial net was SEK -2.2 (-0.1) million. The financial net is affected by interest costs for loans and leases and costs for synthetic options.

The results after taxes were SEK 35.0 (25.4) million. Tax for the period amounted to SEK -11.6 (-8.7) million. Non-controlling interests' shares of profit for the year totaled SEK 1.8 (1.6) million. Earnings per share increased to SEK 1.74 (1.26).

Segments

JANUARY – SEPTEMBER

The group's operations are organized so that the corporate management mainly follows up on three business fields: Experience, Insight, and Solutions.

Net sales for the segment Experience increased to SEK 463.0 (381.8) million, for the segment Insight they increased to SEK 254.0 (230.4) million and for the segment Solutions they increased to SEK 1,343.8 (1,226.1) million.

THE GROUP CONTINUED

The operating profit before amortization of intangible assets (EBITA) increased to SEK 45.3 (21.4) million for the segment Experience, totaled SEK 27.5 (30.4) for the segment Insight and increased to SEK 155.4 (122.1) for the segment Solutions.

The EBITA margin increased to 9.8 (5.6) percent for the segment Experience, totaled 10.8 (13.2) percent for the segment Insight and increased to 11.6 (10.0) percent for the segment Solutions.

The parent company's results and consolidating adjustments are not included in the segment reporting.

Cash flow and financial position

JANUARY – SEPTEMBER

Cash flow from operating activities totaled SEK 36.3 (90.5) million, affected mainly by increased accounts receivable and short-term liabilities.

Cash flow from investment activities were SEK -27.0 (-25.7) million. Additional consideration paid for acquisitions made in previous years totaled SEK -16.3 (-25.9) million.

Cash flow from financial activities totaled SEK -43.9 (-60.7) million,

affected by dividends to shareholders in Knowit AB and to non-controlling interests in group companies, as well as by amortization of bank loans.

Total cash flow were to SEK -34.6 (4.1) million.

Cash and cash equivalents totaled SEK 10.9 (11.3) million as per September 30 2017.

Goodwill and other intangible assets amounted to SEK 905.2 (921.0) million, of which goodwill totaled SEK 896.4 (908.7) million, and other intangible assets totaled SEK 8.8 (12.3) million.

Equity increased to SEK 891.5 (813.2) million.

Interest-bearing liabilities totaled SEK 187.1 (216.8) million on September 30 2017, of which SEK 81.4 (95.7) million were long-term and SEK 105.7 (121.1) million were short-term. Bank loans totaled SEK 26.7 (45.0) million, a used overdraft facility totaled SEK 51.4 (69.6) of a granted overdraft facility of SEK 170.0 (170.0) million, financial leases totaled SEK 26.7 (26.1) million and liabilities related to future consideration and synthetic options in subsidiaries totaled SEK 82.3 (76.1) million.


The equity ratio increased to 53.2 (51.8) percent as per September 30 2017.

THE SHARE

In May, a new issue was performed of 164,879 shares, waiving shareholders' preferential rights, in accordance with the AGM resolution on an offset issue. The performed issue was directed at the sellers of shares in Knowit Dataess AS, Norge, as payment for part of the acquisition of the company, and acquisitions of non-controlling interests in Knowit Quality Management Oslo AS and Knowit eCommerce AB.

Outstanding shares in Knowit AB before the new issue totaled 18,914,124, and after the issue, the shares totaled 19,079,003.

Employees

On September 30 2017, 2,039 (1,855) people were employed by the Group. The number of employees has increased by 172 people during 2017. The average number of employees in the Group during the period increased to 1,852 (1,736). The average number of employees in Sweden increased to 1,178 (1,125), in Norway to 521 (471) and in Finland to 100 (89). 


PARENT COMPANY

Results and financial position

JANUARY – SEPTEMBER

The operating profit before amortization of intangible assets (EBITA) totaled SEK -34.1 (-36.6) million. The financial net increased to SEK 12.2 (-3.3) million, mainly affected by dividends to subsidiaries and interest costs for bank loans. The

result after financial net was SEK -21.9 (-39.9) million.

As per September 30 2017, equity was SEK 300.2 (299.8) million. Un-taxed reserves, mainly accrual funds, were SEK 60.3 (56.1) million. 

Nomination committee appointed

NOMINATION COMMITTEE

In accordance with the resolution of the Annual General Meeting on April 25, 2017, the nomination committee for the AGM 2018 shall consist of a representative for each of the three largest registered shareholders as per September 30, 2017, and the chairman of the board, who shall convene the nomination committee to its first meeting.

The Nomination committee for the AGM 2018 consists of: Malin Björkmo, SHB fonder, Lennart Francke, Swedbank Robur fonder, Jan Särilvik, Nordea Funds and Mats Olsson, Chairman of the Board and convener.

The duties of the Nomination committee are to propose, at the AGM 2018, the Chairman of the AGM, the Board members, the Chairman of the Board, the auditors, Directors' fees, auditors' fees and the Nomination committee's procedures. Shareholders who wish to make suggestions to the nomination committee can do so via e-mail to valberedning@knowit.se.

AGM

The AGM will take place on Wednesday April 26, 2018 at 4 PM in the Company's offices at Klarabergsgatan 60, Stockholm. Notice to attend will be announced in a press release, in the newspapers Post och Inrikes Tidningar and Dagens Industri, and on Knowit's website.

Essential risks and uncertainty factors

Knowit's general essential business risks consist of reduced demand for consultancy services, difficulties in attracting and retaining skilled personnel, price pressures and financial risks related to credit and exchange rates and, to a lesser extent, risks related to fixed price projects. For a comprehensive description of the essential risks and uncertainty factors, see Note 2

in Knowit's annual report for 2016, pages 67–68. No significant changes have arisen thereafter.

Accounting principles

This report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Annual Accounts Act. The Group accounts have been prepared in accordance with the International Financial Reporting Standards, IFRS, as adopted by the European Union, and the Swedish Annual Accounts Act. The interim report for the Parent company has been prepared in accordance with the Swedish Annual Accounts Act and the recommendation RFR 2 Accounting for legal entities. None of the new or amended standards or interpretations of existing standards, which have entered into force during 2017, have had any significant impact on the company's financial position or financial reporting. The accounting principles and calculation methods are unchanged as compared with the description in the annual report for 2016, see Notes 1 and 2, pages 60–68. The group is evaluating the effects of IFRS 15 and does not currently expect it to have any significant effects on its financial reports.

DISCLOSURE REQUIREMENTS PER QUARTER IN ACCORDANCE WITH IFRS

Financial instruments reported at other than actual value

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

Alternative key figures

In this interim report, we are using the following alternative key figures, as we believe they are relevant in follow-up of our long-term financial targets. The Board has, among other things, determined that the EBITA profit should exceed the net liabilities, that the EBITA margin should

exceed 10 percent on average over a period of five years and that equity should exceed the intangible assets. We also monitor capital employed, as it is an important aspect of the working capital turnover. For more information on our long-term financial targets and further definitions of key figures, see the annual report for 2016, page 11 and page 87.

EBITA profit

The profit before amortization of intangible assets.

EBITA margin

The profit before amortization of intangible assets (EBITA) in relation to the turnover of the period.

Net liabilities

Interest-bearing liabilities less financial interest-bearing assets.

Average equity

The average of the opening equity of the period and the closing equity of the period.

Earnings on equity

The profit after taxes in percent of average equity, including non-controlling interest shares.

Capital employed

Total assets less non-interest-bearing liabilities and provisions.

Earnings on capital employed

Profit after financial items plus financial costs in percent of average capital employed.

Forward-looking information

Forward-looking information in this report is based on the expectations of Knowit's management team at the time of the report.

While Knowit's management team assesses these expectations to be reasonable, there is no guarantee that these expectations are or will turn out to be correct. Consequently, future outcomes may vary significantly compared with what is presented in the future-oriented information,

depending for example on changed market conditions for the Knowit Group's offerings and more general changed 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

February 7 2018 8.30 AM,

Year-end report 2017

April 26 2018 1.00 PM,

Interim report Q1

April 26 2018 4.00 PM,

AGM

July 16 2018 1.00 PM,

Interim report Q2

October 23 2018 2.00 PM,

Interim report Q3

February 7 2019 08.30 AM,

Year-end report 2018

Stockholm, October 25 2017

Per Wallentin

CEO

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, PLEASE CONTACT

Per Wallentin, President and CEO, Knowit AB (publ), +46 (0)8 700 66 00 or Patrik Syrén, IRO, Knowit AB (publ), +46 (0)8 700 66 00 or +46 (0)730 746 630 or Anna Jennehov, CFO, Knowit AB (publ), +46 (0)8 700 66 00

Knowit AB (publ)

is a consultancy firm which, within the ever swifter digitalization, creates unique client value by offering interdisciplinary deliveries from three business fields: Experience, Insight and Solutions. It is the ability to combine competencies within IT, design and communication and management consultancy that sets us apart from other consultancy firms. Our culture is characterized by openness, understanding of the client's business, high competence and a drive to constantly develop. Knowit was founded in 1990 and currently has around 2,000 employees in 14 locations in Sweden, five locations in Norway, and one each in Denmark, Estonia, Finland and Germany. Knowit AB (publ) is quoted on NASDAQ OMX in Stockholm. For further information about Knowit, please visit knowit.eu.

Auditor's report

Knowit AB (publ), org.nr 556391-0354

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Knowit AB-group as of 30 September 2017 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish 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 the International Standard on Review Engagements

ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review 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, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do 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, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm 25 October 2017

Öhrlings PricewaterhouseCoopers

Anna-Clara af Ekenstam
**Authorized Public Accountant
Auditor in charge**

Mats Grönberg
Authorized Public Accountant

Consolidated income statement and report concerning total results

SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Net sales	577.6	499.9	1,952.3	1,729.2	2,426.2
Profit on disposal of operations	-524.7	-459.9	-1,756.4	-1,588.8	-2,202.8
Depreciation of tangible fixed assets	-2.8	-3.1	-8.8	-9.8	-11.8
OPERATING RESULT BEFORE DEPRECIATIONS OF INTANGIBLE ASSETS (EBITA)	50.1	36.9	187.1	130.6	211.6
Depreciation of intangible fixed assets	-1.3	-2.7	-4.1	-9.1	-10.5
OPERATING RESULT (EBIT)	48.8	34.2	183.0	121.5	201.1
Financial income	0.2	1.6	0.5	3.0	2.5
Financial cost	-2.4	-1.7	-9.3	-3.5	-11.8
RESULT AFTER FINANCIAL ITEMS	46.6	34.1	174.2	121.0	191.8
Income taxes	-11.6	-8.7	-37.9	-26.4	-47.3
RESULT FOR THE PERIOD	35.0	25.4	136.3	94.6	144.5
Result for the period assignable to shareholders in Parent Company	33.2	23.8	131.0	90.0	138.4
Result for the period assignable to non-controlling interests' holdings	1.8	1.6	5.3	4.6	6.1
Earnings per share					
Earnings per share before dilution (SEK)	1.74	1.26	6.90	4.83	7.39
Earnings per share after dilution (SEK)	1.74	1.26	6.90	4.83	7.39
Other total result					
Result for the period	35.0	25.4	136.3	94.6	144.5
<i>Items that may be reclassified subsequently to profit or loss</i>					
Hedging of netinvestment	-0.1	-0.9	0.4	-1.9	-1.8
Tax effect hedging of netinvestment	0.0	0.1	-0.1	0.4	0.4
Exchange rates difference	2.4	21.0	-10.4	43.9	42.2
OTHER TOTALRESULT FOR THE PERIOD, NET AFTER TAX	37.3	45.6	126.2	137.0	185.3
Total result for the period					
Total result assignable to shareholders in Parent Company	35.5	44.0	120.9	132.4	179.2
Total result assignable to non-controlling interests' holdings	1.8	1.6	5.3	4.6	6.1

Consolidated balance sheet

SEK M	2017-09-30	2016-09-30	2016-12-31
Assets			
Intangible fixed assets	905.2	921.0	915.7
Tangible fixed assets	46.5	40.5	42.3
Financial fixed assets	4.1	5.5	5.6
Deferred tax assets	5.8	6.9	5.7
Current assets	703.0	584.8	597.5
Liquid funds	10.9	11.3	44.8
TOTAL ASSETS	1,675.5	1,570.0	1,611.6
Equity and liabilities			
Share capital	19.1	18.9	18.9
Other paid-up capital and other provisions	492.7	512.7	509.9
Recognized profits including result for the period	369.8	273.7	306.2
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY	881.6	805.3	835.0
Non-controlling interests' holdings	9.9	7.9	9.3
TOTAL EQUITY	891.5	813.2	844.3
Long-term provisions	33.5	32.5	34.8
Interest-bearing long-term liabilities	81.4	95.7	101.1
Interest-bearing short-term liabilities	105.7	121.1	62.7
Other short-term liabilities	563.4	507.5	568.7
TOTAL EQUITY AND LIABILITIES	1,675.5	1,570.0	1,611.6

Key figures

	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Average number of employees	1,857	1,722	1,852	1,736	1,737
Sales per average number of employee (000)	311	290	1,054	996	1,397
Result after financial items per average number of employee (000)	25	20	94	70	110
Return on total capital %	3.0	2.3	11.2	8.2	13.2
Return on equity %	4.0	3.2	15.7	12.1	18.1
Return on capital employed %	4.7	3.5	17.6	12.4	20.5
EBITA-margin %	8.7	7.4	9.6	7.6	8.7
Equity ratio %	53.2	51.8	53.2	51.8	52.4

Data per share

	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Earnings per share (SEK)					
Before dilution	1.74	1.26	6.90	4.83	7.39
After dilution	1.74	1.26	6.90	4.83	7.39
Equity per share (SEK)					
Before dilution	46.21	42.58	46.21	42.58	44.15
After dilution	46.21	42.58	46.21	42.58	44.15
Average number of shares (000)					
Before dilution	19,079	18,914	18,998	18,650	18,716
After dilution	19,079	18,914	18,998	18,650	18,716
Average number of shares (000)					
Before dilution	19,079	18,914	19,079	18,914	18,914
After dilution	19,079	18,914	19,079	18,914	18,914

Consolidated cash flow analysis

SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Cash flow current operations before changes in working capital	39.9	16.1	145.0	101.1	175.7
Change in working capital	-101.7	-0.8	-108.7	-10.6	17.4
CASH FLOW FROM CURRENT OPERATIONS	-61.8	15.3	36.3	90.5	193.1
Cash flow from investing activities	-4.2	-0.9	-27.0	-25.7	-29.0
Cash flow from financing activities	47.3	-11.6	-43.9	-60.7	-135.1
CASH FLOW FOR THE PERIOD	-18.7	2.8	-34.6	4.1	29.0
Opening balance	29.1	8.7	44.8	6.7	6.7
Exchange rates differences	0.5	-0.2	0.7	0.5	9.1
CLOSING BALANCE	10.9	11.3	10.9	11.3	44.8

Change in equity

SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Opening balance	865.8	778.9	844.3	752.2	752.2
Exchange rates differences	2.4	21.0	-10.4	43.9	42.2
Hedging of net investment	-0.1	-0.9	0.4	-1.9	-1.8
Tax effect hedging of net investment	0.0	0.1	-0.1	0.4	0.4
Result for the period	35.0	25.4	136.3	94.6	144.5
TOTAL RESULT FOR THE PERIOD	37.3	45.6	126.2	137.0	185.3
TOTAL BEFORE TRANSACTIONS WITH SHAREHOLDERS	903.1	824.5	970.5	889.2	937.5
Non-controlling interest's holdings	-	-11.1	-	-11.1	-11.3
Additional capital from non-controlling interest's holdings	-11.6	-0.2	-18.3	-23.7	-40.7
Dividend payment	-	-	-82.8	-72.1	-72.1
Share issue for the acquisition of non-controlling interests	-	-	22.1	30.9	30.9
CLOSING BALANCE	891.5	813.2	891.5	813.2	844.3

Financial assets and liabilities

2017-09-30 SEK M	Loans and receivables	Fair value
Assets in balance sheet		
Other long-term securities holdings	4.1	4.1
Other long-term receivables	12	12
Accounts receivable and other receivable	621.6	621.6
Cash	10.9	10.9
TOTAL	637.8	637.8
2017-09-30 SEK M	Other financial liabilities	Fair value
Liabilities in the balance sheet		
Interest-bearing liabilities	187.1	187.1
Accounts payable	98.2	98.2
Other liabilities	176.7	176.7
TOTAL	462.0	462.0

Reported value of the Group's financial assets and liabilities, divided into valuation category per IAS 39 are presented in the above table. No financial assets or liabilities are reported at a value that significantly deviates from fair value.

Income statement

Parent company

SEK M	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Net sales	58.9	58.7	192.2	205.4	289.1
Capitalized work for own account	2.3	-	2.3	-	-
Operating costs	-70.4	-70.0	-227.7	-241.1	-336.7
Depreciation of tangible fixed assets	-0.3	-0.3	-0.9	-0.9	-1.2
OPERATING RESULT BEFORE DEPRECIATIONS OF INTANGIBLE ASSETS (EBITA)	-9.5	-11.6	-34.1	-36.6	-48.8
Depreciation of intangible fixed asset	-	0.0	-	0.0	0.0
OPERATING RESULT (EBIT)	-9.5	-11.6	-34.1	-36.6	-48.8
Financial items	2.7	0.1	12.2	-3.3	97.6
RESULT AFTER FINANCIAL ITEMS	-6.8	-11.5	-21.9	-39.9	48.8
Appropriations	-	-	-	-	-4.2
Income taxes	-	-	-	-	-13.3
RESULT FOR THE PERIOD / OTHER TOTAL RESULT	-6.8	-11.5	-21.9	-39.9	31.3

Balance sheet

Parent company

SEK M	2017-09-30	2016-09-30	2016-12-31
Assets			
Intangible fixed assets	2.3	0.0	-
Tangible fixed assets	4.6	5.4	5.1
Financial fixed assets	804.1	855.0	797.3
Current assets	98.1	106.3	90.4
Liquid funds	0.0	0.0	34.6
TOTAL ASSETS	909.1	966.7	927.4
Equity and liabilities			
Share capital	19.1	18.9	18.9
Statutory reserve	68.0	68.0	68.0
Fund for development costs	2.3	-	-
Unrestricted share capital including result for the period	210.8	212.9	284.0
TOTAL EQUITY	300.2	299.8	370.9
Untaxed reserves	60.3	56.1	60.3
Interest-bearing long-term liabilities	14.6	29.3	25.6
Long-term provision	0.3	0.3	0.3
Interest-bearing short-term liabilities	63.5	85.3	14.5
Other liabilities	470.2	495.9	455.8
TOTAL EQUITY AND LIABILITIES	909.1	966.7	927.4

Segment reporting

2017 July – September SEK M	Experience	Insight	Solutions	Parent Company / Group adj.	Total
External net sales	121.7	65.1	390.8	–	577.6
Net sales between segments	15.5	6.9	8.8	-31.2	–
NET SALES	137.2	72.0	399.6	-31.2	577.6
Operating result before depreciations of intangible fixed assets (EBITA)	12.7	5.0	45.0	-12.6	50.1
Depreciation of intangible fixed assets	0.0	–	-1.3	–	-1.3
OPERATING RESULT (EBIT)	12.7	5.0	43.7	-12.6	48.8
Result after financial items					46.6
PROFIT FOR THE PERIOD					35.0
EBITA-margin, %	9.3	6.9	11.3		8.7
Average numbers of employees	467	224	1,155	11	1,857
2017 January – September SEK M	Experience	Insight	Solutions	Parent Company / Group adj.	Total
External net sales	410.9	227.9	1,313.5	–	1,952.3
Net sales between segments	52.1	26.1	30.3	-108.5	–
NET SALES	463.0	254.0	1,343.8	-108.5	1,952.3
Operating result before depreciations of intangible fixed assets (EBITA)	45.3	27.5	155.4	-41.1	187.1
Depreciation of intangible fixed assets	-0.1	–	-4.0	–	-4.1
OPERATING RESULT (EBIT)	45.2	27.5	151.4	-41.1	183.0
Result after financial items					174.2
PROFIT FOR THE PERIOD					136.3
EBITA-margin, %	9.8	10.8	11.6		9.6
Average numbers of employees	463	222	1,156	11	1,852
Intangible fixed assets	201.2	60.1	641.6	2.3	905.2

Segment reporting continued

2016 July – September SEK M	Experience	Insight	Solutions	Parent Company / Group adj.	Total
External net sales	98.2	50.9	350.8	–	499.9
Net sales between segments	12.2	12.0	5.3	-29.5	–
NET SALES	110.4	62.9	356.1	-29.5	499.9
Operating result before depreciations of intangible fixed assets (EBITA)	6.7	6.5	36.4	-12.7	36.9
Depreciation of intangible fixed assets	0.0	–	-2.7	0.0	-2.7
OPERATING RESULT (EBIT)	6.7	6.5	33.7	-12.7	34.2
Result after financial items					34.1
PROFIT FOR THE PERIOD					25.4
EBITA-margin, %	6.1	10.3	10.2		7.4
Average numbers of employees	427	199	1,085	11	1,722

2016 January – September SEK M	Experience	Insight	Solutions	Parent Company / Group adj.	Total
External net sales	335.0	199.4	1,194.8	–	1,729.2
Net sales between segments	46.8	31.0	31.3	-109.1	–
NET SALES	381.8	230.4	1,226.1	-109.1	1,729.2
Operating result before depreciations of intangible fixed assets (EBITA)	21.4	30.4	122.1	-43.3	130.6
Depreciation of intangible fixed assets	-0.2	–	-8.8	-0.1	-9.1
OPERATING RESULT (EBIT)	21.2	30.4	113.3	-43.4	121.5
Result after financial items					121.0
PROFIT FOR THE PERIOD					94.6
EBITA-margin, %	5.6	13.2	10.0		7.6
Average numbers of employees	434	199	1,092	11	1,736
Intangible fixed assets	203.8	60.9	656.3	0.0	921.0

The group's operations are organized such that the corporate management primarily follows up on sales, EBITA profit and average number of employees per group segment. Excluding intangible assets, no other balance sheet items per operating segment are followed up on by the corporate management. Non-distributed costs consist of the parent company's corporate-wide costs for management, financing and marketing.