



Year-end report

- Higher profit and margin
- Acquisition of Creuna strengthens position
- Dividend of SEK 7.00 suggested

JANUARY - DECEMBER 2020

NET SALES INCREASED BY 1.3 PERCENT TO SEK 3,379.1 (3,335.1) MILLION
THE OPERATING PROFIT (EBITA) INCREASED BY 4.9 PERCENT TO SEK 335.0 (319.2) MILLION
RESULTS AFTER TAXES INCREASED TO SEK 257.9 (241.7) MILLION
EARNINGS PER SHARE INCREASED TO SEK 12.96 (12.06) *
THE OPERATING MARGIN (EBITA) INCREASED TO 9.9 (9.6) PERCENT
CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 441.3 (305.0) MILLION
THE BOARD SUGGESTS A DIVIDEND OF SEK 7.00 PER SHARE, FOR A TOTAL OF SEK 137.6 MILLION

OCTOBER - DECEMBER 2020

NET SALES INCREASED BY 1.7 PERCENT TO SEK 923.8 (908.2) MILLION
THE OPERATING PROFIT (EBITA) INCREASED BY 11.4 PERCENT TO SEK 108.3 (97.2) MILLION
RESULTS AFTER TAXES INCREASED TO SEK 80.4 (77.8) MILLION
EARNINGS PER SHARE INCREASED TO SEK 4.11 (3.88) *
THE OPERATING MARGIN (EBITA) INCREASED TO 11.7 (10.7) PERCENT
CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 176.9 (114.1) MILLION

* Before and after dilution.

The information contained herein is such as shall be made public by Knowit AB (publ) in accordance with the EU Market Abuse Regulation. The information was made public through the agency of CEO and President Per Wallentin, at 08:30 CET on 5 February 2021.

COMMENTS FROM THE CEO

Continued strong development

For the full year 2020, the Group has increased both its net sales and its profit, with a slightly improved margin, despite the impact that covid-19 has had on both society as a whole and on Knowit. It is the seventh year in a row that we improve our profit compared with the year before. We have shown that we have the ability to quickly adapt our operations and to keep up client deliveries from a distance. The acquisition of Creuna also reinforces our position on the market further.

ALL THREE OF our business areas have developed well during the year. Solutions has had a strong year, Experience has shown high efficiency with a good outcome, and Insight has worked its way back to a positive development.

A GOOD YEAR FOR SOLUTIONS

Solutions had higher net sales and profit during the fourth quarter than during the corresponding quarter last year. The Swedish operations have had a particularly strong growth, with improved profit and margin.

We have gotten started with recruitment again, especially in Norway. However, it has taken a bit longer to get the new junior consultants into client assignments there. Now, we have a satisfactory capacity utilization and continued high demand.

GROWTH DURING THE FOURTH QUARTER

Knowit Experience has, in particular during the fourth quarter, increased its net sales, profit, and margin. The integration with Creuna has been performed at high pace and several of the expected synergies are already in place, which is satisfying.

Creuna has already added business value in the form of joint deals and new collaborations. Despite the lack of physical meetings, the new coworkers have quickly found their bearings and been introduced to each other through digital fora and collaboration platforms.

STRONG END TO THE YEAR

In our smallest business area Insight, we have a continued positive development. In the fourth quarter, net sales were at the same level as last year, and both profit and margin increased significantly.

A lot of work has been put into reorganization and streamlining. During the quarter, this work has had a positive outcome. The investments into specialist areas, in particular security, contributed strongly to this turnaround.

RECRUITMENT RESTARTED

The year 2020 was a challenging one and the future is still somewhat uncertain. Despite this, I feel optimism about the coming year. Knowit has throughout history



had an ability to quickly adapt its operations to new conditions. The unique circumstances that covid-19 and its effects have entailed have been far-reaching. Despite its negative consequences, the pandemic has led to new needs and an increased demand digitalization services for, among other things, working from home, e-commerce, and cybersecurity. Areas in which Knowit has high levels of specialist competence and delivery capacity. This, combined with our having gotten started with recruitment, makes me look forward to a 2021 characterized by a positive outlook on the future and growth. **k**

PER WALLENTIN
CEO and President

EVENTS DURING THE YEAR



OCTOBER – DECEMBER 2020

Knowit acquires the **NORDIC DIGITAL AGENCY CREUNA** with around 300 employees. Creuna becomes part of the business area Experience, which thereby significantly strengthens its position in digital customer experiences

Knowit is ranked as **THE BEST IT CONSULTANCY COMPANY** in the Nordic region when the analysis company Universum compiles a list of the most attractive IT companies among Young Professionals

The healthcare site 1177.se is named **BEST WEBSITE** in health and wellness in IDG's annual ranking. Knowit has developed the technical platform for Inera

Knowit participated as a partner during **TECHARENAN SUMMIT** in November. President Per Wallentin took part to talk about AI and technology in relation to sustainability

Knowit's security expert Åsa Schwarz participated in **THE WEBINAR SERIES "THINK SAFE"** organized by the Swedish Civil Contingencies Agency – talking about how a lack of competence and poor security systems hold large risks for organizations and companies

Knowit and its employees raised around SEK 300,000 for UNHCR's **REFUGEE SCHOLARSHIP PROGRAM** during a Christmas campaign

As a step in Knowit's venture into **E-HEALTH**, the specialist company Knowit Insight Health has been established.

Per Wallentin participated as a cowriter of **AN OPINION PIECE IN DAGENS NYHETER**, along with ten other corporate executives, where the topic was emission targets: "Our companies are far more ambitious than the Swedish targets."



JULY – SEPTEMBER 2020

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

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

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

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

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

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

→ EVENTS DURING THE YEAR

» APRIL – JUNE 2020

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

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

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

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

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

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

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

» JANUARY – MARCH 2020

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

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

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

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

Knowit and HiQ were joint authors of an **OPINION PIECE** published in Dagens Industri, stating that the governmental support for temporary layoffs was not adapted to the needs of the consultancy sector.

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

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

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

THE YEAR IN BRIEF

Continued positive development for the Group

JANUARY – DECEMBER 2020

Profit before amortization of intangible assets (EBITA) increased to SEK 335.0 (319.2) million. Compared with the corresponding period last year, exchange rate developments had a negative effect on EBITA totaling SEK -15.2 million.

Cash flow from operating activities increased to SEK 441.3 (305.0) million, where the change in operating capital had an impact of SEK 128.3 million.

Goodwill and other intangible assets increased to SEK 1,380.7 (983.4) million.

On December 31, 2020, a total of 2,578 (2,337) people were employed in the Group.

SUPPORT GRANTED

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

Knowit has, during the year, applied for and been granted support for furloughs, reducing staff costs by

around SEK 14 million. The company has also been granted support in the form of reduced employer contributions, totaling around SEK 26 million. At the end of the fourth quarter, this has meant that reduced staff costs for the year have totaled around SEK 40 million.

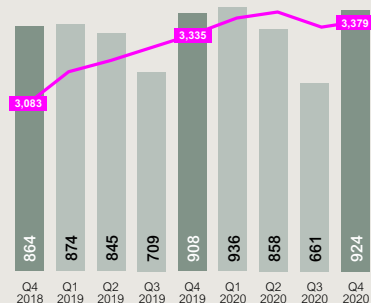
The remaining short-time furloughs were ended as of 1 November. At the end of the third quarter 2020, around 60 people were affected.

The contributions are reported in the income statement and balance sheet when it is reasonably certain that they will be granted and the assessment has been made that any conditions for the contributions have been met.

A review of costs has been performed since the covid-19 outbreak. Primarily, costs for travel and conferences have decreased.

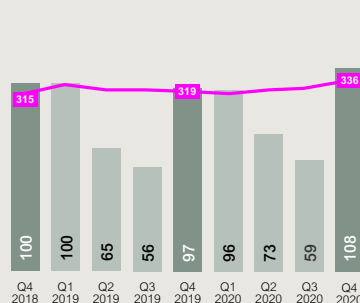
Knowit has a stable financial position with net cash of SEK 71.3 million. **k**

SEK. MILLIONS	JAN-DEC 2020	JAN-DEC 2019
Sales	3,379.1	3,335.1
EBITA	335.0	319.2
EBITA margin, %	9.9	9.6
Cash flow from operating activities	441.3	305.0
Intangible assets	1,380.7	983.4
Number of employees	2,578	2,337



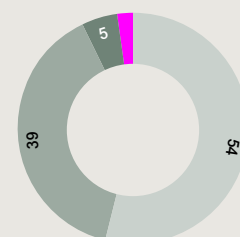
NET SALES, SEK, MILLIONS

- Net sales, quarterly data
- Rolling 12 months



EBITA MSEK

- EBITA, quarterly data
- Rolling 12 months



SALES PER COUNTRY JANUARY – DECEMBER 2020

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

MARKET AND OPERATIONS

Clearly positioned business areas

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

KNOWIT'S BROAD AND specialized offerings mean that its clients are found in many different industries. The distribution of sales is relatively stable, with the largest net sales in the public sector, providing 39 percent of net sales. The shares in retail, banking and finance, and the manufacturing industry are relatively stable, each in the range 18-9 percent of sales.

A STRONG CLIENT OFFERING

Knowit's three business areas build on the clients' needs for support in various parts of their organizations.

The business area Solutions usually collaborates with companies' operative and IT departments. Experience's usual client group encompasses sales and marketing departments, and Insight mainly has corporate management and management teams as its clients.

A FOCUS ON SUSTAINABLE DEVELOPMENT

It has become increasingly clear that active sustainability work is an important competitive factor. Both clients, employees, and investors have demands on a company's business model, how its products and services contribute to sustainable development. ESG rating is therefore an increasingly important part of how a company is assessed.

Knowit has since 2019 meet the requirements for regular follow-up made by Nasdaq and has in 2020 also meet the requirements for certification.

A new network, Knowit Explore, has been created to gather people working with sustainability and innovation.

Knowit Explore is intended as a cross-functional network, where different professions that would not normally meet can interact. The purpose is to give network members a possibility to share practical experiences and learn from other members' experience and competence.

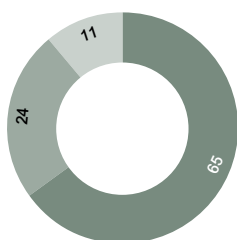
A POPULAR WORKPLACE

Knowit is ranked highest of all IT consultancy firms when Universum compiles a list of which companies Young Professionals in IT in the Nordic region would most like to work for. Overall, Knowit is in sixth place, after Google, Microsoft, IBM, IKEA, and Apple.

In Sweden, Knowit was named Best in the industry, for the second year running, when the company was ranked highest of all consultancy firms in the Data/IT category, when Sweden's Young Professionals voted for "The most attractive employers in Sweden 2020." Every year, Sweden's Young Professional vote for the companies they would most like to work for in Universum's career survey Karriärbarometern. The survey is wide-ranging, and takes career, work life, and future prospects into account. In this year's survey, around 20,000 professionals took part.

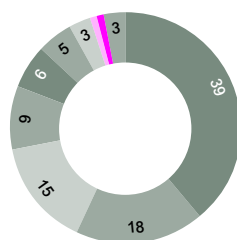
ALL SHORT-TIME FURLONGHS HAVE BEEN ENDED

General demand weakened during the first few months of the year, with differing impact on different parts of the Company. During the second half of the year, demand has increased for parts of the operations, depending on the mix of clients and products. As the pandemic is accelerating the digital shift, the demand in some sector – like the public sector and retail – is expected to remain high.



**SALES PER BUSINESS AREA
JANUARY - DECEMBER 2020**

Solutions	65% (63)
Experience	24% (25)
Insight	11% (12)



**SALES PER INDUSTRY FIELD
JANUARY - DECEMBER 2020**

Public sector	39% (36)
Retail and service companies	18% (15)
Banking, finance and insurance	15% (16)
Industry	9% (12)
Energy	6% (5)
Telecommunications operators	5% (6)
Media, education and gaming	3% (2)
Telecommunications industry	1% (2)
Pharmaceuticals	1% (1)
Other	3% (5)

→ MARKET AND OPERATIONS

However, the pace of recovery differs not only between sectors, but also between clients, countries, and individual projects. Knowit's exposure to the sectors hit hardest, like hotels, restaurants, and physical stores, is limited. The largest proportion of clients (39 percent) is in the public sector.

During the quarter, Knowit has ended the remaining short-time furloughs.

ADAPTATION TO DISTANCING IN THE WORKPLACE

A new app that ensures physical distancing in the office has been developed for some of the larger offices at Knowit. One example is the office in Bergen, where Knowit has developed a solution to enable booking workspace for the people who need to work from the office. The solution also gives a complete overview of how many people will be on site or plan to be at the office.

FINANCIAL OUTCOME

The Group's operations are organized so that the corporate management team primarily follows three business areas: Solutions, Experience, and Insight. The net sales for Solutions increased to SEK 2,327.9 (2,210.3) million, for Experience, they decreased to SEK 839.2 (870.5) million, and for Insight, they were SEK 377.8 (420.2) million.

Profit before amortization of intangible assets (EBITA) for Solutions increased to SEK 280.5 (261.0) million, for Experience increased to SEK 99.5 (68.8) million, and for Insight was SEK 21.5 (38.8) million.

The EBITA margin for Solutions increased to 12.0 (11.8) percent, for Experience increased to 11.9 (7.9) percent, and for Insight was 5.7 (9.2) percent.

Solutions

SEK, MILLIONS	JAN-DEC 2020	JAN-DEC 2019
Sales	2,327.9	2,210.3
EBITA	280.5	261.0
EBITA margin, %	12.0	11.8
Number of employees	1,408	1,411

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

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

COMMENTS FROM THE EVP OF SOLUTIONS:

"Solutions' results for the full year have been a show of strength. Our client deliveries have continued to function really well with work from home and we can end an uncertain year with a high margin and good client relations. The Swedish operations have developed particularly well during the quarter," says Åsa Holmberg.

HIGHER PACE IN DIGITALIZATION PROJECTS

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

In Sweden, the development has been positive, while it has been somewhat weaker than expected in Norway. This is primarily due to newly recruited consultants not getting out on assignment to the extent expected, and the business area making some temporary price adjustments.

In both Norway and Sweden, the business area Solutions has the largest single share of its clients in the public sector. In this area, the current situation has led to an increased focus and greater willingness among clients to increase the pace in digitalization.

Examples of clients in the public sector include the municipality of Oslo, where Solutions has for several years been part of a general digitalization of the municipality's services, and the rail operator VY, where Solutions and the business area Experience continue to develop the digital customer interface.

Solutions has a strong offering in data-driven decision support. Here, there is an ongoing collaboration with the Swedish Riksbank, aiming to support the operations with development of systems within analytics.

INNOVATION AND SUSTAINABILITY

Knowit Solutions in Norway has for some time conducted an innovation project with the goal of solving the problem of returns in e-commerce. Around 80 percent of returns are due to the customer having ordered the wrong size clothes or shoes. Zizr is based on the ordering and returns history of a customer, comparing this with product information from all online stores associated with Zizr. Through advanced technology and artificial intelligence, Zizr can recommend the right size, automatically. The innovation project is performed in a start-up company, with the goal of helping employees develop, increasing the innovative power in the organization, and launching the application commercially.

→ MARKET AND OPERATIONS

A CURRENT REFERENCE CASE: INCREASED EFFICIENCY FOR THE SWEDISH AGENCY FOR ECONOMIC AND REGIONAL GROWTH

Knowit Solutions has delivered and installed a new analytics environment for the Swedish Agency for Economic and Regional Growth. This makes it possible for the client to be more efficient and get higher quality analyses, including of the actions taken during the pandemic.

Experience

SEK, MILLIONS	JAN-DEC 2020	JAN-DEC 2019
Sales	839.2	870.5
EBITA	99.5	68.8
EBITA margin, %	11.9	7.9
Number of employees	873	603

The business area Experience is one of the leading digital agencies in the Nordic region. Following the acquisition of the digital agency Creuna, the business area now has almost 900 specialists. With the new organization in place, Knowit has significantly strengthened its position in digital customer experiences on the Nordic market. With competence in web, e-commerce, analysis, marketing, design, and big data, it helps companies and organizations achieve their business-critical goals.

A strong focus on integration of Creuna and Experience has characterized the quarter. The companies have succeeded well in both keeping a high pace and having a high-quality dialogue with both clients and employees. Already during the fourth quarter, they have gained new joint assignments.

Experience's client assignments are a combination of time-limited projects and long-term partnerships with clients in many different sectors, with the public sector and retail well represented among them.

COMMENTS FROM THE EVP OF EXPERIENCE:

"We have managed to create operations with high efficiency and strong client relationships that generate good margins. The end of the year was shaped by the integration with Creuna, where we quickly managed to gain synergy effects and win new joint deals," says Fredrik Ekerhovd.

NEW DEMAND

As a result of covid-19, some client assignments have decreased in size or been postponed. On the other hand, demand has increased in some areas. For example, there is an increased need to quickly shift sales to data-driven e-commerce solutions. Experience has ongoing assignments in e-commerce, including for retail firms like Jula, Marqet, and Akademibokhandeln.

Digitalization in the health sector has also created new business opportunities for Experience, which supports clients to create user-friendly customer interfaces and integrate processes between different parties within e-health. Experience has entered into a digital partnership with Capio in Sweden, to support the company in

the accelerating digitalization within e-health. Knowit Experience has since 2018 collaborated with Ambulance care in Greater Stockholm, AISAB, and supported their digital transformation, during this quarter by deploying a new external website and an intranet.

A CURRENT REFERENCE CASE: A NEW, MORE EFFICIENT DATA PORTAL FOR DIGG

Knowit Experience has during the fall supported the Agency for Digital Government, DIGG, with development and implementation of the Swedish Data Portal, a new external website and data portal with modern architecture. Through this portal, users can search among open data and APIs provided by public and private organizations.

In the project, a multi-disciplinary team from Experience Norrland has collaborated closely with the client. They have used an iterative, agile work method characterized by transparency, co-creation, and visualization. The collaboration will continue during 2021.

Insight

SEK, MILLIONS	JAN-DEC 2020	JAN-DEC 2019
Sales	377.8	420.2
EBITA	21.5	38.8
EBITA margin, %	5.7	9.2
Number of employees	269	309

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

The business area Insight, with around 270 employees, is a challenger on the Nordic management consulting market. Primary offers from Insight include data-driven growth, the organization of the future, efficiency and automation, and societal security.

As a result of the continued high demand in security and law, Insight continues to recruit experts and will be performing a "cyber hero program" for new graduates. Insight's offer in security has developed very strongly during the year. Demand has been high, resulting in a positive profit development.

COMMENTS FROM THE EVP OF INSIGHT:

"We have worked in a focused way throughout the year to turn a challenging situation around. During the fourth quarter, we managed to get a positive trend. In particular, we see continued high demand in the security area, where we have had growth during the year. Several of the changes we have made will contribute to a continued positive development for Insight," says Carin Strindmark.

→ MARKET AND OPERATIONS

A FOCUS ON STREAMLINING AND NEW VENTURES

The business area Insight has during the year reviewed its operations, decreased its overhead, and reinforced its existing offer in security, while also focusing on its venture in the e-health area. Downscaling of operations primarily been performed in western and southern Sweden. The Norwegian operations have also seen slower growth than expected.

During the fourth quarter, the actions taken have had a positive effect, with increased net sales, profit, and margin. In the wake of covid-19, an increased demand can be seen, particularly in the security area, but also in the public sector, where several digitalization projects have been given higher priority.

About a hundred of Insight's consultants are currently in the security area, which has shown strong growth during the year. For the Norwegian central bank, Insight is contributing with risk management, security architecture and general security consultancy, and it supports the Swedish Enforcement Authority with strategic information security work.

During the fourth quarter, Knowit has made a venture into e-health through the company Knowit Insight health, which focuses on this area. Within the company, there is

long experience from healthcare and knowledge on digital tools and solutions. The focus will be on supporting clients in their digital transformation, both strategically and in execution.

Insight has a strong client base in the public sector and an important role in developing and leading execution of the digital transformation of its clients. An example of such an assignment is for the Västra Götaland region, where Insight provides support in preparing and implementing a modern medical record and care information system for both employees and citizens.

A CURRENT REFERENCE CASE: CYBERSECURITY IN THE CARS OF THE FUTURE

CEVT, China Euro Vehicle Technology AB, is a research and development center for the cars of the future within the Geely Group, with a strong focus on security. The company delivers technology to several well-known car brands, such as Volvo Cars and Lynk & Co. For a long time, CEVT has worked to raise the general levels of cybersecurity in its products, with the help of Knowit. Knowit was entrusted with developing a management system for CEVT, which in practice means implementing a structured way of working with cybersecurity in cars. 

THE GROUP

Positive year with important acquisition

Net sales and profit

The Group

JANUARY – DECEMBER

Net sales increased to SEK 3,379.1 (3,335.1) million, an increase by 1.3 percent as compared with the corresponding period last year. Compared with the corresponding period last year, the exchange rate development has had a negative impact on net sales of SEK 137.9 million. Net sales increased to SEK 1,836.1 (1,780.0) million in Sweden, were SEK 1,287.2 (1,311.9) million in Norway, and were SEK 169.5 (173.4) million in Finland. Sales per employee increased to SEK 1,526 thousand (1,507).

The operating profit before amortization of intangible assets (EBITA) increased to SEK 335.0 (319.2) million. Compared with the corresponding period last year, the exchange rate development has had a negative impact on EBITA of SEK 15.3 million. In Sweden, EBITA increased to SEK 224.3 (196.4) million, in Norway it was SEK 156.4 (160.0) million, and in Finland it increased to SEK 17.8 (14.8) million. The operating margin (EBITA) increased to 9.9 (9.6) percent.

Amortization of intangible assets amounted to SEK -12.3 (-6.1) million.

The operating profit after financial items increased to SEK 331.9 (313.2) million. The financial net increased SEK 9.2 (0.1) million, affected primarily by revaluation of additional consideration and exchange rate development.

The results after taxes increased to SEK 257.9 (241.7) million. Tax for the period was SEK -74.0 (-71.5) million. The non-controlling interests' share of profit for the year was SEK 8.1 (9.5) million. Earnings per share increased to SEK 12.96 (12.06).

THE FOURTH QUARTER

Net sales increased to SEK 923.8 (908.2) million, an increase by 1.7 percent as compared with the corresponding period last year. Compared with the corresponding period last year, the exchange rate development has had a negative impact on net sales of SEK 41.0 million. Net sales increased to SEK 505.8 (500.7) million in Sweden, while it was SEK 341.6 (342.0) million in Norway and increased to SEK 46.8 (45.0) million in Finland. Sales per employee increased to SEK 422 thousand (400).

The operating profit before amortization of intangible assets (EBITA) increased to SEK 108.3 (97.2) million. Compared with the corresponding period last year, the exchange rate development has had a negative impact on EBITA of SEK 4.4 million. In Sweden, EBITA increased to SEK 72.1 (58.9) million, in Norway it was SEK 37.2 (41.8) million, and in Finland SEK 3.6 (6.2) million. The operating margin (EBITA) increased to 11.7 (10.7) percent.

Amortization of intangible assets amounted to SEK -4.1 (-1.4) million.

The operating profit after financial items increased to SEK 103.6 (102.8) million. The financial net was SEK

-0.6 (7.0) million, affected primarily by additional consideration and exchange rate development.

The results after taxes increased to SEK 80.4 (77.8) million. Tax for the period was SEK -23.2 (-25.0) million. The non-controlling interests' share of profit for the year was SEK 0.8 (3.1) million. Earnings per share increased to SEK 4.11 (3.88).

Segments

JANUARY – DECEMBER

The Group's operations are organized so that the corporate management mainly follows up on three business fields: Solutions, Experience, and Insight. The Parent Company's results, the effects of IFRS 16, and other consolidating adjustments are not included in segment reporting.

Net sales for the segment Solutions increased to SEK 2,327.9 (2,210.3) million, for the segment Experience they were SEK 839.2 (870.5) million, and for the segment Insight they were SEK 377.8 (420.2) million.

EBITA increased to SEK 280.5 (261.0) million for the segment Solutions, to SEK 99.5 (68.8) million for the segment Experience, and were SEK 21.5 (38.8) million for the segment Insight.

The EBITA margin increased to 12.0 (11.8) percent for the segment Solutions, to 11.9 (7.9) percent for the segment Experience, and was 5.7 (9.2) percent for the segment Insight.

THE FOURTH QUARTER

Net sales for the segment Solutions increased to SEK 614.5 (608.4) million, for the segment Experience they increased to SEK 250.2 (234.0) million, and for the segment Insight they were SEK 107.7 (111.1) million.

EBITA was SEK 69.4 (77.8) million for the segment Solutions, increased to SEK 32.5 (23.5) million for the segment Experience, and increased to SEK 13.3 (8.6) million for the segment Insight.

The EBITA margin was 11.3 (12.8) percent for the segment Solutions, increased to 13.0 (10.0) percent for the segment Experience, and to 12.3 (7.7) percent for the segment Insight.

Cash flow

JANUARY – DECEMBER

Cash flow from operating activities increased to SEK 441.3 (305.0) million, where the change in working capital is affected by decreased accounts receivable and increased operating liabilities.

Cash flow from investment activities amounted to SEK -97.4 (-25.9) million, affected by the acquisition of Creuna and Invativa AB and, to a certain extent, by investments in tangible assets.

Cash flow from financing activities increased to SEK 56.4 (-195.4) million, affected by increased use of a credit facility, non-forthcoming dividends, and amortiza-

→ THE GROUP

tions of leasing liabilities.

Total cash flow increased to SEK 400.3 (83.7) million.

THE FOURTH QUARTER

Cash flow from operating activities increased to SEK 176.9 (114.1) million, where the change in working capital is affected by decreased accounts receivable and increased operating liabilities.

Cash flow from investment activities amounted to SEK -20.9 (-7.4) million, affected by the acquisition of Creuna and additional considerations.

Cash flow from financing activities increased to SEK 38.2 (-20.1) million, affected by increased use of a credit facility.

Total cash flow increased to SEK 194.2 (86.6) million.

Acquisition of operations

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

On November 30, 2020, Knowit finalized the acquisition of Creuna. Creuna is a Nordic digital agency with around 300 employees in Denmark, Norway, Sweden, and Finland. The merger and integration of Creuna's operations with Knowit Experience will mean significant cost synergies in combination with new business opportunities, expected to create the conditions for positive profitability development. For more information on acquired group companies, see page 22.

Financial position

JANUARY – DECEMBER

Cash and cash equivalents increased to SEK 675.6 (278.4) million as per December 31, 2020. Goodwill and other intangible assets increased to SEK 1,380.7 (983.4) million, of which goodwill was SEK 1,200.6 (957.4) million, and other intangible assets were SEK 180.1 (26.0) million.

Equity increased to SEK 1,545.0 (1,241.1) million. Interest-bearing liabilities totaled SEK 604.3 (270.2) million on December 31, 2020, of which SEK 326.7 (164.4) million were long-term and SEK 277.6 (105.8)

million were short-term. Bank loans were SEK 155.3 (0.0) million of a granted credit facility totaling SEK 250.0 (0.0) million. The credit facility granted has during the quarter been increased by SEK 100.0 million. Use of an overdraft facility totaled SEK 0.0 (0.0) million of a granted overdraft facility of SEK 50.0 (85.0) million, leasing liabilities totaled SEK 198.7 (203.5) million and liabilities related to future consideration in subsidiaries totaled SEK 250.3 (66.6) million.

The equity/asset ratio was 50.5 (55.7) percent as per December 31, 2020.

Employees

JANUARY – DECEMBER

On December 31, 2020, a total of 2,578 (2,337) people were employed by the Group. The number of employees has increased by 241 people during 2020.

The average number of employees has during the period increased to 2,214 (2,213). The average number of employees in Sweden was 1,265 (1,297), in Norway increased to 767 (745), and in Finland to 118 (116).

Seasonal variation

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

The quarter that includes the Easter period – the first or second – has lower revenue, leading to a lower profit, as the costs are largely unchanging, unlike the revenue. The revenue is affected negatively, as the activity on the market decreases or is non-existent on these days. Further, the second and third quarter of the Group's financial year are affected by including parts of the summer holiday period, which impacts on the demand for the Group's services. The fourth quarter is affected by the work days and normal working hours that are dropped due to the Christmas and New Year holidays.

Transactions with related parties

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

PARENT COMPANY

Results and financial position

JANUARY – DECEMBER

The operating profit/loss before amortization of intangible assets (EBITA) was SEK -64.6 (-52.8) million. The financial net was SEK 100.0 (267.0) million, affected mainly by group contributions, exchange rate development and non-forthcoming dividends from subsidiaries.

The profit/loss after financial net was SEK 31,9 (211.6) million.

As per December 31, 2020, equity had increased to SEK 573.3 (436.1) million. Untaxed reserves, mainly accrual funds, increased to SEK 115.7 (111.8) million. **k**

OTHER INFORMATION

The Board proposes a dividend of SEK 7.00 per share for 2020

Dividend and dividend policy

Knowit's board proposes an increased dividend of SEK 7.00 (0.00) per share, for a total of SEK 137.6 (0.0) million, totaling 53.3 percent of the earnings per share. The board has adopted a dividend policy aimed at maintaining or increasing dividends each year. The dividend shall reflect the Board's view on the expected market development over the next few years. The Board of Knowit AB decided in March 2020 to retract its earlier proposal of a dividend for 2019 of SEK 6.40 per share, because of the uncertainty related to covid-19.

for the market on which the company operates, and for its clients. Thus, the pandemic will potentially also affect Knowit's possibilities of generating profits and growth in line with historic values. Knowit has received support for short-time work from the Swedish Agency for Economic and Regional Growth. The criteria for receiving support are hard to interpret and the assessment is to be made for each legal person separately. Therefore, there is an inherent risk in this valuation.

For a more comprehensive description of the essential risks and uncertainty factors, see Note 2 in Knowit's Annual Report for 2019, pages 77-78.

AGM

The AGM will occur on Tuesday, May 11, 2021, at 1 PM in Knowit's offices, Klarabergsgatan 60, Stockholm.

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

Essential risks and uncertainty factors

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

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

Accounting principles

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

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

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

Events after the end of the reporting period

No significant events have occurred after the end of the reporting period.

→ OTHER INFORMATION

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 2021

April 29, 2021, 8:30 AM

AGM

May 11, 2021, 1:00 PM

INTERIM REPORT JANUARY – JUNE 2021

July 15, 2021, 8:30 AM

INTERIM REPORT JANUARY – SEPTEMBER 2021

October 22, 2021, 8:30 AM

YEAR-END REPORT

February 4, 2022, 8:30 AM

Certification

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

Stockholm, February 5, 2021

PER WALLENTIN

Chief Executive Officer

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


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Knowit AB (publ)

Knowit AB (publ) is a consultancy firm that creates unique customer values by offering digital and cross-functional solutions from three business areas: Experience, Insight and Solutions. It is the 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 2,600 employees in 15 locations in Sweden, five locations in Norway, and one each in Denmark, Finland, and Germany. Knowit AB (publ) is quoted on NASDAQ OMX in Stockholm. For further information about Knowit, please visit knowit.eu. 

ACCOUNTS

Consolidated income statement in summary

SEK, MILLIONS	OCT-DEC 2020	OCT-DEC 2019	JAN-DEC 2020	JAN-DEC 2019
Net sales	923.8	908.2	3,379.1	3,335.1
Operating costs	-796.6	-792.0	-2,970.4	-2,942.6
Depreciation of tangible fixed assets	-18.9	-19.0	-73.7	-73.3
Operating result before depreciations of intangible assets (EBITA)	108.3	97.2	335.0	319.2
Depreciation of intangible fixed assets	-4.1	-1.4	-12.3	-6.1
OPERATING RESULT (EBIT)	104.2	95.8	322.7	313.1
Financial incomes	1.2	13.2	14.4	15.5
Financial costs	-1.8	-6.2	-5.2	-15.4
RESULT AFTER FINANCIAL ITEMS	103.6	102.8	331.9	313.2
Taxes	-23.2	-25.0	-74.0	-71.5
RESULT FOR THE PERIOD	80.4	77.8	257.9	241.7
Result for the period attributable to shareholders in Parent Company	79.6	74.7	249.8	232.2
Result for the period attributable to non-controlling interests' holdings	0.8	3.1	8.1	9.5
EARNINGS PER SHARE				
Earnings per share, before dilution, SEK	4.11	3.88	12.96	12.06
Earnings per share, after dilution, SEK	4.11	3.88	12.96	12.06

Consolidated total results in summary

SEK, MILLIONS	OCT-DEC 2020	OCT-DEC 2019	JAN-DEC 2020	JAN-DEC 2019
Result for the period	80.4	77.8	257.9	241.7
<i>Items that may later be reclassified to profit or loss</i>				
Loss on hedging of exchange rate risks in foreign operations	-1.6		-1.6	
Tax effects on hedging	0.3		0.3	
Translation differences	1.3	-12.4	-55.9	15.8
OTHER TOTAL RESULTS FOR THE PERIOD, NET AFTER TAX	80.4	65.4	192.8	257.5
Total result for the period				
Total result assignable to shareholders in Parent Company	78.4	62.6	192.8	247.8
Total result assignable to non-controlling interests' holdings	2.0	2.8	7.9	9.7

→ ACCOUNTS

Consolidated balance sheet in summary

SEK, MILLIONS	2020-12-31	2019-12-31
Assets		
Intangible fixed assets	1,380.7	983.4
Tangible fixed assets	232.3	234.3
Financial fixed assets	16.7	9.0
Deferred tax assets	17.9	2.6
Current assets	738.9	718.5
Cash equivalents	675.6	278.4
TOTAL ASSETS	3,062.1	2,226.2
Equity and liabilities		
Share capital	19.7	19.3
Other paid-in capital and provisions	517.2	574.4
Recognized profits, including profit for the year	993.9	631.4
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	1,530.8	1,225.1
Non-controlling interests	14.2	16.0
TOTAL EQUITY	1,545.0	1,241.1
Long-term provisions	91.0	50.7
Interest-bearing long-term liabilities	326.7	164.4
Interest-bearing short-term liabilities	277.6	105.8
Other short-term liabilities	821.8	664.2
TOTAL EQUITY AND LIABILITIES	3,062.1	2,226.2

Consolidated cash flow analysis in summary

SEK, MILLIONS	OCT-DEC 2020	OCT-DEC 2019	JAN-DEC 2020	JAN-DEC 2019
Cash flow current operations before changes in working capital	133.8	117.7	313.0	313.1
Change in working capital	43.1	-3.6	128.3	-8.1
CASH FLOW FROM CURRENT OPERATIONS	176.9	114.1	441.3	305.0
Cash flow from investing activities	-20.9	-7.4	-97.4	-25.9
Cash flow from financing activities	38.2	-20.1	56.4	-195.4
CASH FLOW FOR THE PERIOD	194.2	86.6	400.3	83.7
Opening balance at start of period	484.6	191.4	278.4	194.6
Exchange rate differences in cash equivalents	-3.2	0.4	-3.1	0.1
CLOSING BALANCE AT END OF PERIOD	675.6	278.4	675.6	278.4

→ ACCOUNTS

Statement of changes in equity in summary – Group

SEK, MILLIONS	OCT-DEC 2020	OCT-DEC 2019	JAN-DEC 2020	JAN-DEC 2019
Opening balance	1,362.1	1,172.6	1,241.1	1,106.3
Translation differences	1.3	-12.4	-55.9	15.8
Loss on hedging of exchange rate risks in foreign operations	-1.6		-1.6	
Tax effects on hedging	0.3		0.3	
Result for the period	80.4	77.8	257.9	241.7
TOTAL RESULT FOR THE PERIOD	80.4	65.4	200.7	257.5
TOTAL BEFORE TRANSACTIONS WITH SHAREHOLDERS	1,442.5	1,238.0	1,441.8	1,363.8
Non-controlling interests' holdings			-0.3	
Additional capital from non-controlling interests' holdings	-4.4	3.1	-3.4	0.2
Dividend payment	-8.4		-8.4	-122.9
New issue in connection with acquisition	115.3		115.3	
CLOSING BALANCE	1,545.0	1,241.1	1,545.0	1,241.1

Key figures

	OCT-DEC 2020	OCT-DEC 2019	JAN-DEC 2020	JAN-DEC 2019
Average number of employees	2,189	2,270	2,214	2,213
Sales per average number of employees (SEK, 000s)	422	400	1,526	1,507
Result after financial items per average number of employees (SEK, 000s)	47	45	150	142
Return on total capital, %	3.8	5.0	12.7	15.8
Return on equity, %	5.5	6.4	18.5	20.6
Return on capital employed, %	5.5	7.3	18.4	24.1
EBITA margin, %	11.7	10.7	9.9	9.6
Equity ratio, %	50.5	55.7	50.5	55.7

Data per share

	OCT-DEC 2020	OCT-DEC 2019	JAN-DEC 2020	JAN-DEC 2019
Earnings per share, (SEK)				
Before dilution	4.11	3.88	12.96	12.06
After dilution	4.11	3.88	12.96	12.06
Equity per share, (SEK)				
Before dilution	77.90	63.63	77.90	63.63
After dilution	77.90	63.63	77.90	63.63
Average number of shares, (000s)				
Before dilution	19,358	19,254	19,280	19,254
After dilution	19,358	19,254	19,280	19,254
Number of shares on balance sheet day, (000s)				
Before dilution	19,652	19,254	19,652	19,254
After dilution	19,652	19,254	19,652	19,254

→ ACCOUNTS

Group segment reporting in summary

OCT-DEC 2020 SEK, MILLIONS	Solutions	Experience	Insight	Parent Company/ consol. adj.	Total
External net sales	596.8	226.8	100.2		923.8
Net sales between segments	17.7	23.4	7.5	-48.6	-
NET SALES	614.5	250.2	107.7	-49.1	923.8
Operating result before depreciations of intangible assets (EBITA)	69.4	32.5	13.3	-6.9	108.3
Depreciation of intangible assets	-1.7	-1.4		-1.0	-4.1
OPERATING PROFIT (EBIT)	67.7	31.1	13.3	-7.9	104.2
Result after financial items					103.6
RESULT FOR THE PERIOD					80.4
EBITA margin, %	11.3	13.0	12.3		11.7
Average number of employees	1,367	550	251	21	2,189
OCT-DEC 2019 SEK, MILLIONS	Solutions	Experience	Insight	Parent Company/ consol. adj.	Total
External net sales	591.8	216.8	99.6		908.2
Net sales between segments	16.6	17.2	11.5	-45.3	-
NET SALES	608.4	234.0	111.1	-45.3	908.2
Operating result before depreciations of intangible assets (EBITA)	77.8	23.5	8.6	-12.7	97.2
Depreciation of intangible assets	-0.6	-0.1		-0.7	-1.4
OPERATING PROFIT (EBIT)	77.2	23.4	8.6	-13.4	95.8
Result after financial items					102.8
RESULT FOR THE PERIOD					77.8
EBITA margin, %	12.8	10.0	7.7		10,7
Average number of employees	1,391	561	304	14	2,270

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

→ ACCOUNTS

Group revenue from client contracts

JAN-DEC 2020 SEK, MILLIONS	Solutions	Experience	Insight	Parent Company/ consol. adj.	Total
External net sales	2,264.7	766.7	347.7		3,379.1
Net sales between segments	63.2	72.5	30.1	-165.8	-
NET SALES	2,327.9	839.2	377.8	-165.8	3,379.1
Operating result before depreciations of intangible assets (EBITA)	280.5	99.5	21.5	-66.5	335.0
Depreciation of intangible assets	-6.5	-2.3		-3.5	-12.3
OPERATING PROFIT (EBIT)	274.0	97.2	21.5	-70.0	322.7
Result after financial items					331.9
RESULT FOR THE PERIOD					257.9
EBITA margin, %	12.0	11.9	5.7		9.9
Average number of employees	1,378	557	256	23	2,214
Intangible assets	712.2	587.3	59.5	21.7	1,380.7
Tangible fixed assets	9.1	10.7	0.1	212.4	232.3
JAN-DEC 2019 SEK, MILLIONS	Solutions	Experience	Insight	Parent Company/ consol. adj.	Total
External net sales	2,142.6	809.8	382.7		3,335.1
Net sales between segments	67.7	60.7	37.5	-165.9	-
NET SALES	2,210.3	870.5	420.2	-165.9	3,335.1
Operating result before depreciations of intangible assets (EBITA)	261.0	68.8	38.8	-49.4	319.2
Depreciation of intangible assets	-2.4	-1.1		-2.6	-6.1
OPERATING PROFIT (EBIT)	258.6	67.7	38.8	-52.0	313.1
Result after financial items					313.2
RESULT FOR THE PERIOD					241.7
EBITA margin, %	11.8	7.9	9.2		9.6
Average number of employees	1,340	570	290	13	2,213
Intangible assets	658.7	245.5	61.1	18.1	983.4
Tangible fixed assets	11.7	3.9	0.2	218.5	234.3

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

→ ACCOUNTS

Group revenue from client contracts

SEK, MILLIONS	OCT-DEC 2020	OCT-DEC 2019	JAN-DEC 2020	JAN-DEC 2019
GEOGRAPHIC CATEGORIZATION				
Fee revenue				
Sweden	468.1	470.5	1,719.4	1,686.3
Norway	328.4	328.1	1,248.5	1,267.2
Finland	46.0	45.2	168.1	171.2
Other	28.1	18.6	83.8	69.8
TOTAL FEE REVENUE	870.6	862.4	3,219.8	3,194.5
Other revenue				
Sweden	37.7	30.2	116.7	93.7
Norway	13.2	13.9	38.7	44.7
Finland	0.8	1.7	1.4	2.2
Other	1.5	0.0	2.5	0.0
TOTAL OTHER REVENUE	53.2	45.8	159.3	140.6
TOTAL NET REVENUE	923.8	908.2	3,379.1	3,335.1
SEK, MILLIONS	OCT-DEC 2020	OCT-DEC 2019	JAN-DEC 2020	JAN-DEC 2019
SEGMENT CATEGORIZATION				
Fee revenue				
Solutions	584.1	587.8	2,227.0	2,146.6
Experience	223.0	206.5	762.5	783.4
Insight	106.0	107.9	371.4	409.2
Parent Company/consol. adjustments	-42.5	-39.8	-141.1	-144.7
TOTAL FEE REVENUE	870.6	862.4	3,219.8	3,194.5
Other revenue				
Solutions	30.3	20.6	100.8	63.7
Experience	27.0	27.5	76.5	87.1
Insight	1.7	3.2	6.3	11.0
Parent Company/consol. adjustments	-5.8	-5.5	-24.3	-21.2
TOTAL OTHER REVENUE	53.2	45.8	159.3	140.6
TOTAL NET REVENUE	923.8	908.2	3,379.1	3,335.1

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

→ ACCOUNTS

Financial assets and liabilities

SEK, MILLIONS	2020-12-31			2019-12-31		
	Financial assets valued at amortized costs	Financial assets valued at actual value in income statement	Actual value	Financial assets valued at amortized costs	Financial assets valued at actual value in income statement	Actual value
Assets in balance sheet						
Other long-term securities holdings		5.9	5.9 ¹⁾		0.3	0.3 ¹⁾
Other long-term receivables	1.4		1.4	1.7		1.7
Accounts receivable and other receivables	699.2		699.2	658.9		658.9
Cash equivalents	675.6		675.6	278.4		278.4
TOTAL	1,376.2	5.9	1,382.1	939.0	0.3	939.3

SEK, MILLIONS	2020-12-31			2019-12-31		
	Other financial liabilities	Financial liabilities valued at actual value in income statement	Actual value	Other financial liabilities	Financial liabilities valued at actual value in income statement	Actual value
Liabilities in balance sheet						
Future additional considerations and options		169.0	169.0 ²⁾		52.0	52.0 ²⁾
Future consideration	27.3		27.3 ²⁾	14.6		14.6 ²⁾
Liabilities to sellers	54.1		54.1 ²⁾			
Other interest-bearing liabilities	353.9		353.9	203.6		203.6
Accounts payable	118.2		118.2	110.8		110.8
Other liabilities	290.3		290.3	254.6		254.6
TOTAL	843.8	169.0	1,012.8	583.6	52.0	635.6

1) Actual value pursuant to categorization level 2

2) Actual value pursuant to categorization level 3

Reported values of Group financial assets and liabilities, distributed based on classification pursuant to IFRS 9, are summarized in the above table. No financial assets or liabilities are reported at a value that significantly deviates from actual value. For more information, see Note 23 in the Annual Report for 2019.

SEK, MILLIONS	Future additional considerations and options	Future considerations	Liabilities to sellers
Fair value, 2020-01-01	52.0	14.6	0,0
Total recognized profits and losses:			
Recognized in profit/loss for the year	-6.4		
Recognized in equity		3.4	
Settlement of future additional considerations, options and future consideration	-41.6	-7.6	
Cost of acquisitions	165.0	16.9	54.1
Fair value, 2020-12-31	169.0	27.3	54.1
Fair value, 2019-01-01	51.1	18.7	
Total recognized profits and losses:			
Recognized in profit/loss for the year	-5.0		
Recognized in equity		-0.3	
Settlement of future additional considerations, options and future consideration	-2.5	-3.8	
Cost of acquisitions	8.4		
Fair value, 2019-12-31	52.0	14.6	

→ ACCOUNTS

Income statement Parent Company in summary

SEK, MILLIONS	OCT-DEC 2020	OCT-DEC 2019	JAN-DEC 2020	JAN-DEC 2019
Net sales	127.0	103.3	433.5	353.1
Operating costs	-141.1	-115.7	-496.9	-404.7
Depreciation of tangible fixed ass	-0.3	-0.3	-1.2	-1.2
OPERATING RESULT BEFORE DEPRECIATION OF INTANGIBLE ASSETS (EBITA)	-14.4	-12.7	-64.6	-52.8
Depreciation of intangible fixed assets	-1.0	-0.7	-3.5	-2.6
OPERATING RESULT (EBIT)	-15.4	-13.4	-68.1	-55.4
Financial items	83.6	152.4	100.0	267.0
RESULT AFTER FINANCIAL ITEMS	68.2	139.0	31.9	211.6
Appropriations	-3.9	-19.0	-3.9	-18.9
Income taxes	-6.7	-18.3	-6.2	-17.9
RESULT FOR THE PERIOD	57.6	101.7	21.8	174.8

Balance sheet Parent Company in summary

SEK, MILLIONS	2020-12-31	2019-12-31
Assets		
Intangible fixed assets	17.8	16.5
Tangible fixed assets	2.4	3.4
Financial fixed assets	1,272.6	874.5
Current assets	108.6	97.7
Cash equivalents	593.8	273.5
TOTAL ASSETS	1,995.2	1,265.6
Equity and liabilities		
Share capital	19.7	19.3
Statutory reserve	68.0	68.0
Fund for development costs	5.2	8.7
Unrestricted share capital including result for the period	480.4	340.1
TOTAL EQUITY	573.3	436.1
Untaxed reserves	115.7	111.8
Long-term provisions	172.8	10.3
Interest-bearing short-term liabilities	198.3	0.4
Other short-term liabilities	935.1	707.0
TOTAL EQUITY AND LIABILITIES	1,995.2	1,265.6

→ ACCOUNTS

Acquired Group companies 2020

On November 30, 2020, Knowit acquired Creuna. The acquisition encompasses 100 percent of the operating companies Creuna AB, Creuna AS, Creuna Denmark A/S, and Creuna Finland Oy Ab.

Creuna is a Nordic digital agency with around 300 employees in Denmark, Norway, Sweden, and Finland. The companies' offers supplement those of Knowit in digital strategies, data-driven sales, and market communication. The acquisition means that Knowit strengthens its position on the Nordic market.

SEK, MILLIONS

Consideration paid	
Liquid assets	50.0
Common stock	108.0
Liabilities to sellers	54.1
Contingent additional	165.0
TOTAL CONSIDERATION	377.1

Fair value of the 398,419 newly issued shares in Knowit (SEK 108.0 million) is based on the listed share price on November 30 of SEK 271.00 per share. The transaction costs of SEK 0.2 thousand, which are directly attributable to the share issue, have been booked as a deduction from the value of transferred shares and from equity, respectively.

Annual contingent additional consideration shall be paid out based on EBITA for the merged Knowit Experience (which encompasses the current Knowit Experience and Creuna), given that EBITA exceeds certain base levels for the financial years 2021, 2022, and 2023, respectively. Any sum exceeding a predetermined level of EBITA shall be paid out as contingent consideration to the sellers. Payment for the year 2020 is fixed and totals to SEK 54.1 million. The fair value of the contingent consideration of SEK 165.0 million has been estimated by calculating the present value of future expected EBITA. The estimations are based on a discount rate of 7.7 percent. Knowit has the option to pay additional consideration either in cash or in Knowit shares. The additional consideration has no upper limit. It is possible to redeem it in advance at certain set occasions with predefined conditions.

The assets and liabilities reported as a result of the acquisition are the following. The sums are preliminary, as valuation is ongoing.

SEK, MILLIONS	Fair value
Client relationships	121.5
Brand	12.4
Other intangible assets	0.1
Property, plant and equipment	8.3
Other tangible assets	0.3
Deferred tax assets	14.1
Accounts receivable	95.1
Other current receivables	10.6
Liquid assets	45.5
Deferred tax liabilities	28.5
Financial liabilities	27.4
Current liabilities	3.1
Accounts payable	13.7
Other current liabilities	69.9
Acquired identifiable net assets	165.6
Goodwill	211.5
Acquired net assets	377.1

Goodwill is attributable to the employees and synergies due to Creuna's offers supplementing those of Knowit well in digital strategies, data-driven sales, and market communication. Through the acquisition, the Group is significantly strengthening its position on the Nordic market. No part of the reported goodwill is expected to be tax deductible.

Fair value of the acquired accounts receivable is SEK 95.1 million.

The acquired operations contributed with revenue of SEK 40.1 million and EBITA of SEK 4.6 million to the Group in December 2020.

If the acquisition had been finalized on January 1, 2020, the Group would have had revenue and EBITA, pro forma, of SEK 3,753.2 million and SEK 356.6 million, respectively, during the year.

→ ACCOUNTS

Acquired Group companies 2020, continued

Cash flow for acquiring subsidiaries, after deduction for acquired liquid assets.

SEK, MILLIONS

Cash consideration	-50.0
Acquired liquid assets	45.5
Net outflow of liquid assets – investment activities	4.5

ACQUISITION-RELATED COSTS

Acquisition-related costs of SEK 4.8 million that were not directly attributable to the share issue are included in EBITA in the income statement and in operating activities in the cash flow analysis.

→ ACCOUNTS

Acquired Group companies 2020, continued

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

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

SEK, MILLIONS	
Considerations	
Paid in cash	70.0
Provisions for considerations	16.9
TOTAL CONSIDERATION	86.9
Identifiable net assets	-13.7
Other intangible assets	-26.1
Deferred tax on intangible assets	5.4
Goodwill	52.5

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

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

SEK, MILLIONS	
Property, plant and equipment	3.0
Current assets	6.4
Liquid assets	11.7
Other liabilities	-7.4
Identifiable net assets	13.7
Consideration settled in cash	-70.0
Liquid assets in acquired companies	11.7
Impact on the Group's liquid assets from this year's acquisitions	-58.3
Additional considerations paid for acquisitions made in past years	-23.4
Impact on the Group's liquid assets from acquisitions of operations	-81.7

Det förvärvade bolaget har under perioden januari till september bidragit med 25,9 MSEK i omsättning och 5The acquired company has during the period January-September contributed with net sales of SEK 25.9 million and with profit before amortization of intangible assets (EBITA) of SEK 5.2 million.

OTHER INFORMATION

Definitions

Alternative key figures

In this interim report, we are using the following alternative key figures as a supplement to the measures defined in applicable provisions for financial reporting, as we believe they supplement and provide clearer and more detailed information directly relevant to our consultancy operations. These measures are used for follow-up of our long-term financial targets and to give a fair idea of Knowit's results and financial position to the Board, corporate management team, shareholders, and other stakeholders on the financial market. The Board has, among other things, determined that the EBITA profit should exceed the net debt, that the EBITA margin should exceed a 10 percent average over a period of five years, and that equity should exceed the intangible assets. We also monitor capital employed, as it is an important aspect of the working capital turnover. The key figures that Knowit's management follows up on a monthly basis have been chosen so that they provide an idea of profitability, growth, and cash flow. Through such measures, we can ensure that the Board's longterm goals are achieved by the operations. For more information on our long-term financial targets and further definitions of key figures, see the Annual Report for 2019, pages 12 and 101. **k**

EBITA PROFIT The profit before amortization of intangible assets.

EBITA-MARGIN The profit before amortization of intangible assets (EBITA) in relation to the turnover of the period. $(335.0 / 3,379.1 = 9.9\%)$

NET LIABILITIES Interest-bearing liabilities less financial interest-bearing assets. $(326.7 + 277.6 - 675.6 = -71.3)$

AVERAGE EQUITY The average of the opening equity of the period and the closing equity of the period. $((1,241.1 + 1,545.0) / 2 = 1,393.1)$

EARNINGS ON EQUITY The profit after taxes in percent of average equity including non-controlling interest shares. $(257.9 / 1,393.1 = 18.5\%)$

AVERAGE CAPITAL EMPLOYED Total assets plus interest-bearing liabilities. $((1,241.1 + 164.4 + 105.8 + 1,545.0 + 326.7 + 277.6) / 2 = 1,830.3)$

EARNINGS ON CAPITAL EMPLOYED Profit after financial items plus financial costs in percent of average capital employed. $((331.9 + 5.2) / 1,830.3 = 18.4\%)$