

Interim report

» Continued growth with good profitability

JANUARY – MARCH 2023

NET SALES INCREASED BY 16.2% TO SEK 1,970.5 (1,695.3) MILLION

THE OPERATING PROFIT (EBITA) INCREASED BY 2.7% TO SEK 197.2 (192.1) MILLION.

THE ADJUSTED OPERATING PROFIT (EBITA) INCREASED BY 2.0% TO SEK 198.1 (194.2) MILLION ¹⁾

THE OPERATING MARGIN (EBITA) WAS 10.0% (11.3).

THE ADJUSTED OPERATING MARGIN (EBITA) WAS 10.1% (11.5) ¹⁾

RESULTS AFTER TAX INCREASED TO SEK 104.1 (121.7) MILLION

EARNINGS PER SHARE INCREASED TO SEK 3.64 (4.34) ²⁾

CASH FLOW FROM OPERATING ACTIVITIES INCREASED TO SEK 106.5 (5.2) MILLION

¹⁾ EBITA is adjusted for items that affect comparability between periods, to improve understanding of the Group's underlying operative activities.
For more information, see definitions on page 25.

²⁾ 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 07.30 CEST on May 3, 2023.

COMMENTS FROM THE CEO

Continued growth on an uncertain market

Knowit is starting off the year with continued net sales growth and high profitability. We are faced with a relatively stable demand and continue to develop high-quality services and solutions to our clients, while also striving to strengthen our position as a leading player in digital transformation. The effects of increased geopolitical uncertainty and a changed macroeconomic climate are felt through longer decision-making processes in new projects and challenges with longer delays in placing junior consultants in new assignments.

DURING THE FIRST quarter of the year, we have faced high demand in our four business areas, although there is more hesitance among our clients compared with a year ago, when the economic climate was still much stronger. I am particularly proud of a continued positive development in the business area Connectivity, which delivers good growth and profitability, largely thanks to our ability to adapt quickly and reallocate competences based on our clients' needs. The business area Experience is also showing stable growth during the quarter and has strengthened its position further. The business areas Insight and Solutions are challenged by longer delays among some clients, and a somewhat weaker invoicing ratio compared with last year. We are continuing to increase our focus on sales-driving activities and simultaneously working continually to improve internal efficiency and productivity.

WITH JOINT FORCES FOR EDUCATION AND EQUALITY

Continually working to develop Knowit as an employer is a high priority on our strategic agenda. During the first quarter, we have implemented new training programs and platforms to strengthen both employees and clients on their digital journeys. A good example is "Get to Knowit," a digital onboarding platform that helps new employees get familiar with their new employer and increase their understanding of how different parts of the organization can collaborate to create greater client benefits. We have also introduced courses in sustainability both aimed at all employees and niched to specific roles, as well as a course on cybersecurity. At the end of March, Knowit signed Diversity Charter Sweden's diversity and inclusivity charter, which is a long-term collaboration to increase competence and contribute positively to societal development in these matters. Knowit also participated as a proud cocreating partner at Women in Tech in March, a forum aimed at increasing the attractiveness of working in the tech sector among women. Knowit's commitment and investments when it comes to diversity and inclusion show how we work to strengthen both ourselves and society at large by creating a more inclusive and sustainable future.



AN INNOVATIVE ENVIRONMENT WITH AN INCREASED FOCUS ON PRODUCTS

The heart of our business model is a strong consultancy operation where we help companies and organizations in the digital transformation. At the same time, we are proud to be able to offer a working environment characterized by innovation and drive, where our employees are given the space to develop new product solutions that can create new business opportunities. Knowit already has a range of products and platforms that all make up important supplements to other services and offers. In the future, I envision us continuing to develop and offer innovative and cost-effective products and platforms that create value for our clients and contributing to a successful digitalization journey.

STRONG POSITION FOR CONTINUED POSITIVE DEVELOPMENT

Knowit has a strong position as a digitalization partner to Nordic companies and I view the coming year with confidence, despite the market situation being more difficult to assess than it was a year ago. Our ability to be agile and quickly adapt to changing market conditions and our clients' needs will be a strength in a world that remains uncertain. ■

PER WALLENTIN
CEO and President

EVENTS DURING THE QUARTER



JANUARY – MARCH 2023

Knowit has achieved the attractive status **AZURE EXPERT MANAGED SERVICES PROVIDER**, thereby becoming one of the few Microsoft partners in Nordic who has been granted this status. The program is designed to ensure that companies and organizations get access to the most competent Azure partners.

Knowit has been appointed a **GOOGLE CLOUD PREMIER PARTNER**, one step on the road to guiding companies and organizations along their entire cloud journey. Knowit has more than 50 Google Cloud Professional-certified cloud architects and data engineers.

Knowit has signed Diversity Charter Sweden's **DIVERSITY AND INCLUSIVITY CHARTER** in order to further strengthen and broaden its work on equality. The collaboration serves to increase competence within the company and exchange experiences with other companies in order to create a more inclusive society.

Knowit AB has expanded its ISO certification with a **CERTIFICATE IN INFORMATION SECURITY** (ISO 27 001). Knowit AB already held certificates in quality management (ISO 9 001) and environmental management (ISO 14 001). The ISO certificates increase the possibilities of deals with clients that require systematic work in these areas, for instance in the public sector.

Knowit participated as a partner in this year's **WOMEN IN TECH** in Stockholm. Knowit was represented by around 30 female managers and consultants, with the goal of increasing its attractiveness as an employer and meeting new talent.

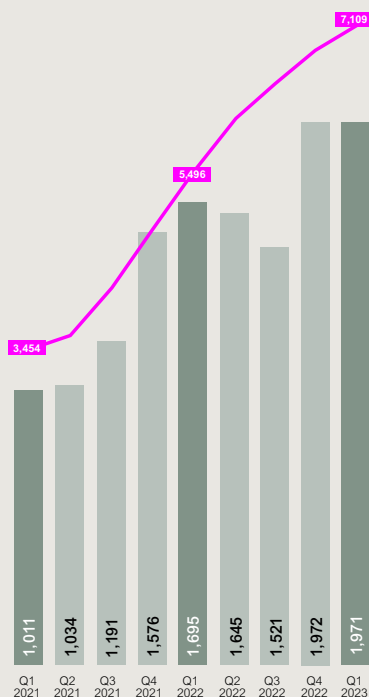
THE PERIOD IN BRIEF

Stable start to the year

JANUARY – MARCH 2023

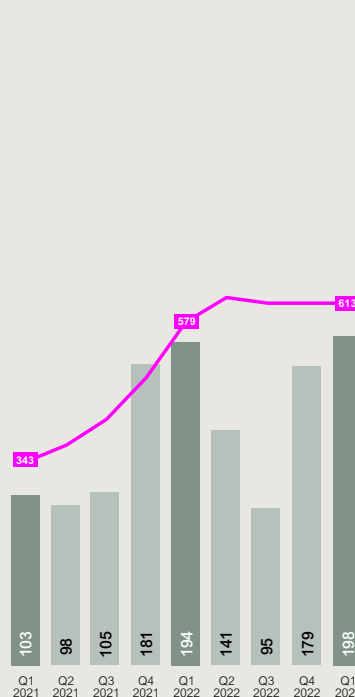
THE FIRST QUARTER of the year is characterized by a continued demand for digitalization competence, but with increased uncertainty on the market compared with a year ago, resulting in longer sales cycles and more hesitance among some clients. Growth was 16.2 percent or 6.0 percent, when calculated as if the year's acquisitions were included one year ago. The adjusted EBITA profit was SEK 198.1 million, which is a weakening of the adjusted EBITA margin to 10.1 (11.5) percent.

On a weaker market, the demand for specialist knowledge in digitalization, cybersecurity, and product development remains high, which benefits Knowit, thanks to its strong position on the Nordic digitalization market. The proportion of subconsultants in larger strategic client assignments has not increased during the quarter, but has an overall negative impact on the margin.



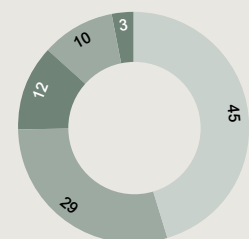
NET SALES, SEK, MILLIONS

- Net sales, quarterly data
- Rolling 12 months



ADJUSTED EBITA PROFIT, SEK, MILLIONS

- Adjusted EBITA profit, quarterly data
- Rolling 12 months



SALES PER COUNTRY JANUARY – MARCH 2023

Sweden	45% (49)
Norway	29% (32)
Denmark	12% (7)
Finland	10% (9)
Poland	3% (3)
Other	0% (0)

→ THE PERIOD IN BRIEF

JANUARY – MARCH 2023

Financial development

The net sales for the period increased to SEK 1,970.5 (1,695.3). Profit before amortization of intangible assets (EBITA) increased to SEK 197.2 (192.1) million. The adjusted EBITA profit was SEK 198.1 (194.2) million, adjusted for acquisition and integration costs of SEK 0.9 million.

Compared with the corresponding period last year, exchange rate developments had a positive effect on EBITA totaling SEK 11.4 million. Cash flow from operating activities increased to SEK 106.5 (5.2) million. The past year was affected negatively by taxes paid, including in relation to restructuring effects in Finland. The change in operating capital had an impact of SEK -39.6 (-104.8) million, affected mainly by accounts receivable. ■

The below table shows financial history that includes the acquisitions of Swedspot, Miracle, Marketing Clinic, Ascend, and Ionic for comparable periods, to facilitate for the reader to follow the development. See more information on page 23.

SEK, MILLIONS	JAN-MAR 2023	JAN-MAR 2022
Sales	1,970.5	1,695.3
Sales, acquisitions	–	163.8 ¹⁾
Sales, including acquisitions	1,970.5	1,859.1
Sales, change, %	6.0	
of which is exchange rate effect, %	0.6	

1) Adjustments relate to addition of net sales in Swedspot, Miracle, Marketing Clinic, Ascend, and Ionic for the period January to March 2022.

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

SEK, MILLIONS	JAN-MAR 2023	JAN-MAR 2022
EBITA	197.2	192.1
Adjusted EBITA profit ¹⁾	198.1	194.2
EBITA margin, %	10.0	11.3
Adjusted EBITA margin, % ²⁾	10.1	11.5
Cash flow from operating activities	106.5	5.2
Intangible assets	4,585.1	3,986.2
Number of employees at the end of the period	4,377	3,871

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

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

MARKET AND OPERATIONS

Collaboration and strong partnerships create possibilities

Knowit contributes to the transition toward a more digital and sustainable society by helping companies in the transformation to new business models and developing innovative solutions along with its clients and partners. Together, Knowit's four business areas create a complete offer in digital transformation, covering the entire organization of each client's organization. *Solutions*, system development and tech-associated services, *Experience*, digital communication solutions and data-driven customer experiences, *Connectivity*, development of embedded systems, security applications, and cloud services, and *Insight*, management consultancy and organizational development.

THE DIGITAL TRANSFORMATION means that companies and organizations are adapting their processes and business models to become fully or partially digitalized and Knowit provides support in every step of this development. In a digitalized society, new possibilities for a simplified and sustainable means that companies and organizations are adapting their processes and business models to become fully or partially digitalized and Knowit provides support in every step of this development. In a digitalized society, new possibilities for a simplified and sustainable day-to-day existence for both citizens and society. The solution to many of the main challenges in society, such as climate change, is dependent on mankind's ability to use new and existing technology in a sustainable way. Digital solutions that Knowit has developed along with clients and partners are found throughout all parts of society, from schools, healthcare services, and authorities, to e-commerce, transportation, security systems in vehicles, and new energy systems. Knowit's competence in new technology and digital solutions, such as artificial intelligence,

automation, and robotization, creates good possibilities to have a positive impact on society and the climate challenges. New and more easily accessible tools that use AI are currently being developed at a fast pace. This creates new opportunities for all of Knowit's business areas, both in regard to work methods using such data, but also in the form of new client offers that make use of the latest technology.

Knowit has its largest operations in the Nordic region, with a smaller organization in Germany and operations in Poland that support the Nordic operations with expertise in programming and system development. With its agile work method and client-tailored solutions, Knowit has a strong position on the Nordic digitalization market.

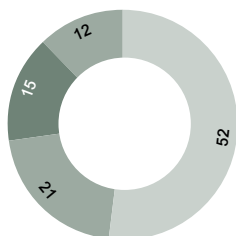
A STRONG CLIENT OFFERING

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

Knowit's clients often have a need for services from several business areas. This means that projects can be performed with the support of multiple competencies from more than one business area. These are collaborations that develop both Knowit's and the clients' businesses.

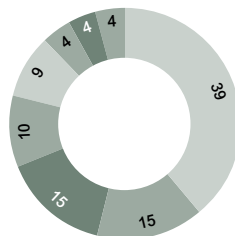
GOOD SPREAD ACROSS DIFFERENT CLIENT INDUSTRIES

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



**SALES PER BUSINESS AREA
JANUARY – MARCH 2023**

Solutions	52% (54)
Experience	21% (23)
Connectivity	15% (14)
Insight	12% (9)



**SALES PER CLIENT INDUSTRY
JANUARY – MARCH 2023**

Public sector	39% (36)
Retail and service companies	15% (18)
Industry	15% (15)
Banking, finance and insurance	10% (10)
Telecommunications	9% (9)
Energy	4% (4)
Media, education and gaming	4% (4)
Other	4% (4)

→ MARKET AND OPERATIONS

WITH A FOCUS ON SUSTAINABILITY

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

Knowit is working in several client projects aiming to decrease climate impact.

A STRONG EMPLOYER BRAND

The growing demand for digital services means that Knowit is working intensely to attract new employees and to sustain its strong employer brand among tech companies.

INCREASED FOCUS ON PRODUCTS AND PLATFORMS

Knowit's deal is based on a strong consultancy operation with a focus on supporting companies and organizations to become digitalized and develop new, profitable business models. Further, a number of products and platforms, often arising out of development projects, have now become important complements to other services and offers within Knowit, both as value creators in client relationships and as contributions to an innovative environment for Knowit's employees.

Making use of the drive and knowledge found within Knowit's organization is an important part of the company's culture and there are several examples where innovativeness and engagement have resulted in various product solutions. Examples of platforms and products developed and offered from various parts of Knowit include Dploy – a user-friendly platform for automating processing of loan applications, BlueGo – an application framework and software for Bluetooth, and SignPort by Knowit – a holistic service for digital signatures.

FINANCIAL OUTCOME

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

The net sales for Solutions increased to SEK 1,091.5 (976.0) million, for Experience to SEK 447.0 (413.2) million, for Connectivity to SEK 304.1 (246.0) million, and for Insight to SEK 246.9 (169.9) million.

Profit before amortization of intangible assets (EBITA) for Solutions was SEK 114.9 (126.2) million, for Experience to SEK 60.1 (59.3) million, for Connectivity to SEK 34.8 (29.4) million, and for Insight increased to SEK 26.5 (20.2) million.

The EBITA margin for Solutions was 10.5 (12.9) percent, for Experience was 13.4 (14.3) percent, for Connectivity was 11.4 (12.0) percent, and for Insight was 10.7 (11.9) percent.

Solutions

	JAN-MAR 2023	JAN-MAR 2022	JAN-MAR 2022 incl. acquisition ¹⁾
Sales, SEK, million	1,091.5	976.0	1,064.1
EBITA, SEK, million	114.9	126.2	129.7
EBITA margin, %	10.5	12.9	12.2
Number of employees at the end of the period	1,910	1,717	1,849

1) Pertains to the acquisition of Miracle A/S from January to March 2022.

With a strong presence in the Nordic region and more than 1,900 employees, the business area Solutions is well-positioned for delivering high-quality digital solutions for companies and organizations and thereby supporting them on their digitalization journeys. By working close to its clients and using the latest technology and methods, Solutions is an important partner for companies that want to future-proof their digital platforms and promote more data-driven operations. Solutions contributes with cutting-edge competence in all parts of the systems development process: from idea, architecture and project governance, to programming, implementation, testing, and security.

Solutions has the single largest proportion of its clients in the public sector. Examples of clients are the Norwegian transportation group VY (formerly NSB), several larger companies in retail and e-commerce, and leading companies in the telecom industry, such as Telia and Telenor. Examples of interesting organizations to which Solutions has delivered communication solutions are the aid organization Sida and SOS Alarm.

COMMENTS FROM THE HEAD OF SOLUTIONS

The business area Solutions is facing continued high demand for digitalization services, but the margin is affected negatively by generally longer sales cycles and downsizing by individual clients. Demand for technical specialist competence remains high, but demand for more project administrative and junior roles is decreasing.

“On the current market, we prioritize sales activities to secure a high invoicing ratio and sound cost control. We are pleased to see a positive development in Finland, with growth in both the net sales and margin,” says Åsa Holmberg.

Experience

	JAN-MAR 2023	JAN-MAR 2022	JAN-MAR 2022 incl. acquisition
Sales, SEK, million	447.0	413.2	413.2
EBITA, SEK, million	60.1	59.3	59.3
EBITA margin, %	13.4	14.3	14.3
Number of employees at the end of the period	987	959	959

The business area Experience focuses on creating and delivering innovative digital experiences for Nordic companies at the interface between technology and communication. Knowit has a unique expertise when it comes to integrating technology, design, and business strategy to create a cohesive and simple user experience.

The business area offers a range of different services, including UX design, interaction design, user surveys,

→ MARKET AND OPERATIONS

information architecture, digital strategy, and development of web and mobile applications. Experience also has a strong offer in e-commerce, an area that has grown quickly in recent years, alongside data-driven marketing. Through working closely with its clients, Knowit can tailor solutions for their specific needs and goals. Examples of clients that Experience has a long-term collaboration are Danish Arla, Nordic OKQ8, Inera 1177.se in Sweden, and Norwegian insurance company Storebrand.

COMMENTS FROM THE HEAD OF EXPERIENCE

The business area Experience is starting off the year in a stable way, with good growth. The intensifying sales-driving work that began at the end of last year continues to show positive results on an uncertain market. In recent years, we have made a shift toward larger and longer client assignments, which is another strength on a more challenging market.

“Our client experience is performing well even on the current market, while we are challenged by longer sales cycles among existing clients. Our operations in Norway and Denmark are developing well, which is highly gratifying,” says Fredrik Ekerhovd.

Connectivity

	JAN-MAR 2023	JAN-MAR 2022	JAN-MAR 2022 incl. acquisition ¹⁾
Sales, SEK, million	304.1	246.0	258.7
EBITA, SEK, million	34.8	29.4	31.7
EBITA margin, %	11.4	12.0	12.2
Number of employees at the end of the period	774	676	714

1) Pertains to the acquisition of Swedspot AB from January to March 2022.

Connectivity combines technical expertise and business competence for innovative, secure, and sustainable solutions in IT and communication technology. The business area is primarily active in product, system, and service development of embedded systems, cloud solutions, and security applications. The business area supports clients in everything from developing prototypes and proofs of concepts to implementing large-scale solutions for smart homes, industrial automation, or smart cities.

The business area has over 750 consultants in Sweden and Poland and a smaller operation in Germany. Connectivity is specialized in development of 5G technology, a platform facilitating use of artificial intelligence (AI), the internet of things (IoT), and extended reality (XR). Connectivity is a leading supplier to clients in the telecom industry, the vehicle industry, the manufacturing industry, and has delivered services to the Swedish Armed Forces. Connectivity collaborates with the development and research departments of clients like ABV, Assa, Ericsson, Scania, and Valmet.

COMMENTS FROM THE HEAD OF CONNECTIVITY

Connectivity is developing well and expanding operations in both Poland and Sweden. Long-term client assignments and several renewed assignments regarding the product solutions provided by Connectivity have contributed to a strong quarter.

“We are starting off the year well and can grow in all parts of our operations thanks to both successful acquisition of new clients and hard work with renegotiating and extending ongoing projects,” says Bo Strömqvist.

Insight

	JAN-MAR 2023	JAN-MAR 2022	JAN-MAR 2022 incl. acquisition ¹⁾
Sales, SEK, million	246.9	169.9	232.9
EBITA, SEK, million	26.5	20.2	32.1
EBITA margin, %	10.7	11.9	13.8
Number of employees at the end of the period	544	376	488

1) Pertains to the acquisition of Marketing Clinic Oy, Ascend AB samt Ionic AB from January to March 2022.

Insight supports its clients in creating agile organizations and performing digital transformations, from idea to result. With a focus on giving clients a deeper understanding of their operations and supporting them in their transformation efforts – from idea to result – Insight’s consultants contribute to altered business models, adapted to the digital transformation. Using data analytics, Knowit Insight helps companies find possibilities, identify challenges, and make data-driven decisions to improve their operations.

Insight’s around 550 employees support Nordic companies in areas like growth and profitability strategies, development of new business models, transformation management, and cybersecurity. Insight’s offer in cybersecurity is in particular demand. Clients are found in both the private and the public sector. Investments in Knowit’s management consultancy operations during the past year have created a significantly broader and more attractive offer to Nordic clients.

COMMENTS FROM THE HEAD OF INSIGHT

The business area Insight has shown good growth during the quarter with continued strong demand in cybersecurity and law. We are seeing that companies tend to retain and increase investments in important implementation projects, while purely strategic projects have a lower priority. This benefits us on the current market, while some strategic consultancy roles are harder to sell. The Finnish operations have recovered and are showing stable and profitable development during the quarter.

“The quarter provides a mixed picture of the market situation, with several new assignments from both new and existing clients. At the same time, we are challenged by companies being more hesitant with investments. The collaboration across national borders strengthens us in several of our client deliveries, which is gratifying,” says Carin Strindmark. ■

REFERENCE CASES

Current projects that create client value

Knowit are digitalization consultants that create unique client values by offering digital solutions that help companies and organizations to future-proof their business models and simultaneously create a sustainable society.

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



KNOWIT STRENGTHENS SWEDEN'S DEFENSE CAPABILITIES

FMV is the supplier of military materials to the Swedish Armed Forces. Since 2022, Knowit has had a framework agreement with FMV in the marine management system area and deliveries consultancy services within several subareas. Knowit has been working in the defense area since 2007.

Knowit contributes with the experience and competencies requested and needed here and now. Horizon scanning and the deteriorating security situation accentuate the need for support.

In the defense area, Knowit delivers consultancy services in operative development, requirements and design, integration, verification, and validation, and support to maintenance of technical systems. An important part is the supply of experts who understand both the needs of the operations, technical engineering, and how you develop technical systems in the defense area specifically. The extent of the allotted subareas in the framework agreement is up to 60,000 hours per year over the next three years, with an option for another three years.



TRANSPARENCY AND AVAILABILITY FOR NORWAY'S AID WORK

Norad is the Norwegian Agency for Development Cooperation, working to ensure that the entire world achieves the UN sustainable development goals, organized as part of the Norwegian Foreign Department. In questions related to Norway's climate and forest investments, Norad is organized as part of the Climate and Environmental Department (KLD). Through knowledge and collaboration, Norad ensures that Norwegian aid funds contribute to global development. On assignment from the Norwegian Stortinget and the government, Norad manages large parts of Norwegian aid funds.

Norad is working for a greener future in a world without poverty, where human rights are respected and no one is left out. Norad aims to contribute to achieving the UN SDGs by 2030 by being a collaboration partner for global development.

Knowit has helped Norad with further development of norad.no, Norad's portal for showing results and statistics on the use of Norwegian aid funds.

The portal contributes with transparency on where and how Norwegian aid funds are used and what results the aid has for poor countries and people. An important starting point is describing the problems that Norway aims to contribute to solving. The expected results of the Norwegian support are determined based on that. All partners must have a system to gather information on if these results are actually achieved.

Knowit's assignment has been to develop a number of topic-related pages to be launched in the spring of 2023. Further, Knowit has worked with maintenance in the form of refactoring and various updates of existing sites, as well as the database that stores results and statistics.

Thanks to the portal, anyone can gather data and statistics on how Norwegian aid funds are used and what the results have been since 2015.

➔ REFERENCE CASES



CLOUD APP HELPS DAIRY FARMERS PROTECT THEIR COWS' WELLBEING

DeLaval is a worldwide leader in milking, with equipment and solutions for dairy farmers – providing important support for sustainable dairy farming. Together with Knowit, they have created a unique app solution whereby cows are IoT-connected to the cloud. The goal is to help dairy farmers protect the cows' wellbeing in real time.

The dairy farms of today can be seen as high-tech hubs in companies that are active 24/7, 365 days a year – where animal wellbeing and efficiency are two important building blocks in making the farms profitable and productive.

Farms with DeLaval equipment now have both machinery and digital solutions, where cows are tagged with sensors that gather valuable data. Data analysis results in better decision support for operating the farm at maximum capacity and a strong focus on animal wellbeing.

With the goal of offering digital services in parallel with creation of the machines that DeLaval provides to its customers, a program was initiated in order to renew and create the next generation of information platform. DeLaval needed a collaboration partner that could meet requirements on a high pace of productivity, scalable and flexible work, and a guaranteed fast time to market. Knowit was hired and was given the assignment to create the very first application for the platform.

An agile team from Knowit with competence in cloud-based development, IoT, AWS, and Scrum developed a solution that aggregates all the data and compares them with other available data, producing data and analyses that are useful for the farmer in their daily work. DeLaval also has an in-house innovation team that builds algorithms for predictions based on the sensor data, using machine learning. In the newly developed app, all cows are IoT-connected to AWS, where the data are organized and machine learning is used to produce reliable information and predictions.

There is now a real-time solution in place, in the form of an application that helps the dairy farmer keep a strong focus on the cows' wellbeing. The app informs the farmer if a cow is eating too much or too little, shows irregular behavior, or is getting sick.



THE SPANISH SUN IS TRANSFORMED INTO ELECTRICITY USING KNOWIT'S WEB APP

Ecodrivex is a start-up with roots in Sweden, Spain, and Colombia, which has identified one of many challenges with sustainable electricity generation. In Spain, with over 300 days of sun each year, and thousands upon thousands of rooftops not used for solar panels, there are several challenges to solve in order to increase the share of households getting electricity through solar power. The process of getting solar panels installed has historically been non-digital and time-consuming, with property owners and tenants needing to agree on timing, capital investments, and subconsultants, for instance. Ecodrivex's initiative serves to digitalize the process of accelerating and simplifying solar panel installation.

Knowit's assignment has been to present and develop an application for tenants to agree digitally and asynchronously. Through the web application, it is easy to gather information, communicate, and even vote on suggestions for the property. The company has thereby, with Knowit's help, been able to digitalize the first step in the process: agreeing that a certain property shall be used for solar panels. The solution has created a faster process and shortened the time it takes to initiate the process of using roofs and solar panels to produce solar power. ■

THE GROUP

Continued growth

Net sales and profit

The group

JANUARY – MARCH

Net sales increased to SEK 1,970.5 (1,695.3) million, an increase by 16.2 percent as compared with the corresponding period last year. The exchange rate development of the year has had a positive impact on net sales of SEK 11.4 (49.6) million.

Net sales increased to SEK 892.4 (832.0) million in Sweden, to SEK 574.9 (543.8) million in Norway, to SEK 235.4 (125.9) million in Denmark, to SEK 200.4 (143.5) million in Finland, and to SEK 62.1 (45.1) million in Poland. Sales per employee increased to KSEK 471 (465).

The operating profit before amortization of intangible assets (EBITA) increased by 2.7 percent to SEK 197.2 (192.1) million. The adjusted EBITA profit increased by 2.0 percent to SEK 198.1 (194.2) million, adjusted for integration costs of SEK 0.9 (2.1) million. The exchange rate development has had a negative impact on EBITA of SEK -1.0 (4.8) million.

In Sweden, EBITA was SEK 113.8 (132.3) million, in Norway it increased to SEK 66.9 (65.4) million, in Denmark to SEK 19.9 (12.3) million, in Finland to SEK 16.4 (9.9) million, and in Poland to SEK 7.5 (5.2) million.

The EBITA margin was 10.0 (11.3) percent. The adjusted EBITA margin was 10.1 (11.5) percent.

Amortization of intangible assets amounted to SEK -42.7 (-31.2) million, affected by increased amortization related to the acquisitions of Swedspot AB, Miracle A/S, Marketing Clinic Oy, Ascend AB, and Ionic AB.

The operating profit after financial items was SEK 133.3 (156.6) million. The financial net was SEK -21.2 (-4.3) million, affected mainly by increased interest revenue of SEK 4.2 (0.5) million, interest costs of SEK -15.7 (-3.3) million, and revaluation of additional consideration totaling SEK -2.6 (-3.2) million.

The results after tax were SEK 104.1 (121.7) million. Tax for the period was SEK -29.2 (-34.9) million. The non-controlling interests' share of profit for the year increased to SEK 4.3 (2.7) million. Earnings per share were SEK 3.64 (4.34).

The segments

JANUARY – MARCH

The Group's operations are organized so that the corporate management primarily follows up on net sales, EBITA profit, and average number of employees for the Group's segments. The Corporate Management Team does not follow up on balance sheet items other than intangible assets across the different segments. The Corporate Management Team primarily follows up on five segments: Solutions, Experience, Connectivity, Insight, and other. Other items include cloud services of a smaller scope, the Parent Company's group-wide costs for management, financials, and marketing, and adjustments related to IFRS 16, which are not allocated to the segments.

Net sales for the segment Solutions increased to SEK 1,091.5 (976.0) million, for the segment Experience to SEK 447.0 (413.2) million, for the segment Connectivity to SEK 304.1 (246.0) million, and for the segment Insight to SEK 246.9 (169.9) million.

EBITA was SEK 114.9 (126.2) million for the segment Solutions, increased to SEK 60.1 (59.3) million for the segment Experience, to SEK 34.8 (29.4) million for the segment Connectivity, and to SEK 26.5 (20.2) million for the segment Insight.

The EBITA margin was 10.5 (12.9) percent for the segment Solutions, 13.4 (14.3) percent for the segment Experience, 11.4 (12.0) percent for the segment Connectivity, and 10.7 (11.9) percent for the segment Insight.

Cash flow

JANUARY – MARCH

Cash flow from operating activities increased to SEK 106.5 (5.2) million. The previous year was affected negatively by tax paid, for instance related to restructuring effects in Finland. The change in working capital was SEK -39.6 (-104.8) million, affected mainly by accounts receivable.

Cash flow from investment activities amounted to SEK -21.8 (-104.2) million, affected mainly by investments in tangible assets.

Cash flow from financing activities was SEK -138.7 (-30.6) million, affected mainly by amortizations.

Total cash flow was SEK -54.0 (-129.6) million.

Financial position

JANUARY – MARCH

Cash and cash equivalents were SEK 444.6 (722.8) million as per March 31, 2023. Goodwill and other intangible assets increased to SEK 4,585.1 (3,986.2) million, of which goodwill was SEK 3,747.1 (3,241.7) million, and other intangible assets were SEK 838.0 (744.5) million.

Equity increased to SEK 4,283.7 (4,063.2) million. Interest-bearing liabilities totaled SEK 1,482.1 (906.8) million by March 31, 2023, with long-term liabilities totaling SEK 1,184.7 (298.5) million and short-term liabilities totaling SEK 297.4 (608.3) million. Knowit has a facility of SEK 300 million that falls due in 2026 and a facility of SEK 750 million that falls due in 2027. The credit facilities granted total SEK 1,050 million. As per March 31, 2023, SEK 600.0 (455.3) million of the credit facilities granted were used. Leasing debts increased to SEK 629.2 (219.0) million. Debts related to future consideration in subsidiaries totaled SEK 252.9 (232.6) million.

The equity/asset ratio was 56.8 (62.3) percent as per March 31, 2023.

→ THE GROUP

Employees

JANUARY – MARCH

On March 31, 2023, a total of 4,377 (3,871) people were employed by the Group. The number of employees has decreased by 33 people during 2023, as compared with December 31, 2022.

The average number of employees has during the period increased to 4,181.9 (3,645.2). The average number of employees in Sweden increased to 2,072.7 (1,927.7), in Norway to 1,011.9 (895.2), in Finland to 474.8 (399.8), in Poland to 311.8 (264.4), and in Denmark to 291.0 (146.7).

Seasonal variation

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

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

Transactions with related parties

No significant transactions have occurred during the period. For more information, see Note 29 Transactions with related parties, page 99 in the Annual Report 2022. ■

PARENT COMPANY

Results and financial position

JANUARY – MARCH

The operating profit/loss before amortization of intangible assets (EBITA) was SEK -27.5 (-29.0) million. The financial net was SEK -7.0 (5.3) million, mainly affected by increased interest costs and the exchange rate deve-

lopment. The profit/loss after financial net was SEK -35.8 (-25.0) million.

As per March 31, 2023, equity was SEK 2,946.3 (2,627.4) million. Untaxed reserves, mainly accrual funds, increased to SEK 159.6 (128.0) million. ■

OTHER INFORMATION

Accounting principles and forward-looking information

General Meeting

In accordance with what was communicated in the Annual Report 2022, the Annual General Meeting will take place on Wednesday May 3, 2023, at 5 PM, at Knowit's offices, Sveavägen 20, Stockholm. Notice has been published in Post- och Inrikes Tidningar, in 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.

Russia's invasion of Ukraine and the resulting sanctions are affecting our surrounding world and the development is unpredictable. Knowit is monitoring the situation closely. The direct financial effects for Knowit are currently assessed to be minor. A long-term deterioration of the macro-economic situation may affect Knowit's possibilities to generate a profit and growth in line with historic values. For more information on risks, see the Annual Report 2022, pages 60-63 and 83-84.

Accounting principles

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

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

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

All amounts in this report are given in million Swedish kronor (SEK, millions), unless otherwise stated. Rounding differences may occur.

Events after the end of the interim period

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

Forward-looking information

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

Financial calendar

AGM 2023

May 3, 2023, 5:00 PM

INTERIM REPORT JANUARY – JUNE 2023

July 20, 2023, 7:30 AM

INTERIM REPORT JANUARY – SEPTEMBER 2023

October 25, 2023, 7:30 AM

YEAR-END REPORT 2023

February 8, 2024, 7:30 AM

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, MAY 3, 2023

PER WALLENTIN

Chief Executive Officer

This interim report has not been reviewed by Knowit's auditors.

OTHER INFORMATION

Address and contact information

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About Knowit

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

Knowit was founded in 1990 and now has around 4,400 employees, mainly in the Nordic countries, but also in Poland and Germany. Knowit AB (publ) has been listed on the stock market since 1997 and is currently listed on Nasdaq OMX Stockholm Mid Cap. For more information on Knowit, please visit knowit.eu. 

FINANCIAL STATEMENTS

Consolidated income statement in summary

SEK, MILLIONS	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Net sales	1,970.5	1,695.3	6,833.8
Operating costs	-1,727.5	-1,468.4	-6,088.5
Depreciation of tangible fixed assets	-45.8	-34.8	-148.8
Operating result before amortization of intangible assets (EBITA)	197.2	192.1	596.5
Amortization of intangible fixed assets	-42.7	-31.2	-149.3
OPERATING RESULT (EBIT)	154.5	160.9	447.2
Financial incomes	4.2	0.5	94.9
Financial expenses	-25.4	-4.8	-58.4
RESULT AFTER FINANCIAL ITEMS	133.3	156.6	483.7
Tax	-29.2	-34.9	-91.5
RESULT FOR THE PERIOD	104.1	121.7	392.2
Result for the period attributable to shareholders in Parent Company	99.8	119.0	385.0
Result for the period attributable to non-controlling interests' holdings	4.3	2.7	7.2
EARNINGS PER SHARE			
Earnings per share, before dilution, SEK	3.64	4.34	14.05
Earnings per share, after dilution, SEK	3.64	4.34	14.05

Consolidated comprehensive income in summary

SEK, MILLIONS	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Profit for the period	104.1	121.7	392.2
<i>Items that may later be reclassified to profit or loss</i>			
Profit/loss from hedging of exchange rate risks in foreign operations	9.9	8.8	51.4
Tax effect of hedging of exchange rate risks	-2.1	-1.8	-10.6
Translation differences for the year from recalculation of foreign operations	-35.9	42.7	103.8
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	-28.1	49.7	144.6
Total comprehensive income for the period	76.0	171.4	536.8
Total comprehensive income attributable to shareholders in Parent Company	72.6	169.1	529.2
Total comprehensive income attributable to non-controlling interests' holdings	3.4	2.3	7.6

→ FINANCIAL STATEMENTS

Consolidated balance sheet in summary

SEK, MILLIONS	2023-03-31	2022-03-31	2022-12-31
Assets			
Intangible fixed assets	4,585.1	3,986.2	4,629.7
Tangible fixed assets	717.1	252.8	723.9
Financial fixed assets	10.3	18.5	11.4
Deferred tax assets	108.1	96.0	106.5
Current assets	1,682.6	1,445.7	1,636.5
Cash equivalents	444.6	722.8	497.6
TOTAL ASSETS	7,547.8	6,522.0	7,605.6
Equity and liabilities			
Share capital	27.4	27.4	27.4
Other capital provided and provisions	2,945.1	2,883.1	2,976.1
Retained earnings, including profit for the year	1,286.6	1,142.4	1,183.0
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	4,259.1	4,052.9	4,186.5
Non-controlling interests	24.6	10.3	21.2
TOTAL EQUITY	4,283.7	4,063.2	4,207.7
Non-current provisions	269.2	235.4	276.5
Interest-bearing non-current liabilities	1,184.7	298.5	1,303.3
Interest-bearing current liabilities	297.4	608.3	291.4
Other current liabilities	1,512.8	1,316.6	1,526.7
TOTAL EQUITY AND LIABILITIES	7,547.8	6,522.0	7,605.6

→ FINANCIAL STATEMENTS

Consolidated cash flow statement in summary

SEK, MILLIONS	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Operating activities			
Profit before taxes	133.3	156.6	483.7
Adjustment for non-cash items	63.5	96.6	245.0
Paid taxes	-50.7	-143.2	-195.1
CASH FLOW BEFORE CHANGES IN OPERATING CAPITAL	146.1	110.0	533.6
Changes in operating capital	-39.6	-104.8	-58.3
CASH FLOW FROM OPERATING ACTIVITIES	106.5	5.2	475.3
Investing activities			
Acquisition of businesses	–	-97.6	-752.9
Acquisition on intangible assets	-3.7	-1.5	-10.0
Acquisition of property, plant and equipment	-18.1	-5.1	-63.3
Disposal of financial assets	–	–	75.3
CASH FLOW FROM INVESTING ACTIVITIES	-21.8	-104.2	-750.9
Financing activities			
Amortization of loans and leasing liabilities	-138.7	-30.6	-228.7
Loans raised	–	–	344.7
Dividend	–	–	-204.1
CASH FLOW FROM FINANCING ACTIVITIES	-138.7	-30.6	-88.1
CASH FLOW FOR THE PERIOD	-54.0	-129.6	-363.7
Cash and cash equivalents at the beginning of the period	497.6	851.4	851.4
Translation differences in cash and cash equivalents	1.0	1.0	9.9
CASH AND CASH EQUIVALENTS, MARCH 31	444.6	722.8	497.6

→ FINANCIAL STATEMENTS

Consolidated statement of changes in equity in summary

SEK, MILLIONS	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Opening balance	4,207.7	3,892.4	3,892.4
Profit/loss from hedging of exchange rate risks in foreign operations	9.9	8.8	51.4
Tax effect of hedging of exchange rate risks	-2.1	-1.8	-10.6
Translation differences for the year from recalculation of foreign operations	-35.9	42.7	103.8
Result for the period	104.1	121.7	392.2
TOTAL PROFIT FOR THE PERIOD RECOGNIZED IN THE INCOME STATEMENT	76.0	171.4	536.8
TOTAL BEFORE TRANSACTIONS WITH SHAREHOLDERS	4,283.7	4,063.8	4,429.2
Non-controlling interests	–	–	6.3
Additional capital from non-controlling interest	–	-0.6	-28.4
Dividend paid	–	–	-204.1
Acquisition of partially owned subsidiary with non-controlling interests	–	–	4.7
CLOSING BALANCE	4,283.7	4,063.2	4,207.7

Performance measures

	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Number of employees at end of period	4,377	3,871	4,410
Average number of employees	4,181.9	3,645.2	3,877.2
Sales per average number of employees (SEK, 000s)	471	465	1,763
Result after financial items per average number of employees (SEK, 000s)	32	43	125
Return on total capital, %	2.1	2.5	7.8
Return on equity, %	2.5	3.1	9.7
Return on capital employed, %	2.7	3.3	10.2
EBITA margin, %	10.0	11.3	8.7
Adjusted EBITA margin, %	10.1	11.5	8.9
Equity ratio, %	56.8	62.3	55.3
Net debt ratio, multiples	0.2	0.0	0.3

Data per share

	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Earnings per share, SEK			
Before dilution	3.64	4.34	14.05
After dilution	3.64	4.34	14.05
Equity per share, SEK			
Before dilution	155.39	147.87	152.74
After dilution	155.39	147.87	152.74
Average number of shares, (000s)			
Before dilution	27,409	27,409	27,409
After dilution	27,409	27,409	27,409
Number of shares on balance sheet day, (000s)			
Before dilution	27,409	27,409	27,409
After dilution	27,409	27,409	27,409

→ FINANCIAL STATEMENTS

Consolidated segment reporting in summary

JAN-MAR 2023 SEK, MILLIONS	Solutions	Experience	Connectivity	Insight	Other	Total
External net sales	1,010.1	415.8	294.3	233.3	17.0	1,970.5
Net sales between segments	81.4	31.2	9.8	13.6	-136.0	–
NET SALES	1,091.5	447.0	304.1	246.9	-119.0	1,970.5
Operating result before amortization of intangible assets (EBITA)	114.9	60.1	34.8	26.5	-39.1	197.2
Amortization of intangible assets	-17.4	-6.5	-10.6	-6.4	-1.8	-42.7
OPERATING PROFIT (EBIT)	97.5	53.6	24.2	20.1	-40.9	154.5
Result after financial items						133.3
RESULT FOR THE PERIOD						104.1
EBITA margin, %	10.5	13.4	11.4	10.7		10.0
Average number of employees	1,855.0	937.7	723.6	524.3	141.3	4,181.9
Intangible assets	2,088.8	731.7	1,168.9	584.7	11.0	4,585.1
Tangible fixed assets	18.6	4.5	11.7	4.1	678.2	717.1
JAN-MAR 2022 SEK, MILLIONS	Solutions	Experience	Connectivity	Insight	Other	Total
External net sales	914.1	383.2	233.1	150.5	14.4	1,695.3
Net sales between segments	61.9	30.0	12.9	19.4	-124.2	–
NET SALES	976.0	413.2	246.0	169.9	-109.8	1,695.3
Operating result before amortization of intangible assets (EBITA)	126.2	59.3	29.4	20.2	-43.0	192.1
Amortization of intangible assets	-12.0	-6.4	-9.4	-1.8	-1.6	-31.2
OPERATING PROFIT (EBIT)	114.2	52.9	20.0	18.4	-44.6	160.9
Result after financial items						156.6
RESULT FOR THE PERIOD						121.7
EBITA margin, %	12.9	14.3	12.0	11.9		11.3
Average number of employees	1,650.8	875.4	637.6	358.3	123.1	3,645.2
Intangible assets	1,889.1	743.6	1,097.6	238.2	17.7	3,986.2
Tangible fixed assets	13.4	5.8	7.5	0.7	225.4	252.8

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

→ FINANCIAL STATEMENTS

Group revenue from client contracts

SEK, MILLIONS	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
GEOGRAPHIC CATEGORIZATION			
Fee revenue			
Sweden	828.6	802.9	3,047.7
Norway	561.5	529.4	2,057.0
Denmark	207.3	123.6	615.7
Finland	192.5	137.2	580.8
Poland	61.1	44.1	197.2
Other	5.2	5.1	22.7
TOTAL FEE REVENUE	1,856.2	1,642.3	6,521.1
Other revenue			
Sweden	63.8	29.1	162.8
Norway	13.5	14.4	53.0
Denmark	28.2	2.2	61.1
Finland	7.9	6.3	33.3
Poland	1.0	1.0	2.5
Other	0.0	0.0	0.0
TOTAL OTHER REVENUE	114.3	53.0	312.7
TOTAL NET REVENUE	1,970.5	1,695.3	6,833.8
SEGMENT CATEGORIZATION			
Fee revenue			
Solutions	1,037.7	953.5	3,769.3
Experience	426.2	396.2	1,502.6
Connectivity	265.2	231.8	951.7
Insight	241.6	166.3	716.1
Other	-114.5	-105.5	-418.6
TOTAL FEE REVENUE	1,856.2	1,642.3	6,521.1
Other revenue			
Solutions	53.8	22.5	155.1
Experience	20.8	17.0	82.8
Connectivity	38.9	14.2	88.6
Insight	5.3	3.6	14.8
Other	-4.7	-4.3	-28.6
TOTAL OTHER REVENUE	114.3	53.0	312.7
TOTAL NET REVENUE	1,970.5	1,695.3	6,833.8

The revenue category Licensing revenue is reported under the category Other revenue, as the amount is not significant. For more information, see Note 1 Accounting and valuation principles, pages 77-83 in the Annual Report 2022.

→ FINANCIAL STATEMENTS

Financial assets and liabilities at fair value and categorization

SEK, MILLIONS	2023-03-31			2022-03-31		
	Financial assets valued at amortized costs	Financial assets valued at fair value in income statement	Fair value	Financial assets valued at amortized costs	Financial assets valued at fair value in income statement	Fair value
Assets in balance sheet						
Other long-term securities	–	2.6	2.6 ¹⁾	–	11.8	11.8 ¹⁾
Other long-term receivables	3.3	–	3.3	3.5	–	3.5
Accounts receivable and other receivables	1,450.6	–	1,450.6	1,313.3	–	1,313.3
Cash equivalents	444.6	–	444.6	722.8	–	722.8
TOTAL	1,898.5	2.6	1,901.1	2,039.6	11.8	2,051.4

SEK, MILLIONS	2023-03-31			2022-03-31		
	Other financial liabilities	Financial liabilities valued at fair value in income statement	Fair value	Other financial liabilities	Financial liabilities valued at fair value in income statement	Fair value
Liabilities in balance sheet						
Future additional considerations	–	199.0	199.0 ²⁾	–	195.8	195.8 ²⁾
Future consideration	53.9	–	53.9 ²⁾	36.7	–	36.7 ²⁾
Other interest-bearing liabilities	1,229.2	–	1,229.2	674.3	–	674.3
Accounts payable	382.4	–	382.4	320.2	–	320.2
Other liabilities	57.3	–	57.3	447.6	–	447.6
TOTAL	1,722.8	199.0	1,921.8	1,478.8	195.8	1,674.6

1) Fair value pursuant to categorization level 2.

2) Fair value pursuant to categorization level 3.

Reported values of Group financial assets and liabilities, distributed based on classification pursuant to IFRS 9, are summarized in the above table. No financial assets or liabilities are reported at a value that significantly deviates from fair value. For more information, see Note 22 in the Annual Report for 2022.

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

SEK, MILLIONS	Future contingent additional considerations	Future considerations
Fair value, 2023-01-01	196.4	54.4
Total recognized profits and losses:		
Recognized in profit/loss for the year	2.6	-0.5
Recognized in equity	–	–
Settlement of future additional considerations, options and future consideration	–	–
Cost of acquisitions	–	–
Fair value, 2023-03-31	199.0	53.9
Fair value, 2022-01-01	177.7	12.3
Total recognized profits and losses:		
Recognized in profit/loss for the year	3.2	–
Recognized in equity	–	–
Settlement of future additional considerations, options and future consideration	–	–
Cost of acquisitions	14.9	24.4
Fair value, 2022-03-31	195.8	36.7

→ FINANCIAL STATEMENTS

Income statement Parent Company

SEK, MILLIONS	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Net sales	197.2	186.5	730.9
Operating costs	-222.9	-215.2	-863.2
Depreciation of property, plant and equipment	-1.8	-0.3	-2.3
OPERATING RESULT BEFORE AMORTIZATION OF INTANGIBLE ASSETS (EBITA)	-27.5	-29.0	-134.6
Amortization of intangible assets	-1.3	-1.3	-5.4
OPERATING RESULT (EBIT)	-28.8	-30.3	-140.0
Financial items	-7.0	5.3	724.1
RESULT AFTER FINANCIAL ITEMS	-35.8	-25.0	584.1
Appropriations	–	–	-31.6
Income tax	–	–	-31.2
RESULT FOR THE PERIOD	-35.8	-25.0	521.3

Balance sheet Parent Company

SEK, MILLIONS	2023-03-31	2022-03-31	2022-12-31
Assets			
Intangible assets	8.7	14.1	10.0
Property, plant and equipment	42.0	1.4	22.7
Financial non-current assets	5,105.6	4,893.6	5,514.0
Current assets	654.6	473.2	440.9
Cash equivalents	289.4	604.6	329.3
TOTAL ASSETS	6,100.3	5,986.9	6,316.9
Equity and liabilities			
Share capital	27.4	27.4	27.4
Statutory reserve	68.0	68.0	68.0
Unrestricted share capital including result for the period	2,850.9	2,532.0	2,886.4
TOTAL EQUITY	2,946.3	2,627.4	2,981.8
Untaxed reserves	159.6	128.0	159.6
Non-current provisions	600.0	759.3	1,438.3
Provisions	86.7	133.3	84.1
Interest-bearing current liabilities	–	508.4	–
Other current liabilities	2,307.7	1,830.5	1,653.1
TOTAL EQUITY AND LIABILITIES	6,100.3	5,986.9	6,316.9

→ FINANCIAL STATEMENTS

Financial overview by business area

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

SEK, MILLIONS	JAN-MAR 2023	JAN-MAR 2022	JAN-MAR 2022 incl. acquisitions ¹⁾
The Group			
Net sales	1,970.5	1,695.3	1,859.1
Adjusted EBITA profit	198.1	194.2	211.8
Adjusted EBITA margin, %	10.1	11.5	11.4
Number of employees at the end of the period	4,377	3,871	4,153
Business areas			
Solutions			
Net sales	1,091.5	976.0	1,064.1
Adjusted EBITA profit	114.9	126.2	129.7
Adjusted EBITA margin, %	10.5	12.9	12.2
Number of employees at the end of the period	1,910	1,717	1,849
Experience			
Net sales	447.0	413.2	413.2
Adjusted EBITA profit	60.1	59.3	59.3
Adjusted EBITA margin, %	13.4	14.3	14.3
Number of employees at the end of the period	987	959	959
Connectivity			
Net sales	304.1	246.0	258.7
Adjusted EBITA profit	34.8	29.4	31.7
Adjusted EBITA margin, %	11.4	12.0	12.2
Number of employees at the end of the period	774	676	714
Insight			
Net sales	246.9	169.9	232.9
Adjusted EBITA profit	26.5	20.2	32.1
Adjusted EBITA margin, %	10.7	11.9	13.8
Number of employees at the end of the period	544	376	488

1) Adjustment pertains to the acquisitions of Swedspot, Miracle, Marketing Clinic, Ascend and Ionic from January 1 to March 31, 2022.

→ FINANCIAL STATEMENTS

Financial overview by country

The table shows the profit/loss by quarter and period where comparative figures are shown to facilitate analysis.

SEK, MILLIONS	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Sweden			
Net sales	892.4	832.0	3,210.4
EBITA	113.8	132.3	421.4
EBITA margin, %	12.8	15.9	13.1
Norway			
Net sales	574.9	543.8	2,110.0
EBITA	66.9	65.4	204.5
EBITA margin, %	11.6	12.0	9.7
Denmark			
Net sales	235.4	125.9	676.8
EBITA	19.9	12.3	44.4
EBITA margin, %	8.5	9.8	6.6
Finland			
Net sales	200.4	143.5	614.1
EBITA	16.4	9.9	28.2
EBITA margin, %	8.2	6.9	4.6
Poland			
Net sales	62.1	45.1	199.7
EBITA	7.5	5.2	22.3
EBITA margin, %	12.1	11.5	11.2

OTHER

Definitions

Alternative performance measures

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

For more information on our long-term financial targets and further definitions of performance measures, see pages 12 and 110 in the Annual Report for 2022. ■

EBITDA PROFIT Profit before depreciation and amortization of tangible and intangible non-current assets, respectively. $(197.2 + 45.8 = 243.0)$

EBITA PROFIT Profit before amortization of intangible non-current assets. (197.2)

ADJUSTED EBITA PROFIT EBITA is adjusted for items that impair comparability between periods, to provide increased understanding of the Group's underlying operative activities. Adjusted items include costs connected to acquisitions and disposals and costs for restructuring and integration programs.

This year's adjustments of SEK 0.9 million encompass expenses for legal and financial consultancy in connection with the acquisition transactions, totaling SEK – million encompass expenses for legal and financial consultancy in connection with acquisition transactions. They also include adjustments of SEK 0.9 million for integration and restructuring expenses such as financial and legal consultancy regarding restructuring, project management of integrations, financing expenses, and tax expenses connected to internal disposal of acquired foreign operations. $(197.2 + 0.9 = 198.1)$

EBITA MARGIN Profit before amortization of intangible non-current assets (EBITA) in relation to net sales for the period. $(197.2 / 1,970.5 = 10.0\%)$

ADJUSTED EBITA MARGIN Adjusted EBITA profit in relation to net sales for the period. $(198.1 / 1,970.5 = 10.1\%)$

NET DEBT Interest-bearing liabilities less financial interest-bearing assets. $(1,184.7 + 297.4 - 444.6 = 1,037.5)$

NET DEBT RATIO Used to show the Company's indebtedness. Net debt in relation to equity. $(1,037.5 / 4,283.7 = 0.2 \text{ multiples})$

AVERAGE EQUITY The average of the period's opening equity balance and the period's closing equity balance. $((4,207.7 + 4,283.7) / 2 = 4,245.7)$

RETURN ON EQUITY Profit after full tax as a percentage of average equity including non-controlling interests. $(104.1 / 4,245.7 = 2.5\%)$

AVERAGE CAPITAL EMPLOYED The average of the period's opening and closing balances of equity plus interest-bearing liabilities. $((4,207.7 + 1,303.3 + 291.4 + 4,283.7 + 1,184.7 + 297.4) / 2 = 5,784.1)$

RETURN ON CAPITAL EMPLOYED Profit after financial items plus financial expenses expressed as a percentage of average capital employed. $((133.3 + 25.4) / 5,784.1 = 2.7\%)$