



Year-end report, 1 January to 31 December 2019

19 February 2020

# Continued high growth

## - shift in focus towards increased profitability

### Fourth quarter, October – December 2019

- Sales amount to SEK 239.1 (203.5) million, giving growth of 17.5 (8.1) per cent
- The operating profit (EBIT) is SEK 7.0 (14.2) million, giving an operating margin of 2.9 (7.0) per cent. The operating profit was reduced by non-recurring costs of SEK 6.1 (0.0) million
- Profit after tax is SEK 3.8 (8.3) million.
- Earnings per share before and after dilution amount to SEK 0.28 (1.00)

### Full year January – December 2019

- Sales amount to SEK 839.5 (726.3) million, giving growth of 15.6 (17.2) per cent
- The operating profit (EBIT) is SEK 31.3 (47.1) million, giving an operating margin of 3.7 (6.5) per cent. The operating profit was reduced by non-recurring costs of SEK 7.6 (1.0) million
- Profit after tax is SEK 17.6 (28.3) million.
- Earnings per share before and after dilution amount to SEK 1.43 (3.15)
- The Board of Directors proposes that no dividend be distributed for the 2019 financial year
- The Board of Directors has specified the company's financial targets that reflect a new direction

|                                       | Fourth quarter, Oct-Dec |       |        | Full year, Jan-Dec |       |        |
|---------------------------------------|-------------------------|-------|--------|--------------------|-------|--------|
|                                       | 2019                    | 2018  | Change | 2019               | 2018  | Change |
| Net sales, SEK million                | 239.1                   | 203.5 | 17.5%  | 839.5              | 726.3 | 15.6%  |
| EBITDA, SEK million*                  | 13.2                    | 15.5  | -14.8% | 56.1               | 54.1  | 3.7%   |
| EBITDA-margin*                        | 5.5%                    | 7.6%  |        | 6.7%               | 7.4%  |        |
| Operating profit (EBIT), SEK million* | 7.0                     | 14.2  | -50.7% | 31.3               | 47.1  | -33.5% |
| Operating margin (EBIT)*              | 2.9%                    | 7.0%  |        | 3.7%               | 6.5%  |        |
| Profit after tax, SEK million         | 3.8                     | 8.3   | -54.2% | 17.6               | 28.3  | -37.8% |
| Earnings per share, SEK               | 0.28                    | 1.00  | -72.0% | 1.43               | 3.15  | -54.6% |
| Number of co-workers, closing balance | 712                     | 609   | 103    | 712                | 609   | 103    |
| Average number of co-workers          | 708                     | 586   | 122    | 669                | 547   | 122    |

The table shows an extract from B3's key figures. See Note 3 for a table and definitions of key figures.

\*The performance measures are impacted by the transition to IFRS 16 "Leases". See also Note 1.

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Co-founder and Chief Executive Officer Sven Uthorn:

## Continued high growth - shift in focus towards increased profitability



**A new decade** At the start of 2020 we are leaving behind us a decade characterised by fantastic growth. Since the turn of the last decade we have become a ten times larger company with average annual growth of 26 per cent. At the same time we have laid the foundation for our continued journey by investing in brand, leadership, stock exchange listing, sales and recruiting capacity. We are quality certified, triple-A rated and have received awards as one of Sweden's best workplaces, three times a Super Company in Veckans Affärer and five times a DI Gazelle. All this lays the foundation for continued positive growth for the B3 Group in the 2020s.

**10**  
times larger  
company

**Market changes in 2019** The year did offer some challenges that inhibited our earnings trend. We have experienced a weakening in parts of the client market, especially in the public sector, which has been burdened by savings requirements and drawn-out decision-making and purchasing processes. We have also met weaker demand, mainly for project management and operations development, which mainly impacted our Digital Management business area negatively. At the same time, we enjoyed continued very strong demand in systems development, driven by the clients' pursuit of new software solutions, new digital services and new user experiences. Our business area Digital Innovation has developed vigorously, but has also been confronted by challenges in the recruitment market, mainly in our Stockholm operations.

**A new phase for B3** All in all, this led us to shift focus during the year. This means that we are adapting the organisation, reviewing client priorities, service offer and working methods – all aimed at aligning ourselves for higher efficiency and stronger profit generation. At the same time we are maintaining momentum in our business development of operations that are growing well.

**Focus**  
stronger profit  
generation

**Fourth quarter** Q4 2019 was our 40th growth quarter in a row and with this achieved a new quarterly record of SEK 239 million in revenue. However, earnings stayed at an unsatisfactory level, SEK 7 million, though burdened by non-recurring items, of which SEK 3.8 million is mainly related to the organisation adaptations we have implemented during the quarter to achieve better efficiency. The work is continuing and we expect in future to gradually increase our operating margins over the coming quarters. In addition, the quarter was burdened by SEK 2.3 million related to the revaluation of a supplementary purchase price for the acquisition of Nuway in July 2019.

**40**  
growth quarters  
in a row

**The way forward** Despite the challenges we have had to meet during the year, we have strong confidence in our continued business structure. Where there is change there is consulting to do. All the industries in which we work are undergoing rapid changes as a result of digitalisation. This applies to banking and finance, trade and industry, media and the experiential industry, the energy and transport sector – where pressure of competition and the threat from new digital challengers is fundamentally changing the industry conditions. This also applies to public administration. Though not under the same pressure of competition, digitalisation offers new opportunities to improve the efficiency and effectiveness of working methods, improve the quality of civic service and improve quality in the health and social care sector — thus enabling authorities, regions and municipalities to meet both demographic challenges and savings requirements. In this perspective B3 has a greater role to play for our clients. We have taken it as our mission to help the leading businesses and organisations to utilise all the opportunities of digitalisation. With our breadth of skills, experience base and delivery capacity we are exceptionally well-positioned to help our clients through all the phases of digitalisation, from analysis and strategy to realisation of new solutions and working methods for greater efficiency and new business opportunities.

Translating this into shareholder value over the coming years is about continuing to grow, with a focus on profit growth, but also on deeper client relations and value-added services, with team deliveries and turnkey offers.

*Sven Uthorn*

## Important events

### in Q4

- B3 helped the National Board of Forestry to use Microsoft's program "AI for Earth" to create a model that can rapidly read drone images and detect damaged trees
- B3 grew by eleven new co-workers after the subsidiary Rebel and Bird took over the main part of the business of Nectima
- B3 was awarded a new framework agreement with Länsförsäkringar for IT consulting services in the areas of Leadership and Management, Development, Architecture and Infrastructure
- B3 held an extraordinary general meeting on 15 November, which decided on an issue and transfer of warrants

### in Q3, Q2 and Q1

- B3's digital agency Rebel and Bird and Parks and Resorts awarded a prize for Kolmården's new website
- Sofia Smedshammar recruited as new head of B3's fastest growing business area, Digital Innovation. Sofia has long experience of IT, digitalisation and leadership in the consulting industry
- Lotta Wiberg recruited as new business development and sales manager for the Digital Innovation business area
- 94 per cent of co-workers consider that B3 is a very good workplace, according to this year's GPTW (Great Place To Work) score
- B3 signed framework agreement with Association of Local Authorities in Västernorrland in the area of RPA, Robotic Process Automation
- B3 helped Region Dalarna to introduce AI in healthcare
- Anne Ek recruited as new Head of HR at B3
- In July B3 acquired 58 per cent of the consulting company Nuway AB with 50 co-workers
- B3 strengthened the Board with new members Kristin Lindmark and Anna Hjertstedt
- B3 acquired all the minority shareholdings in B3 Insight and B3 Summit following a resolution by the Annual General Meeting
- On 14 January B3 completed the acquisition of 60 per cent of the management consultant company Alenio

### After the close of the period

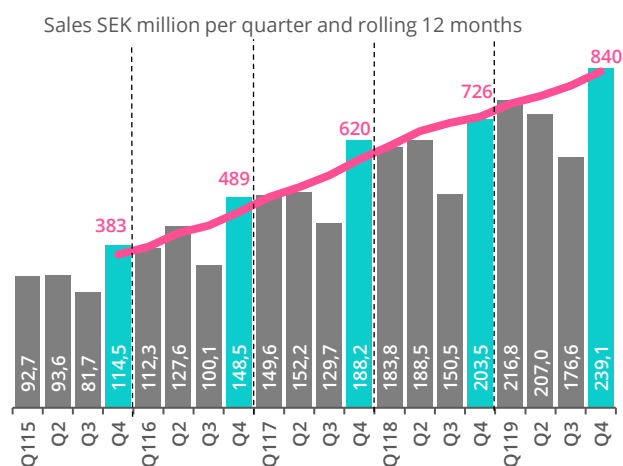
- B3 formed a new specialist company – B3 Effekt – focusing on the public sector
- B3 has been certified under the Great Place to Work (GPTW) international standard
- B3 has created a new digital platform for Convictus, a non-profit association that works to support vulnerable people. The work is conducted as part of B3 Social Innovation
- Under a framework agreement B3 was entrusted as supplier of consulting services in IT production and IT infrastructure to the Swedish Social Insurance Agency

## Group

### Fourth quarter, October – December 2019

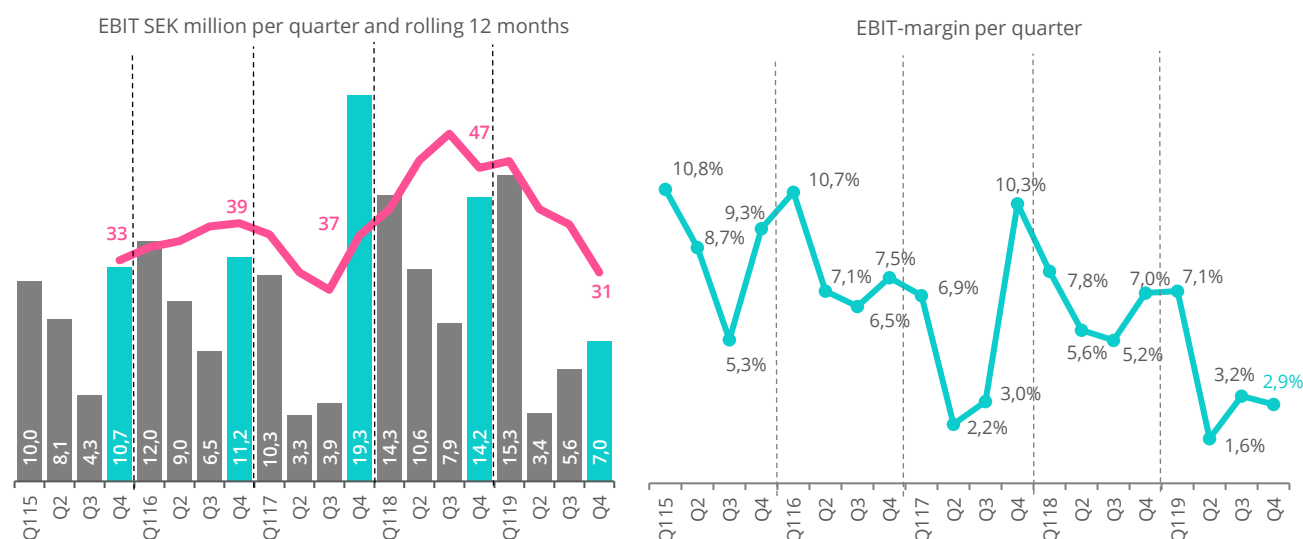
#### Revenue and profit

Sales in the fourth quarter amounted to SEK 239.1 (203.5) million, with growth of 17.5 (8.1) per cent. The increase in revenue is mainly due to improved delivery capability as a result of recruitment and acquisitions. Sub-consultants are used for a small part of the business, amounting in the quarter to 8.5 (8.3) per cent of sales.



To achieve better operational efficiency and profit generation a change is taking place in the organisation structure and working methods to adapt to a partially changed market, mainly referring to project management and operations development. As a consequence of this work, earnings in the quarter were charged with SEK 2.8 million in the form of restructuring costs in the business areas Digital Management and Digital Infra. Earnings were also charged with SEK 2.3 million related to the revaluation of a supplementary purchase price for the acquisition of Nuway in July 2019. In connection with the acquisition it was agreed to pay a supplementary purchase price based on Nuway's performance in 2019. As B3 Nuway AB performed better than expected in 2019, the supplementary purchase price increased, and the increase was charged to the Group's operating profit. The operating profit for the quarter amounted to SEK 7.0 (14.2) million. This corresponds to an operating margin of 2.9 (7.0) per cent.

Total operating expenses in the quarter were SEK 232.3 (189.5) million. Staff costs were SEK 171.8 (139.1) million, corresponding to 71.9 (68.4) per cent of sales. Excluding restructuring costs, staff costs amount to 70.7 per cent of sales.

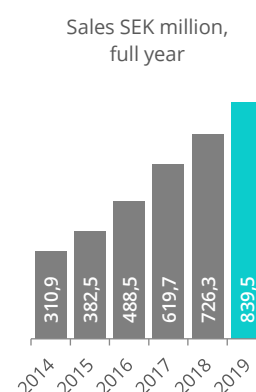


IFRS 16 "Leases" increased the operating profit by SEK 0.4 million for the quarter. To see how IFRS 16 impacts other performance measures and the balance sheet please refer to Note 1.

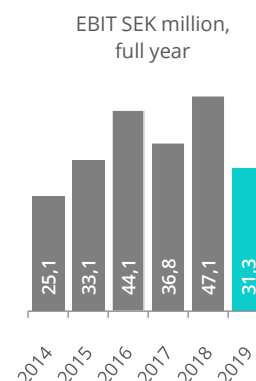
### Full year January - December 2019

#### Revenue and profit

Sales in the period were SEK 839.5 (726.3) million, with growth of 15.6 (17.2) per cent. The increase in revenue is mainly due to improved delivery capability as a result of recruitment and acquisitions. Sub-consultants are used for a small part of the business, amounting during the period to 7.6 (10.0) per cent of sales. In connection with some client engagements there are sales of software licences, which may give temporary revenue surpluses, usually at relatively low margins. Sales for the period include licence sales of SEK 9.8 (7.2) million.



Total operating expenses in the period were SEK 807.4 (680.9) million. Staff costs were SEK 600.0 (495.5) million, corresponding to 71.5 (68.2) per cent of sales. The change mainly relates to poorer capacity utilisation in the part of the market with weaker growth during the period, which was in the public sector and as regards demand for services in project management and operations development. In addition, restructuring costs of SEK 2.8 million were charged to staff costs in the fourth quarter.



The operating profit for the period is SEK 33.1 (47.1) million. Performance is affected by long-term investments in growth in sales and management, including the Rising Star programme for new co-workers. In addition, the consulting company Nuway and the management consulting company

Alenio were acquired, as well as all minority shareholdings in B3 Insight and B3 Summit. Apart from this, during 2019 a new business system was introduced, and the company's website developed and launched in the autumn.

In connection with the acquisition of Sentensia in 2017, a supplementary purchase price was agreed, based on the company's growth in 2017 and 2018. Profit in 2019 was reduced by SEK 1.5 million related to the revaluation of a supplementary purchase price, as B3 Sentensia grew better than expected. In connection with the acquisition of Nuway in July 2019, a supplementary purchase price was agreed, based on the company's growth in 2019. Profit was reduced by SEK 2.3 million related to the revaluation of a supplementary purchase price, as B3 Nuway grew better than expected in 2019. The operating margin was 3.9 (6.5) per cent.

IFRS 16 "Leases" increased the operating profit by SEK 1.7 million for the period. To see how IFRS 16 impacts other performance measures and the balance sheet please refer to Note 1.

#### *Seasonal variations*

In general the first and second quarters have a relatively even work rate. The third quarter includes most of the holiday period and the fourth quarter is the most work-intensive. The number of working days in 2019 was 225 (225), including deduction for 25 days of holiday.

#### *Segment reporting*

A general description of the business areas is given below. For a detailed list of the segments' revenue and profit, please see Note 2.

#### Digital Innovation business area

The business area is focused on development of application software, digital customer experiences, products and services. During the period the vigorous growth of the business area, 53.2 (51.3) per cent, led to Digital Innovation now accounting for 39 (29) per cent of the Group's sales, making it the Group's largest business area.

Digital Innovation's sales strengthened by SEK 113.8 million to SEK 327.8 (214.0) million and the operating profit was strengthened by SEK 5.8 million to SEK 26.7 (20.9) million, giving an operating margin of 8.1 (9.8) per cent. There is good demand for the business area and high capacity utilisation. Apart from growth in the IT, media, entertainment, retail and industry sectors, growth is also impacted by acquisitions in 2018 and 2019. In November 2018 Reach was acquired, with operations in Jönköping and Linköping and a focus on technology consulting and systems development, above all for the industry sector. As of 1 July the acquisition of Nuway, with specialist skills in system development, is included in the business area. In December the subsidiary Rebel and Bird took over the main part of the business of Nectima with eleven co-workers. In August 2019 a new business area head took over, as well as a new business development and sales manager.

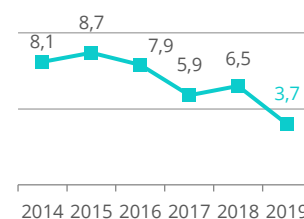
The business area has had a fourth quarter with strong growth. Sales increased to SEK 102.8 (61.7) million, giving growth of 66.6 (45.5) per cent. The operating profit is SEK 6.5 (6.9) million, giving an operating margin of 6.3 (11.2) per cent

#### Digital Management business area

The business area offers services in operations development, digital transformation, change leadership, decision support etc. Digital Management accounts for 35 (42) per cent of the Group's sales. The clients include county councils, authorities, the banking and finance and telecom sectors.

Digital Management sales in the period were SEK 298.7 (313.8) million, with an operating profit of SEK 7.9 (25.2) million. Revenues decreased during the period by 4.8 per cent. In the corresponding period of the previous year growth was 6.0 per cent. The operating margin was 2.6 (8.0) per cent. Since January 2019 the acquisition of Alenio is included in the business area.

EBIT-margin, %, full year



The weaker growth of the business area in 2019 mainly concerns continued restraint in the public sector. The growth is also impacted by changed demand in the market, mainly for project management and operations development. To improve efficiency and develop the business a new head of the business area took over in the second quarter of 2019, focusing on reviewing the organisation, client priorities and working methods and adjusting to a partially changed market. In the fourth quarter the work has meant that profit was charged with restructuring costs of SEK 1.5 million.

The business area's sales in the fourth quarter were SEK 79.8 (78.8) million, which gives growth of 1.3 (-17.0) per cent in the quarter. The operating profit is SEK 1.6 (6.0) million, giving an operating margin of 2.0 (7.6) per cent

#### Digital Infra business area

The business area offers services relating to effective, secure, scalable and accessible infrastructure. Digital Infra accounts for 18 (20) per cent of the Group's sales. The market is characterised by the transfer of new and existing solutions to the cloud and IT security issues are in focus.

Digital Infra sales in the period were SEK 151.2 (148.8) million, with an operating profit of SEK 1.7 (4.8) million. Growth was 1.9 (30.9) per cent. The operating margin was 1.1 (3.2) per cent. The business area's growth is mainly impacted by restraint in the client market. Work is ongoing to raise operating efficiency and strengthen profit generation, which in the fourth quarter meant that profit was charged with restructuring costs of SEK 1.3 million.

The business area's sales in the fourth quarter were SEK 40.8 (44.0) million, which gives a decrease of -7.3 (38.4) per cent. The operating margin was 0.5 (3.4) per cent.

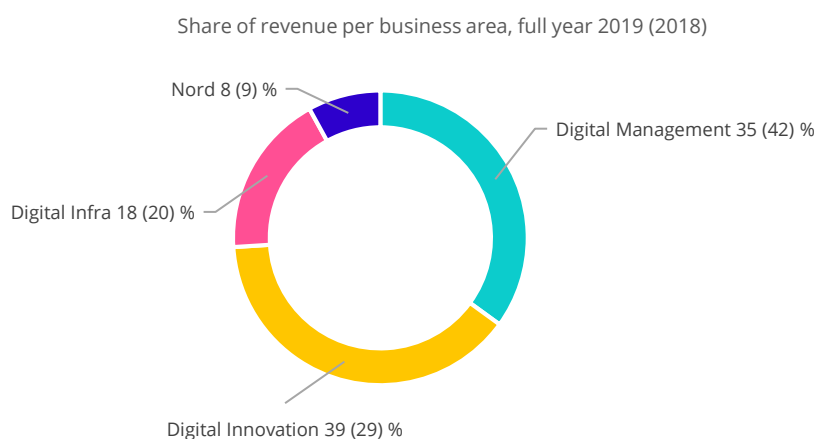
#### Nord business area

The business area consists of geographically coherent companies with a focus on developing B3's operations in the local client markets of Sundsvall, Gävle and Borlänge. Nord accounts for 8 (9) per cent of the Group's sales.

Nord's full year sales were SEK 71.9 (66.8) million, with growth of 7.6 (20.4) per cent. The operating profit was SEK 2.1 (1.7) million, which gives an operating margin of 2.9 (2.5) per cent. Business is mainly impacted by developments in the public sector and is gradually expanding into industry.

The business area's sales in the fourth quarter were SEK 20.5 (19.3) million, which gives growth of 6.2 (23.7) per cent. The operating margin was 3.9 (3.6) per cent.

For a detailed list of the segments' revenue and profit, please see Note 2.



The Group's cash flow in the period amounts to SEK 5.4 (4.1) million. Cash flow from operating activities was SEK 55.2 (44.6) million, where the operations had a positive cash flow of SEK 37.7 (36.7) million and working capital changed by SEK 17.5 (7.9) million. The Group's cash flow was impacted by investing activities, SEK -22.7 (-48.9) million, which mainly refers to the acquisition of Nuway and Alenio and the supplementary purchase price for acquisition of Sentensia. In the corresponding period of the previous year the consulting companies Third Base and Reach were acquired and a supplementary purchase price for the acquisition of Sentensia was paid. Financing activities give a negative cash flow of SEK -27.1 (8.4) million, where the major items are loans raised, amortisation of debt, leases (see also Note 1) and dividend paid.

The Group's cash and cash equivalents amounted to SEK 27.5 (22.1) million as at 31 December. Cash and cash equivalents amounted to SEK 9.7 (2.5) million as at 30 September.

Equity at the close of the period was SEK 137.8 (122.4) million. As at 31 December the Group's net debt excluding IFRS 16 was SEK 72.5 (57.4) million. Net debt as a percentage of EBITA on a rolling 12-month basis is 2.3 (1.2). The figure is impacted by the increasing net debt, linked in particular to investments made, and the poorer performance of recent quarters. The equity-assets ratio is 26.4 (28.8) per cent.

*Investments*

The Group's net investments during the period were SEK 22.7 (48.9) million, mainly referring to the acquisition of Nuway and Alenio and the acquisition of minority shareholdings in subsidiaries. The previous year's figure mainly consisted of the acquisition of Third Base and Reach.

*Co-workers*

B3's net recruitment was 103 (116) co-workers during the period. As at 31 December the number of co-workers was 712 (609).

*Clients*

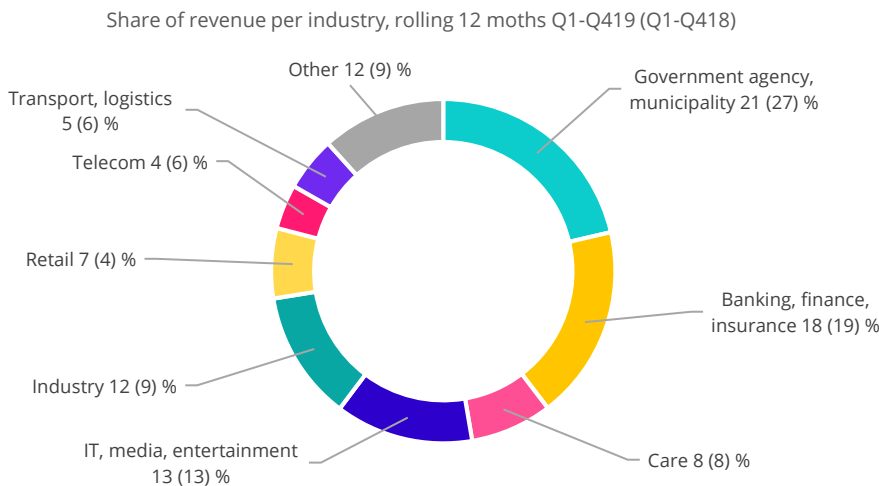
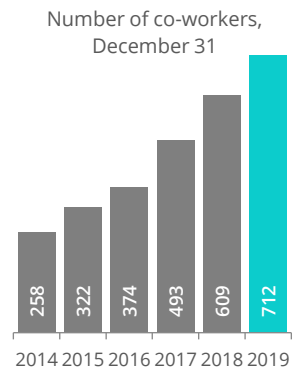
At the beginning of 2020 B3 had more than 200 active clients of which no individual client represents more than ten per cent of the company's total sales. The company's ten largest clients together represent about 24 per cent of B3's sales and the 40 next largest clients represent about 40 per cent of sales. About 50 per cent of B3's sales are related to industries with low or moderate cyclical dependence. In addition, revenues from our own framework agreements constitute just under 20 per cent of the company's sales.

**26%**

**equity/assets ratio  
31 December**

**103**

**more co-workers  
in 2019**





## Parent company

B3 Consulting Group AB (publ) operates as a unifying parent company for the operations in all the subsidiaries. The parent company is responsible for group-wide services such as IT, accounting, administration, HR, business development and marketing. The parent company is also responsible for the overall offer in relation to major framework agreement clients.

### Fourth quarter, October – December 2019

#### *Revenue and profit*

The parent company's net sales in the quarter amounted to SEK 35.3 (34.6) million, which derives from framework agreements common to the Group and invoiced via B3 Consulting Group AB (publ). The parent company's total operating income amounts to SEK 57.9 (53.2) million. The difference between the parent company's sales and total operating income consists of re-invoicing to subsidiaries of group-wide services. The operating profit for the quarter amounted to SEK -1.1 (-0.2) million.

### Full year January – December 2019

#### *Revenue and profit*

The parent company's net sales in the period amounted to SEK 140.9 (125.3) million, which derives from framework agreements common to the Group and invoiced via B3 Consulting Group AB (publ). The parent company's total operating income amounts to SEK 232.4 (197.3) million. The difference between the parent company's sales and total operating income consists of re-invoicing to subsidiaries of group-wide services. The operating profit for the period was SEK -2.7 (-0.5) million.

#### *Financial position*

Cash and cash equivalents amounted to SEK 10.2 (14.4) million as at 31 December. The parent company has overdraft facilities with a limit of SEK 35.0 (15.0) million, of which SEK 0.0 (0.0) million has been used. For the purpose of further improving flexibility in financing acquisitions, in November 2018 the company signed and used a three-year term facility agreement for SEK 40 million, of which SEK 7.5 million was amortised as at 31 December 2019. For the acquisition of Nuway the parent company raised a loan during the period of SEK 11.3 million, of which 1.4 million has been amortised as at 31 December 2019. The parent company's equity amounts to SEK 186.4 (165.1) million. The operating profit includes an anticipated dividend of SEK 17.5 (24.7) million. On 31 December the company had net debt of SEK 67.2 (41.6) million. The equity/assets ratio is 44.7 (45.0) per cent.

## The B3 share

The B3 share has been listed on Nasdaq Stockholm since December 2016. As at 31 December 2019 there is a total of 7,521,875 shares and the same number of votes, distributed among 2,150 shareholders. Share capital amounts to SEK 752,187:60.

### Dividend

The Board of Directors proposes that no dividend be distributed for the 2019 financial year. In accordance with the company's dividend policy and taking into account a weaker earnings trend during the year and uncertainty in the client market, the Board of Directors gives priority to ensuring the company's financial freedom of action. For a long-term sustainable development strategy, the company's immediate focus is to gradually strengthen profit generation and reduce the debt-equity ratio in accordance with the company's financial targets.



## Other information

### Outlook

The B3 Group will develop in pace with improved delivery capacity as a result of recruitment and acquisition, based on customer demand and the general investment climate. The company makes no forecasts.

The Board of Directors has established the following overall target for the next three years:

- exceed SEK 1 billion in annual sales and continue to grow faster than the market
- achieve an operating margin (EBIT) of ten per cent and thereafter be able to sustainably generate 8–12 per cent annually
- grow earnings per share at the same rate or faster than EBIT
- the leverage ratio as a percentage of EBITA should normally be less than 1.5
- the company is to annually distribute up to two thirds of its profit after tax attributable to the shareholders of B3 Consulting Group AB (publ), while taking into account the Group's capital requirements to deal with changes in working capital, and for investments, mainly acquisitions.

### Risks and uncertainties

In its operations the B3 Group may be exposed to various risks. Some of these the company can control while others lie outside the control of the company. Material risks and uncertainties are described in the Annual Report for 2018 in the section "Risks and risk management" in the administration report and under Note 3. No material changes have subsequently arisen.

### Other events during the reporting period

At an extraordinary general meeting of shareholders on 15 November, 2019 it was resolved, in accordance with the Board of Directors proposal, to issue a maximum of 500,000 subscription warrants, Series 2019:1B.

## Annual General Meeting

The 2019 Annual General Meeting will take place on 14 May 2020, at 16.00 at B3's premises in Stockholm. Notice to attend the Annual General Meeting will be published at the latest four weeks before that date on the company's website and in Post & Inrikes Tidningar (the Swedish Official Gazette) and announced in Dagens Industri.

Ahead of the coming Annual General Meeting a Nominations Committee has been appointed in accordance with a resolution on procedure made by B3's Annual General Meeting on 16 May 2019. The Nominations Committee consists of Hans Didring, representative of Protector Forsikring ASA, Leif Frykman, representative of Sven Uthorn AB and Henrik Holm, Chair of the Board of B3 Consulting Group AB (publ). The Nominations Committee thus corresponds to about 35 per cent of the total number of outstanding shares and votes.

Shareholders who wish to submit proposals to B3's Nominations Committee can do so by 28 February 2020 at the latest, via email to [valberedning@b3.se](mailto:valberedning@b3.se) or by letter to B3 Consulting Group AB (publ), Att: Nominations Committee, P.O. Box 8, SE 101 20 Stockholm.

## Calendar

|  |                      |
|--|----------------------|
| Annual Report 2019                         | latest 16 April 2020 |
| Interim report Q1, January-March 2020      | 7 May 2020           |
| Annual General Meeting for 2019, Stockholm | 14 May 2020          |
| Interim report Q2, January-June 2020       | 20 August 2020       |
| Interim report Q3, January-September 2020  | 5 November 2020      |

## Signing of the report

The Board of Directors and President certify that the interim report for the fourth quarter and full year 2019 gives a fair presentation of the Group's and the Parent Company's operations, financial position and performance and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

The report has not been subject to review.

Stockholm, 19 February 2020

The Board of Directors of B3 Consulting Group AB (publ)

Henrik Holm  
Chairman of the Board

Alf Blomqvist  
Member of the Board

Anna Hjertstedt  
Member of the Board

Kristin Lindmark  
Member of the Board

Marika Skärvik  
Member of the Board

Sven Uthorn  
Co-founder and  
Member of the Board

## Presentation of the report

A webcast presentation in Swedish will be available for investors, analysts and the media Thursday 20 February at 09.00. The webcast can be accessed via [www.b3.se/ir](http://www.b3.se/ir). Select "See all" under "Reports and presentations". It is possible to email questions via the webcast, as well as in advance via [ir@b3.se](mailto:ir@b3.se)

*B3 Consulting Group is one of Sweden's fastest growing consulting companies and currently has more than 700 co-workers. We help Sweden's foremost companies and organisations to create tomorrow's opportunities using digitalisation and operations development. We also endeavour to build a corporate culture that values our diversity, experiences and common energy. Satisfied clients, together with top results in the Great Place To Work (GPTW) survey and five DI Gazelle awards are evidence of a sustainable model for success. Sales in 2019 amounted to SEK 839.5 million, with an operating profit of SEK 31.3 million. There are offices in Stockholm, Borlänge, Gävle, Gothenburg, Jönköping, Linköping, Malmö, Sundsvall, Örebro and Warsaw. B3 is listed on Nasdaq Stockholm. More information can be found at [www.b3.se](http://www.b3.se)*

**B3 Consulting Group AB (publ), Box 8, 101 20 Stockholm. Kungsbron 2. Tel. +46 8 410 143 40 Corporate ID number 556606-3300**

There may be rounding differences in the tables

| CONSOLIDATED INCOME STATEMENT<br>SEK MILLION                       | October -- December |              | January - December |              |
|--|---------------------|--------------|--------------------|--------------|
|  | 2019                | 2018         | 2019               | 2018         |
| Net sales  | 239.1               | 203.5        | 839.5              | 726.3        |
| Other operating income   | 0.2                 | 0.2          | 1.0                | 1.7          |
| <b>Operating revenue etc.</b>                                      | <b>239.3</b>        | <b>203.7</b> | <b>840.5</b>       | <b>728.0</b> |
| Engagement-specific external expenses                              | -29.5               | -29.0        | -102.6             | -103.4       |
| Other external expenses  | -22.4               | -20.3        | -78.4              | -74.3        |
| Supplementary purchase price for business combination <sup>1</sup> | -2.3                | 0.0          | -3.8               | -1.0         |
| Staff costs  | -171.8              | -139.1       | -599.6             | -495.5       |
| Depreciation/amortisation and impairment <sup>2</sup>              | -6.2                | -1.3         | -24.8              | -7.0         |
| Other operating expenses   | -0.1                | 0.2          | 0.0                | 0.3          |
| <b>Operating profit</b>  | <b>7.0</b>          | <b>14.2</b>  | <b>31.3</b>        | <b>47.1</b>  |
| <b>Profit from financial investments</b>                           |                     |              |                    |              |
| Financial income   | 0.0                 | 0.0          | 0.0                | 0.0          |
| Profit from investments in associated companies                    | 0.0                 | -1.5         | -1.2               | -4.0         |
| Financial expenses   | -1.3                | -0.9         | -4.3               | -2.7         |
| <b>Profit after financial items</b>                                | <b>5.7</b>          | <b>11.8</b>  | <b>25.8</b>        | <b>40.4</b>  |
| Taxes  | -1.9                | -3.5         | -8.2               | -12.1        |
| <b>PROFIT FOR THE PERIOD</b>                                       | <b>3.8</b>          | <b>8.3</b>   | <b>17.6</b>        | <b>28.3</b>  |
| Income for the period attributable to:                             |                     |              |                    |              |
| Parent company's shareholders                                      | 2.1                 | 7.4          | 10.7               | 23.4         |
| Non-controlling interests  | 1.7                 | 0.9          | 6.9                | 4.9          |
| <b>PROFIT FOR THE PERIOD</b>                                       | <b>3.8</b>          | <b>8.3</b>   | <b>17.6</b>        | <b>28.3</b>  |
| Earnings per share before dilution), SEK                           | 0.28                | 1.00         | 1.43               | 3.15         |
| Earnings per share after dilution, SEK                             | 0.28                | 1.00         | 1.43               | 3.15         |

| CONSOLIDATED STATEMENT OF<br>COMPREHENSIVE INCOME, SEK MILLION | October -- December |            | January -- December |             |
|--|---------------------|------------|---------------------|-------------|
|  | 2019                | 2018       | 2019                | 2018        |
| <b>Profit for the period</b>                                   | <b>3.8</b>          | <b>8.3</b> | <b>17.6</b>         | <b>28.3</b> |
| <b>Other comprehensive income for the period:</b>              | <b>0.0</b>          | <b>0.0</b> | <b>0.0</b>          | <b>0.0</b>  |
| <b>Comprehensive income for the period</b>                     | <b>3.8</b>          | <b>8.3</b> | <b>17.6</b>         | <b>28.3</b> |
| Comprehensive income for the period attributable to:           |                     |            |                     |             |
| Parent company's shareholders                                  | 2.1                 | 7.4        | 10.7                | 23.4        |
| Non-controlling interests                                      | 1.7                 | 0.9        | 6.9                 | 4.9         |
| <b>Comprehensive income for the period</b>                     | <b>3.8</b>          | <b>8.3</b> | <b>17.6</b>         | <b>28.3</b> |

<sup>1</sup> The amount refers to remeasurement of the liability for supplementary purchase price for the acquisition in 2017 of all shares in Sentensia Q AB and the acquisition in 2019 of 58 per cent of the shares in Nuway AB. Under International Financial Reporting Standards, IFRS, the B3 Consulting Group must recognise this remeasurement of supplementary purchase price as an expense in the business.

<sup>2</sup> Depreciation and impairment for 2019 are impacted by IFRS 16 "Leases". See also Note 1

| CONSOLIDATED BALANCE SHEET                                    | 31 December  | 31 December  |
|---|--------------|--------------|
| SEK MILLION   | 2019         | 2018         |
| <b>ASSETS</b>   |              |              |
| <i>Non-current assets</i>                                     |              |              |
| Intangible fixed assets                                       | 213.1        | 158.4        |
| Right-of-use assets   | 63.8         | -            |
| Property, plant and equipment                                 | 4.6          | 29.8         |
| Deferred tax assets   | 2.4          | 3.1          |
| Other long-term receivables                                   | 4.7          | 4.8          |
| Investments in associated companies                           | 9.7          | 8.0          |
| <b>Total non-current assets</b>                               | <b>298.3</b> | <b>204.1</b> |
| <i>Current assets</i>   |              |              |
| Trade receivables   | 147.9        | 157.9        |
| Receivables from associated companies                         | 6.1          | 1.7          |
| Current tax assets  | 24.5         | 18.5         |
| Other receivables   | 4.1          | 8.0          |
| Prepaid expenses and accrued income                           | 13.6         | 13.4         |
| Cash and cash equivalents                                     | 27.5         | 22.1         |
| <b>Total current assets</b>                                   | <b>223.7</b> | <b>221.6</b> |
| <b>TOTAL ASSETS</b>   | <b>522.0</b> | <b>425.7</b> |
| <b>EQUITY AND LIABILITIES</b>                                 |              |              |
| <i>Equity</i>   |              |              |
| Share capital   | 0.8          | 0.7          |
| Other contributed capital                                     | 60.6         | 53.9         |
| Retained earnings including profit for the year               | 25.3         | 38.3         |
| <b>Equity attributable to the parent company shareholders</b> | <b>86.7</b>  | <b>92.9</b>  |
| Non-controlling interests                                     | 51.1         | 29.5         |
| <b>Total equity</b>   | <b>137.8</b> | <b>122.4</b> |
| <i>Non-current liabilities</i>                                |              |              |
| Deferred tax liabilities                                      | 0.5          | 1.8          |
| Other provisions  | 0.3          | 0.2          |
| Interest-bearing non-current liabilities*                     | 105.9        | 48.1         |
| Other non-current liabilities                                 | 14.1         | 14.2         |
| <b>Total non-current liabilities</b>                          | <b>120.8</b> | <b>64.3</b>  |
| <i>Current liabilities</i>                                    |              |              |
| Interest-bearing current liabilities*                         | 36.9         | 31.4         |
| Trade payables  | 23.6         | 35.0         |
| Current tax liabilities                                       | 1.7          | 2.0          |
| Liabilities to associated companies                           | 2.1          | 1.9          |
| Other current liabilities                                     | 137.2        | 116.8        |
| Accrued expenses, deferred income                             | 61.9         | 51.9         |
| <b>Total current liabilities</b>                              | <b>263.4</b> | <b>239.0</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                           | <b>522.0</b> | <b>425.7</b> |

\*To see how IFRS 16 "Leases" has impacted the item please refer to Note 1

| CHANGES IN EQUITY                            | SHARE      | OTHER       | RETAINED     | TOTAL           | NON-        | TOTAL        |
|--|------------|-------------|--------------|-----------------|-------------|--------------|
|  |            |             | EARNINGS     | EQUITY          |             |              |
|  |            | CONTRIBUTED | INCLUDING    | ATTRIBUTABLE TO | CONTROLLING |              |
| <i>Group (SEK million)</i>                   | CAPITAL    | CAPITAL     | PROFIT FOR   | PARENT COMPANY  | INTERESTS   | EQUITY       |
|  |            |             | THE YEAR     | SHAREHOLDERS    |             |              |
| <b>Opening equity as at 1 January 2018</b>   | <b>0.7</b> | <b>53.9</b> | <b>41.4</b>  | <b>96.0</b>     | <b>14.7</b> | <b>110.7</b> |
| Profit for the period                        |            |             | 23.4         | 23.4            | 4.9         | 28.3         |
| Other comprehensive income for the period    |            |             |              | -               | -           | -            |
| <b>Comprehensive income for the period</b>   |            |             | <b>23.4</b>  | <b>23.4</b>     | <b>4.9</b>  | <b>28.3</b>  |
| <i>Transactions with shareholders:</i>       |            |             |              |                 |             |              |
| Dividend                                     |            |             | -16.1        | -16.1           | -1.7        | -17.8        |
| Option redemption                            |            |             | 6.4          | 6.4             | 0.0         | 6.4          |
| Debt option acquisition                      |            |             | -14.1        | -14.1           |             | -14.1        |
| Growth through acquisition                   |            |             |              |                 | 15.6        | 15.6         |
| Change in shareholding in subsidiaries       |            |             | -2.7         | -2.7            | -4.0        | -6.7         |
| <b>Total transactions with shareholders</b>  |            |             | <b>-26.5</b> | <b>-26.5</b>    | <b>9.9</b>  | <b>-16.6</b> |
| <b>Closing equity as at 31 December 2018</b> | <b>0.7</b> | <b>53.9</b> | <b>38.3</b>  | <b>92.9</b>     | <b>29.5</b> | <b>122.4</b> |

| CHANGES IN EQUITY   | SHARE      | OTHER       | RETAINED     | TOTAL           | NON-        | TOTAL        |
|---|------------|-------------|--------------|-----------------|-------------|--------------|
|   |            |             | EARNINGS     | EQUITY          |             |              |
|   |            | CONTRIBUTED | INCLUDING    | ATTRIBUTABLE TO | CONTROLLING |              |
| <i>Group (SEK million)</i>  | CAPITAL    | CAPITAL     | PROFIT FOR   | PARENT COMPANY  | INTERESTS   | EQUITY       |
|   |            |             | THE YEAR     | SHAREHOLDERS    |             |              |
| <b>Opening equity as at 1 January 2019</b>  | <b>0.7</b> | <b>53.9</b> | <b>38.3</b>  | <b>92.9</b>     | <b>29.5</b> | <b>122.4</b> |
| Changed accounting policies IFRS 16   |            |             | -1.4         | -1.4            | 0.0         | -1.4         |
| <b>Opening equity as at 1 January 2019 including effects of changed accounting policies</b> | <b>0.7</b> | <b>53.9</b> | <b>36.9</b>  | <b>91.5</b>     | <b>29.5</b> | <b>121.0</b> |
| Profit for the period   |            |             | 10.7         | 10.7            | 6.9         | 17.6         |
| Other comprehensive income for the period   |            |             |              | -               | -           | -            |
| <b>Comprehensive income for the period</b>  |            |             | <b>10.7</b>  | <b>10.7</b>     | <b>6.9</b>  | <b>17.6</b>  |
| <i>Transactions with shareholders:</i>  |            |             |              |                 |             |              |
| Dividend  |            |             | 16.7         | -16.7           | -4.4        | -21.1        |
| Change in shareholding in subsidiaries  | 0.1        | 6.7         | -5.6         | 1.2             | 19.2        | 20.4         |
| <b>Total transactions with shareholders</b>   | <b>0.1</b> | <b>6.7</b>  | <b>-22.3</b> | <b>-15.5</b>    | <b>14.8</b> | <b>-0.7</b>  |
| <b>Closing equity as at 31 December 2019</b>  | <b>0.8</b> | <b>60.6</b> | <b>25.3</b>  | <b>86.7</b>     | <b>51.1</b> | <b>137.8</b> |

| <b>CONSOLIDATED CASH FLOW STATEMENT</b>                               |        | <b>1/10/2019</b>  | <b>1/10/2018</b>  | <b>1/1/2019</b>   | <b>1/1/2018</b>   |
|---|--------|-------------------|-------------------|-------------------|-------------------|
| <b>SEK MILLION</b>  |        | <b>31/12/2019</b> | <b>31/12/2018</b> | <b>31/12/2019</b> | <b>31/12/2018</b> |
| Operating profit  |        | 7.0               | 14.2              | 31.3              | 47.1              |
| Adjustment for non-cash items   |        | 2.8               | 0.2               | 27.0              | 7.3               |
| Interest received   |        | 0.0               | -0.1              | 0.0               | 0.1               |
| Interest paid   |        | -1.3              | -0.8              | -4.3              | -2.6              |
| Income tax paid   |        | 10.5              | -6.9              | -16.3             | -15.2             |
| <b>Cash flow from operating activities</b>                            |        |                   |                   |                   |                   |
| before change in working capital                                      |        | 19.0              | 20.4              | 37.7              | 36.7              |
| Increase(-)/Decrease(+) in operating receivables                      |        | 5.5               | -18.6             | 29.9              | 2.3               |
| Increase(+)/Decrease(-) in operating liabilities                      |        | 17.6              | 8.2               | -12.4             | 5.6               |
| <b>Cash flow from operating activities</b>                            |        | <b>42.1</b>       | <b>10.0</b>       | <b>55.2</b>       | <b>44.6</b>       |
| <b>Investing activities</b>   |        |                   |                   |                   |                   |
| Business combinations   | Note 5 | 0.0               | -5.4              | -11.1             | -36.6             |
| Acquisition of property, plant and equipment                          |        | -0.4              | -1.8              | -1.9              | -2.0              |
| Acquisition of intangible fixed assets                                |        | -1.2              | 0.0               | -4.7              | -1.0              |
| Shareholders' contributions paid to associated companies for the year |        | -0.8              | -2.9              | -5.0              | -9.2              |
| Other changes in financial assets                                     |        | 0.0               | -0.1              | 0.0               | -0.1              |
| <b>Cash flow from investing activities</b>                            |        | <b>-2.4</b>       | <b>-10.2</b>      | <b>-22.7</b>      | <b>-48.9</b>      |
| <b>Financing activities</b>   |        |                   |                   |                   |                   |
| Loans raised  |        | 0.0               | 40.0              | 43.8              | 59.0              |
| Amortisation of loans   |        | -21.6             | -20.2             | -42.5             | -26.6             |
| Dividend paid to parent company shareholders                          |        | 0.0               | 0.0               | -16.7             | -16.1             |
| Dividend paid to non-controlling interests                            |        | 0.0               | 0.0               | -4.4              | -1.7              |
| Payment, warrants   |        | 0.0               | 0.0               | 0.0               | 0.1               |
| Transactions with non-controlling interests                           |        | -0.3              | 0.0               | -7.3              | -6.3              |
| <b>Cash flow from financing activities</b>                            |        | <b>-21.9</b>      | <b>19.8</b>       | <b>-27.1</b>      | <b>8.4</b>        |
| <b>Change in cash and cash equivalents</b>                            |        | <b>17.8</b>       | <b>19.6</b>       | <b>5.4</b>        | <b>4.1</b>        |
| <b>Reconciliation of change in cash and bank balances</b>             |        |                   |                   |                   |                   |
| Opening balance cash and cash equivalents                             |        | 9.7               | 2.5               | 22.1              | 18.0              |
| Closing balance cash and cash equivalents                             |        | 27.5              | 22.1              | 27.5              | 22.1              |
| <b>Change in cash and cash equivalents</b>                            |        | <b>17.8</b>       | <b>19.6</b>       | <b>5.4</b>        | <b>4.1</b>        |

## PARENT COMPANY FINANCIAL STATEMENTS

| PARENT COMPANY INCOME STATEMENT<br>SEK MILLION      | October -- December |             | January - December |              |
|---|---------------------|-------------|--------------------|--------------|
|   | 2019                | 2018        | 2019               | 2018         |
| Net sales   | 35.3                | 34.6        | 140.9              | 125.3        |
| Other revenue                                       | 22.6                | 18.6        | 91.5               | 72.0         |
| <b>Operating revenue</b>                            | <b>57.9</b>         | <b>53.2</b> | <b>232.4</b>       | <b>197.3</b> |
| <b>Operating expenses</b>                           |                     |             |                    |              |
| Engagement-specific external expenses               | -37.5               | -35.0       | -147.9             | -128.0       |
| Other external expenses                             | -13.4               | -11.2       | -52.9              | -41.7        |
| Staff costs   | -7.7                | -7.0        | -33.1              | -27.5        |
| Depreciation/amortisation and impairment            | -0.4                | -0.2        | -1.2               | -0.6         |
| Other operating expenses                            | 0.0                 | 0.0         | 0.0                | 0.0          |
| <b>Operating profit</b>                             | <b>-1.1</b>         | <b>-0.2</b> | <b>-2.7</b>        | <b>-0.5</b>  |
| <b>Profit from financial investments</b>            |                     |             |                    |              |
| Profit from investments in group companies          | 17.5                | 24.7        | 33.3               | 24.7         |
| Other interest income and similar profit/loss items | 0.9                 | 0.1         | 1.0                | 0.2          |
| Interest expense and similar profit/loss items      | -0.5                | -0.7        | -1.5               | -1.4         |
| <b>Profit after financial items</b>                 | <b>16.8</b>         | <b>23.9</b> | <b>30.1</b>        | <b>23.0</b>  |
| <i>Appropriations</i>                               |                     |             |                    |              |
| Group contribution                                  | 1.2                 | 6.3         | 1.2                | 6.3          |
| Taxes   | -0.1                | -1.2        | 0.0                | -1.4         |
| <b>PROFIT FOR THE PERIOD</b>                        | <b>17.9</b>         | <b>29.0</b> | <b>31.3</b>        | <b>27.9</b>  |



| PARENT COMPANY BALANCE SHEET          | 31 December  | 31 December  |
|---------------------------------------|--------------|--------------|
| SEK MILLION                           | 2019         | 2018         |
| <b>ASSETS</b>                         |              |              |
| <i>Non-current assets</i>             |              |              |
| Intangible fixed assets               | 5.1          | 1.0          |
| Property, plant and equipment         | 2.0          | 2.5          |
|                                       | <b>7.1</b>   | <b>3.5</b>   |
| <i>Financial assets</i>               |              |              |
| Investments in group companies        | 265.5        | 223.8        |
| Receivables from group companies      | 0.0          | 0.9          |
| Investments in associated companies   | 16.5         | 13.4         |
| Other long-term receivables           | 2.8          | 3.2          |
| Deferred tax assets                   | 0.7          | 0.7          |
|                                       | <b>285.5</b> | <b>242.0</b> |
| <b>Total non-current assets</b>       | <b>292.6</b> | <b>245.5</b> |
| <i>Current assets</i>                 |              |              |
| <i>Current receivables</i>            |              |              |
| Trade receivables                     | 27.5         | 28.1         |
| Receivables from group companies      | 74.7         | 69.6         |
| Receivables from associated companies | 5.7          | 1.0          |
| Tax assets                            | 1.3          | 1.3          |
| Other receivables                     |              | 1.5          |
| Prepaid expenses and accrued income   | 5.1          | 5.2          |
|                                       | <b>114.3</b> | <b>106.7</b> |
| <b>Cash and bank balances</b>         | <b>10.2</b>  | <b>14.4</b>  |
| <b>Total current assets</b>           | <b>124.5</b> | <b>121.1</b> |
| <b>TOTAL ASSETS</b>                   | <b>417.1</b> | <b>366.6</b> |
| <b>EQUITY AND LIABILITIES</b>         |              |              |
| <i>Equity</i>                         |              |              |
| <i>Restricted equity</i>              |              |              |
| Share capital                         | 0.8          | 0.7          |
| Statutory reserve                     | 0.0          | 0.0          |
|                                       | <b>0.8</b>   | <b>0.7</b>   |
| <i>Non-restricted equity</i>          |              |              |
| Retained earnings                     | 154.3        | 136.5        |
| Profit/loss for the year              | 31.3         | 27.9         |
|                                       | <b>185.6</b> | <b>164.4</b> |
| <b>Total equity</b>                   | <b>186.4</b> | <b>165.1</b> |
| <i>Non-current liabilities</i>        |              |              |
| Liabilities to credit institutions    | 64.6         | 32.5         |
| Other non-current liabilities         | 0.0          | 0.0          |
| <b>Total non-current liabilities</b>  | <b>64.6</b>  | <b>32.5</b>  |
| <i>Current liabilities</i>            |              |              |
| Liabilities to credit institutions    | 12.8         | 23.5         |
| Trade payables                        | 6.8          | 13.2         |
| Liabilities to group companies        | 113.2        | 108.5        |
| Liabilities to associated companies   | 2.1          | 1.9          |
| Other current liabilities             | 26.3         | 16.1         |
| Accrued expenses and deferred income  | 4.9          | 5.8          |
| <b>Total current liabilities</b>      | <b>166.1</b> | <b>169.0</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>417.1</b> | <b>366.6</b> |

## NOTES

### NOTE 1 ACCOUNTING POLICIES AND VALUATION PRINCIPLES

B3 applies International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting. As of 1 January 2019 the Group applies IFRS 16 "Leases". In other respects the Group's accounting policies are unchanged in comparison with the most recently submitted annual report. A complete description of accounting policies and valuation principles is given in the Annual Report for 2018 under Note 2.

The parent company prepares its accounts in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 and applies accounting policies and valuation principles as in the annual report for 2018.

#### IFRS 16 "Leases"

On 1 January 2019 IFRS 16 "Leases" became effective and replaces IAS 17 "Leases". For B3 the change means that more or less all leases will be recognised as assets and liabilities on the consolidated balance sheet. The parent company does not apply IFRS, in accordance with the exception in RFR 2.

The Group recognises a right-of-use asset and a lease liability on the commencement date of the lease. The right-of-use asset is initially measured at cost of acquisition, which consists of the initial value of the lease liability with the addition of lease payments made on or before the commencement date, plus any initial direct costs. The right-of-use asset is then depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the asset and the end of the lease term.

The lease liability is initially measured at the present value of the future lease payments that are not paid on the commencement date. Lease payments are discounted at the rate implicit in the lease. If this interest rate cannot readily be determined, the Group's incremental borrowing rate is used.

Lease liabilities are measured at amortised cost applying the effective rate model. The lease liability is remeasured if the future lease payments are changed due to a change in an index or a rate, for example. When the lease liability is remeasured in this way a corresponding adjustment is made to the carrying amount of the right-of-use asset.

B3 has decided not to recognise right-of-use assets and lease liabilities for leases with a lease term of 12 months or less or for underlying low-value assets. Lease payments for these leases are recognised as an expense on a straight-line basis over the lease term.

Previously B3 determined whether a contract contained a lease under IAS 17 or IFRIC 4 at the commencement of the contract. As of 1 January 2019 the Group determines whether a contract contains a lease on the basis of the definition of leases in IFRS 16.

On transition to IFRS 16 the Group has decided to apply the modified retroactive approach. Its meaning and impact on the Group are described below.

Previously the Group classified leases as operating or finance leases based on whether the lease transferred the significant risks and rewards associated with ownership of the underlying assets to the Group. Under IFRS 16 the Group recognises right-of-use assets and lease liabilities for most leases, i.e. leases are included on the balance sheet, exceptions to this are presented below.

#### Leases previously classified as operating leases under IAS 17

At the transition the lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate on an initial application date (1 January 2019). The right-of-use asset was measured at an amount equivalent to the lease liability, adjusted for any prepaid or accrued lease payments.

The Group has decided to apply the following practical solutions.

- Applied a single discount rate on a portfolio of leases with similar characteristics.
- The right-of-use assets and lease liabilities have not been recognised for leases for which the lease term ends in 12 months or less (short-term leases)
- Excluded initial direct expenses from measurement of the right-of-use asset on the initial application date.
- Made assessments in retrospect when determining the lease term if the contract includes options to extend or terminate the lease.

#### Leases previously classified as finance leases

For leases classified as finance leases under IAS 17 the carrying amount of the right-of-use asset and lease liability were determined as at 1 January 2019 as the carrying amount of the lease asset and the lease liability under IAS 17 immediately before that date.

#### *Effect on financial statements*

When measuring the lease liability the Group discounted the lease payments at the incremental borrowing rate as at 1 January 2019. The weighted average interest rate used is 4%.

Adjustment due to transition to IFRS 16 "Leases"

| SEK MILLION  | Closing balance<br>31/12/2019 | Closing balance<br>30/9/2019 | Closing balance<br>30/6/2019 | Closing balance<br>31/3/2019 | Opening balance<br>1/1/2019 |
|--|-------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|
| Right of use, premises                                 | 40.7                          | 44.0                         | 48.2                         | 51.9                         | 55.6*                       |
| Lease liabilities, interest-bearing long-term portion  | -27.7                         | -31.8                        | -35.4                        | -39.1                        | -42.9                       |
| Lease liabilities, interest-bearing short-term portion | -15.1                         | -14.7                        | -14.7                        | -14.7                        | -14.4                       |
| Deferred tax   | 0.4                           | 0.4                          | 0.4                          | 0.4                          | 0.4                         |

\* Opening balance adjusted from annual report on 31 December 2018 due to recalculation of extended contracts

Comparative figures as if IAS 17 had been applied in 2019 as well

| SEK MILLION                    | IFRS 16<br>Oct -- Dec<br>2019 | IAS 17<br>Oct -- Dec<br>2019 | IFRS 16<br>Jan -- Dec<br>2019 | IAS 17<br>Jan -- Dec<br>2019 |
|--------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|
| EBITDA                         | 13.2                          | 9.1                          | 56.1                          | 39.6                         |
| <b>EBITDA margin</b>           | 5.5%                          | 3.8%                         | 6.7%                          | 4.7%                         |
| <b>Operating profit (EBIT)</b> | 7.0                           | 6.6                          | 31.3                          | 29.6                         |
| <b>Operating margin (EBIT)</b> | 2.9%                          | 2.8%                         | 3.7%                          | 3.5%                         |
| Financial expenses             | -1.3                          | -0.9                         | -4.3                          | -2.3                         |
| <b>Profit/loss before tax</b>  | 5.7                           | 5.4                          | 25.8                          | 26.1                         |

## NOTE 2 OPERATING SEGMENTS AND BREAKDOWN OF REVENUE

An operating segment is a part of the Group that conducts operations from which it can generate income and incur expenses, and for which separate financial information is available. As of 1 January 2018, B3's companies are broken down into four business areas for better development of the services and use of business opportunities. The Group currently only conducts operations in Sweden. For further description of the business areas please refer to page 5 onwards.

| Segment reporting             | Digital Innovation |              | Digital Management |             | Digital Infra |             | Nord        |             | Other <sup>1</sup> |             | Total        |              |
|-------------------------------|--------------------|--------------|--------------------|-------------|---------------|-------------|-------------|-------------|--------------------|-------------|--------------|--------------|
|                               | Q4                 | Q4           | Q4                 | Q4          | Q4            | Q4          | Q4          | Q4          | Q4                 | Q4          | Q4           | Q4           |
|                               | 2019               | 2018         | 2019               | 2018        | 2019          | 2018        | 2019        | 2018        | 2019               | 2018        | 2019         | 2018         |
| Revenue from external clients | 100.8              | 62.1         | 76.3               | 76.6        | 36.9          | 42.5        | 20.3        | 18.5        | 4.8                | 3.7         | 239.1        | 203.5        |
| Revenue from other segments   | 2.0                | -0.4         | 3.5                | 2.2         | 3.9           | 1.5         | 0.2         | 0.8         | -9.7               | -4.0        |              |              |
| <b>Total revenue</b>          | <b>102.8</b>       | <b>61.7</b>  | <b>79.8</b>        | <b>78.8</b> | <b>40.8</b>   | <b>44.0</b> | <b>20.5</b> | <b>19.3</b> | <b>-4.9</b>        | <b>-0.3</b> | <b>239.1</b> | <b>203.5</b> |
| <b>Operating profit</b>       | <b>6.5</b>         | <b>6.9</b>   | <b>1.6</b>         | <b>6.0</b>  | <b>0.2</b>    | <b>1.5</b>  | <b>0.8</b>  | <b>0.7</b>  | <b>-2.1</b>        | <b>-0.9</b> | <b>7.0</b>   | <b>14.2</b>  |
| <b>Operating margin</b>       | <b>6.3%</b>        | <b>11.2%</b> | <b>2.0%</b>        | <b>7.6%</b> | <b>0.5%</b>   | <b>3.4%</b> | <b>3.9%</b> | <b>3.6%</b> | <b>n.a.</b>        | <b>n.a.</b> | <b>2.9%</b>  | <b>7.0%</b>  |

<sup>1</sup> Other includes group eliminations, group adjustments and parent company

| Segment reporting             | Digital Innovation |              | Digital Management |              | Digital Infra |              | Nord        |             | Other <sup>1</sup> |              | Total        |              |
|-------------------------------|--------------------|--------------|--------------------|--------------|---------------|--------------|-------------|-------------|--------------------|--------------|--------------|--------------|
|                               | Jan -- Dec         | Jan -- Dec   | Jan -- Dec         | Jan -- Dec   | Jan -- Dec    | Jan -- Dec   | Jan -- Dec  | Jan -- Dec  | Jan -- Dec         | Jan -- Dec   | Jan -- Dec   | Jan -- Dec   |
|                               | 2019               | 2018         | 2019               | 2018         | 2019          | 2018         | 2019        | 2018        | 2019               | 2018         | 2019         | 2018         |
| Revenue from external clients | 319.1              | 203.4        | 290.1              | 306.4        | 137.6         | 137.9        | 70.5        | 63.4        | 22.1               | 15.2         | 839.5        | 726.3        |
| Revenue from other segments   | 8.7                | 10.6         | 8.6                | 7.4          | 13.6          | 10.5         | 1.4         | 3.4         | -32.3              | -31.9        |              |              |
| <b>Total revenue</b>          | <b>327.8</b>       | <b>214.0</b> | <b>298.7</b>       | <b>313.8</b> | <b>151.2</b>  | <b>148.4</b> | <b>71.9</b> | <b>66.8</b> | <b>-10.2</b>       | <b>-16.7</b> | <b>839.5</b> | <b>726.3</b> |
| <b>Operating profit</b>       | <b>26.7</b>        | <b>20.9</b>  | <b>7.9</b>         | <b>25.2</b>  | <b>1.7</b>    | <b>4.8</b>   | <b>2.1</b>  | <b>1.7</b>  | <b>-7.1</b>        | <b>-5.5</b>  | <b>31.3</b>  | <b>47.1</b>  |
| <b>Operating margin</b>       | <b>8.1%</b>        | <b>9.8%</b>  | <b>2.6%</b>        | <b>8.0%</b>  | <b>1.1%</b>   | <b>3.2%</b>  | <b>2.9%</b> | <b>2.5%</b> | <b>n.a.</b>        | <b>n.a.</b>  | <b>3.7%</b>  | <b>6.5%</b>  |

<sup>1</sup> Other includes group eliminations, group adjustments and parent company

| Revenue broken down by segment and industry | Digital Innovation |             | Digital Management |             | Digital Infra |             | Nord        |             | Other <sup>1</sup> |             | Total        |              |
|---|--------------------|-------------|--------------------|-------------|---------------|-------------|-------------|-------------|--------------------|-------------|--------------|--------------|
|   | Q4                 | Q4          | Q4                 | Q4          | Q4            | Q4          | Q4          | Q4          | Q4                 | Q4          | Q4           | Q4           |
|   | 2019               | 2018        | 2019               | 2018        | 2019          | 2018        | 2019        | 2018        | 2019               | 2018        | 2019         | 2018         |
| Revenue from external clients               | 100.8              | 62.1        | 76.3               | 76.6        | 36.9          | 42.5        | 20.3        | 18.5        | 4.8                | 3.7         | 239.1        | 203.5        |
| Revenue from other segments                 | 2.0                | -0.4        | 3.5                | 2.2         | 3.9           | 1.5         | 0.2         | 0.8         | -9.7               | -4.0        | 0.0          | 0.0          |
| <b>Total revenue</b>                        | <b>102.8</b>       | <b>61.7</b> | <b>79.8</b>        | <b>78.8</b> | <b>40.8</b>   | <b>44.0</b> | <b>20.5</b> | <b>19.3</b> | <b>-4.9</b>        | <b>-0.3</b> | <b>239.1</b> | <b>203.5</b> |
| <b>Industry sector</b>                      |                    |             |                    |             |               |             |             |             |                    |             |              |              |
| Government agency, municipality             | 6.0                | 4.0         | 13.7               | 17.5        | 15.2          | 16.8        | 12.9        | 12.7        | -1.2               | 0.6         | 46.6         | 38.2         |
| Banking, finance, insurance                 | 16.6               | 6.6         | 25.9               | 24.3        | 4.7           | 4.2         | 0.1         | 0.0         | -4.8               | 1.3         | 42.6         | 26.9         |
| Care  | 2.3                | 2.3         | 12.0               | 11.5        | 0.7           | 1.0         | 0.9         | 0.6         | -0.5               | 0.9         | 15.4         | 12.0         |
| IT, media, entertainment                    | 19.5               | 23.4        | 1.6                | 0.2         | 3.2           | 6.0         | 1.0         | 0.7         | 13.1               | 2.2         | 38.3         | 24.1         |
| Industry                                    | 17.2               | 6.6         | 3.9                | 4.4         | 3.9           | 6.1         | 4.1         | 2.8         | -0.9               | -3.0        | 28.2         | 12.5         |
| Transport/Logistics                         | 2.9                | 2.2         | 6.0                | 4.7         | 2.2           | 1.7         | 0.2         | 0.8         | 3.8                | 2.6         | 15.2         | 8.9          |
| Telecoms                                    | 3.4                | 2.8         | 3.1                | 6.3         | 1.7           | 2.5         | 0.4         | 0.0         | 2.5                | 1.6         | 11.2         | 9.8          |
| Retail                                      | 16.6               | 5.6         | 1.9                | 2.5         | 0.7           | 1.1         | 0.0         | 0.4         | -5.3               | -1.8        | 13.9         | 5.7          |
| Other                                       | 16.1               | 8.6         | 8.2                | 5.3         | 4.6           | 3.1         | 0.7         | 0.4         | -1.8               | -0.6        | 27.7         | 12.3         |
| <b>Total revenue</b>                        | <b>100.8</b>       | <b>62.1</b> | <b>76.3</b>        | <b>76.6</b> | <b>36.9</b>   | <b>42.5</b> | <b>20.3</b> | <b>18.5</b> | <b>4.8</b>         | <b>3.8</b>  | <b>239.1</b> | <b>203.5</b> |

| Revenue broken down by segment and industry | Digital Innovation |              | Digital Management |              | Digital Infra |              | Nord        |             | Other <sup>1</sup> |              | Total        |              |
|---|--------------------|--------------|--------------------|--------------|---------------|--------------|-------------|-------------|--------------------|--------------|--------------|--------------|
|   | Jan -- Dec         | Jan -- Dec   | Jan -- Dec         | Jan -- Dec   | Jan -- Dec    | Jan -- Dec   | Jan -- Dec  | Jan -- Dec  | Jan -- Dec         | Jan -- Dec   | Jan -- Dec   | Jan -- Dec   |
|   | 2019               | 2018         | 2019               | 2018         | 2019          | 2018         | 2019        | 2018        | 2019               | 2018         | 2019         | 2018         |
| Revenue from external clients               | 319.1              | 203.4        | 290.1              | 306.4        | 137.6         | 137.9        | 70.5        | 63.4        | 22.1               | 15.2         | 839.5        | 726.3        |
| Revenue from other segments                 | 8.7                | 10.6         | 8.6                | 7.4          | 13.6          | 10.5         | 1.4         | 3.4         | -32.3              | -31.9        | 0.0          | 0.0          |
| <b>Total revenue</b>                        | <b>327.8</b>       | <b>214.0</b> | <b>298.7</b>       | <b>313.8</b> | <b>151.2</b>  | <b>148.4</b> | <b>71.9</b> | <b>66.8</b> | <b>-10.2</b>       | <b>-16.7</b> | <b>839.5</b> | <b>726.3</b> |
| <b>Industry sector</b>                      |                    |              |                    |              |               |              |             |             |                    |              |              |              |
| Government agency, municipality             | 18.5               | 14.3         | 54.5               | 69.9         | 50.5          | 53.6         | 44.3        | 46.4        | 11.0               | 14.2         | 178.9        | 142.7        |
| Banking, finance, insurance                 | 41.8               | 27.1         | 94.3               | 99.8         | 16.8          | 15.5         | 0.1         | 0.0         | -4.4               | 2.2          | 148.7        | 104.0        |
| Care  | 11.5               | 9.9          | 47.3               | 43.8         | 2.2           | 4.8          | 1.8         | 1.6         | 2.1                | -0.6         | 64.8         | 42.9         |
| IT, media, entertainment                    | 80.4               | 72.4         | 5.5                | 3.6          | 17.6          | 18.1         | 2.6         | 2.2         | -91.0              | -4.1         | 15.2         | 66.4         |
| Industry                                    | 54.6               | 17.7         | 16.0               | 12.7         | 15.0          | 19.6         | 15.3        | 8.7         | -4.5               | -1.3         | 96.3         | 41.3         |
| Transport/Logistics                         | 9.3                | 6.9          | 22.9               | 27.3         | 7.8           | 7.5          | 2.4         | 2.1         | 6.6                | 4.8          | 49.0         | 35.0         |
| Telecoms                                    | 11.2               | 10.4         | 14.2               | 22.4         | 6.7           | 6.7          | 1.3         | 0.0         | 6.8                | -0.2         | 40.2         | 28.2         |
| Retail                                      | 41.5               | 12.4         | 8.7                | 7.9          | 4.1           | 2.4          | 0.4         | 1.2         | -5.0               | -2.9         | 49.7         | 15.2         |
| Other                                       | 50.4               | 32.4         | 26.7               | 19.1         | 16.8          | 9.6          | 2.3         | 1.1         | 100.5              | 3.2          | 196.7        | 47.1         |
| <b>Total revenue</b>                        | <b>319.1</b>       | <b>203.4</b> | <b>290.1</b>       | <b>306.5</b> | <b>137.6</b>  | <b>137.9</b> | <b>70.5</b> | <b>63.4</b> | <b>22.1</b>        | <b>15.2</b>  | <b>839.5</b> | <b>726.3</b> |

| NOTE 3 KEY FIGURES - GROUP (SEK MILLION)                                    | October --<br>December |       | January - December |       |
|---|------------------------|-------|--------------------|-------|
|   | 2019                   | 2018  | 2019               | 2018  |
| Net sales   | 239.1                  | 203.5 | 839.5              | 726.3 |
| Sales growth %  | 17.5%                  | 8.1%  | 15.6%              | 17.2% |
| Operating profit before depreciation/amortisation and impairment (EBITDA)   | 13,2                   | 15.5  | 56.1               | 54.1  |
| Operating margin before depreciation/amortisation and impairment (EBITDA) % | 5,5%                   | 7.6%  | 6.7%               | 7.4%  |
| Operating profit (EBIT)   | 7.0                    | 14.2  | 31.3               | 47.1  |
| Operating margin (EBIT) %   | 2.9%                   | 7.0%  | 3.7%               | 6.5%  |
| Equity-assets ratio %   | 26.4%                  | 28.8% | 26.4%              | 28.8% |
| Average number of employees   | 686                    | 560   | 642                | 524   |
| Average number of co-workers  | 708                    | 586   | 669                | 547   |
| Closing number of employees   | 685                    | 581   | 685                | 581   |
| Closing number of co-workers  | 712                    | 609   | 712                | 609   |
| Balance sheet total   | 522.0                  | 425.7 | 522.0              | 425.7 |
| Return on equity %  | 2.8%                   | 7.1%  | 13.5%              | 24.3% |
| Earnings per share, SEK   | 0.28                   | 1.00  | 1.43               | 3.15  |

#### Definitions of key figures

B3 presents some financial measures that are not defined in accordance with IFRS, called alternative performance measures. B3 considers that these measures provide valuable supplementary information to investors and the company's management, as they enable evaluation of trends and the company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable with those used by other companies. These financial measures should therefore not be regarded as a replacement for measures defined in accordance with IFRS.

#### Net sales

*Definition:* The company's revenue during the period. Net sales are measured at the fair value of what has been received or will be received, less discounts.

#### Sales growth

*Definition:* The percentage change in net sales in the past period compared with the same period in the previous year.

*Use:* The key figure is assessed by the company to contribute to understanding of the company's historical development.

#### Operating profit before depreciation/amortisation and impairment (EBITDA)

*Definition:* Operating profit for the period before depreciation/amortisation and impairment of property, plant and equipment and intangible assets.

*Use:* The key figure is reported as it is a commonly used measure of a company's financial performance. The company considers that the key figure contributes to investors' understanding of the company's performance during the period and over time. Put simply, the measure shows the profit generating cash flow in the operations.

#### Operating margin before depreciation/amortisation and impairment (EBITDA)

*Definition:* EBITDA in relation to net sales for the same period.

*Use:* The key figure is reported as it is a commonly used measure of a company's financial performance. The company considers that the key figure contributes to investors' understanding of the company's performance during the period and over time.

#### Operating profit (EBIT)

*Definition:* Profit before tax for the period, interest expense, interest income and profit from interests in associated companies (refers to the "financial income" line in the income report).

*Use:* The key figure is presented to provide a picture of the company's performance generated in operating activities during the period and over time.

#### Operating margin (EBIT)

*Definition:* Operating profit in relation to net sales for the same period.

*Use:* The key figure is presented to provide a picture of the company's performance generated in operating activities during the period and over time. The measure reflects the profitability of the operations. It is useful for monitoring effectiveness of operations before taking tie-up of capital into account. The key figure is used both internally in governance and monitoring of operations and for benchmarking against other companies in the industry.

**EBITA**

*Definition:* Operating profit before any impairment of intangible assets.

**Equity-assets ratio**

*Definition:* Closing equity including non-controlling interests as a percentage of the balance sheet total.

*Use:* The company considers that the key figure contributes to investors' understanding of the company's financial position at the close of the period. A sound equity/assets ratio enables preparation for downturns and provides financial preparedness for growth.

**Average number of employees**

*Definition:* The number of employees at the start of the period plus the number of employees at the close of the period divided by two. For the full year each quarter's closing balances are added together and divided by the number of quarters.

*Use:* As the company's costs and revenues are largely dependent on its employees the company considers that the key figure contributes to understanding the company's development.

**Average number of co-workers**

*Definition:* The number of co-workers at the start of the period plus the number of co-workers at the close of the period divided by two. For the full year each quarter's closing balances are added together and divided by the number of quarters.

*Use:* As the company's costs and revenues are largely dependent on its co-workers the company considers that the key figure contributes to understanding the company's development.

**Closing number of employees**

*Definition:* Number of employees at the close of the period.

*Use:* As the company's costs and revenues are largely dependent on its employees the company considers that the key figure contributes to understanding the company's development.

**Closing number of co-workers**

*Definition:* The number of employees and the number of associated consultants (who only work for B3) at the close of the period.

*Use:* As the company's costs and revenues are largely dependent on its co-workers the company considers that the key figure contributes to understanding the company's development.

**Balance sheet total**

*Definition:* Total of the company's assets on the balance sheet.

**Return on equity**

*Definition:* Profit after tax as a percentage of average equity including non-controlling interests. If the key figure is calculated for a period shorter than one year the result is used for that period. The result is thus not restated as an annual figure. Average equity capital has been calculated as opening balance plus closing balance of equity capital, including non-controlling interests, divided by two.

*Use:* The company considers that this key figure provides a good picture of the company's historical profitability.

**Net debt, excluding impact of IFRS 16 "Leases"**

*Definition:* Interest-bearing short-term and long-term debt (external loans, cars financed via finance leases) less cash and cash equivalents and other interest-bearing assets (blocked funds, deposits).

**Borrowings**

*Definition:* Net debt, excluding impact of IFRS 16 "Leases", as percentage of EBITA.

*Use:* The measure provides a picture of how fast the company can repay its debts.

**Earnings per share**

*Definition:* Profit for the period attributable to the parent company's shareholders net after tax, divided by the average number of outstanding shares in the company.

*Use:* The company considers that this provides a good picture of the company's performance.

## Derivation of certain key figures

| SEK million unless otherwise stated   | Oct -- Dec    |              | Jan -- Dec    |              |
|---|---------------|--------------|---------------|--------------|
|   | 2019          | 2018         | 2019          | 2018         |
| Sales   | 239.1         | 203.5        | 839.5         | 726.3        |
| Increased sales compared with previous year   | 35.6          | 15.3         | 113.2         | 106.6        |
| <b>Sales growth</b>   | <b>17.5%</b>  | <b>8.1%</b>  | <b>15.6%</b>  | <b>17.2%</b> |
| Operating profit  | 7.0           | 14.2         | 31.3          | 47.1         |
| Depreciation/amortisation and impairment  | 6.2           | 1.3          | 24.8          | 7.0          |
| Operating profit before depreciation/amortisation and impairment EBITDA             | <b>13.2</b>   | <b>15.5</b>  | <b>56.1</b>   | <b>54.1</b>  |
| Operating profit before depreciation/amortisation and impairment EBITDA             | 13.2          | 15.5         | 56.1          | 54.1         |
| Net sales   | 239.1         | 203.5        | 839.5         | 726.3        |
| <b>Operating margin before depreciation/amortisation and impairment (EBITDA), %</b> | <b>5.5%</b>   | <b>7.6%</b>  | <b>6.7%</b>   | <b>7.4%</b>  |
| Operating profit EBIT   | <b>7.0</b>    | <b>14.2</b>  | <b>31.3</b>   | <b>47.1</b>  |
| Operating profit  | 7.0           | 14.2         | 31.3          | 47.1         |
| Net sales   | 239.1         | 203.5        | 839.5         | 726.3        |
| <b>Operating margin (EBIT), %</b>   | <b>2.9%</b>   | <b>7.0%</b>  | <b>3.7%</b>   | <b>6.5%</b>  |
| Operating profit  | 7.0           | 14.2         | 31.3          | 47.1         |
| Impairment loss on intangible non-current assets                                    | 0.0           | 0.0          | 0.0           | 0.0          |
| Operating profit before depreciation/amortisation EBITA                             | <b>7.0</b>    | <b>14.2</b>  | <b>31.3</b>   | <b>47.1</b>  |
| Equity including non-controlling interests.   | 137.8         | 122.4        | 137.8         | 122.4        |
| Balance sheet total   | 522.0         | 425.7        | 522.0         | 425.7        |
| <b>EQUITY-ASSETS RATIO</b>  | <b>26.4%</b>  | <b>28.8%</b> | <b>26.4%</b>  | <b>28.8%</b> |
| Profit after tax  | 3.8           | 8.3          | 17.6          | 28.3         |
| Equity including non-controlling interests opening balance                          | 136.0         | 111.3        | 122.4         | 110.7        |
| Equity including non-controlling interests closing balance                          | 137.8         | 122.4        | 137.8         | 122.4        |
| Average equity  | 136.9         | 116.9        | 130.1         | 116.6        |
| <b>Return on equity, %</b>  | <b>2.8%</b>   | <b>7.1%</b>  | <b>13.5%</b>  | <b>24.3%</b> |
| Interest-bearing long-term liabilities  | -105.9        | -48.1        | -105.9        | -48.1        |
| Interest-bearing current liabilities  | -36.9         | -31.4        | -36.9         | -31.4        |
| Cash and cash equivalents   | 27.5          | 22.1         | 27.5          | 22.1         |
| <b>Net debt(-)/Net cash balance(+) incl. IFRS 16</b>                                | <b>-115.3</b> | <b>-57.4</b> | <b>-115.3</b> | <b>-57.4</b> |
| Interest-bearing long-term liabilities  | -78.2         | -48.1        | -78.2         | -48.1        |
| Interest-bearing current liabilities  | -21.8         | -31.4        | -21.8         | -31.4        |
| Cash and cash equivalents   | 27.5          | 22.1         | 27.5          | 22.1         |
| <b>Net debt(-)/Net cash balance(+) excl. IFRS 16</b>                                | <b>-72.5</b>  | <b>-57.4</b> | <b>-72.5</b>  | <b>-57.4</b> |

### NOTE 4 SUPPLEMENTARY DISCLOSURES FINANCIAL ASSETS AND LIABILITIES

The financial instruments measured at fair value on the balance sheet constitute a conditional purchase price of SEK 15.0 (6.4) million. The measurement is a valuation on level 3 of the fair value hierarchy.

The fair value of the Group's other financial assets and liabilities, which are not measured at fair value on the balance sheet, are estimated in all material respects to correspond to the carrying amounts.

*Level 1:* Fair value is determined in accordance with prices quoted in an active market for the same instruments

*Level 2:* Fair value is determined on the basis of either direct (for example price) or indirect (derived from prices) observable market data that is not included in level 1

*Level 3:* Fair value is determined on the basis of inputs that are not based on observable market data



## NOTE 5 BUSINESS ACQUISITIONS

B3 acquires 60% of the shares in the management consulting company Alenio Consulting AB. The acquisition was made through a cash payment of SEK 5.4 million with an option to acquire the remaining business for a purchase price based on Alenio Consulting AB's growth in the next three years. The acquisition gave goodwill of SEK 7.6 million under the full goodwill method. Goodwill refers mainly to the potential of the market position and profitability of the business. Alenio Consulting AB was started in 2014 and has eleven co-workers, with sales of SEK 13.3 million in 2018 and an operating profit of SEK 0.9 million. The company is part of the B3 Group as of January 2019. Alenio Consulting AB's share of sales as at 31 December amounts to SEK 14.4 million, with an operating profit of SEK 0.9 million.

B3 acquires the remaining 50% of B3 Cyber Security AB, which thereby becomes a subsidiary instead of an associated company. As of 1 January 2019 the company is included as a subsidiary. B3 Cyber Security AB was started in July 2017 as an associated company of the B3 Consulting Group AB (publ).

B3 acquires 58 per cent of the shares of the consulting company Nuway AB. B3 pays a purchase price corresponding to the pro-rata percentage of equity and 4.7 times the operating profit for 2019. SEK 11.3 million of the purchase price is payable on possession and the remainder in May 2010. There is an option to acquire the remaining shares for a purchase price based on Nuway AB's growth over the next 3.5 years. The acquisition gave goodwill of SEK 37.6 million under the full goodwill method. Goodwill refers mainly to the potential of the market position and profitability of the business. Nuway AB was started in 2016 and offers specialist skills in system development. The company had 49 co-workers at the end of June and sales in the first half year amount to SEK 28.6 million with an operating profit of SEK 4.6 million. The company is part of the B3 Group as of 1 July 2019. Nuway AB's share of sales in the second half of the year amounts to SEK 31.6 million, with an operating profit of SEK 4.4 million.

Rebel and Bird AB, which is a subsidiary of B3 Consulting Group AB (publ), acquires the net assets of Nectima AB and acquires eleven consultants. Rebel and Bird AB pay a purchase price of SEK 2.9 million, of which SEK 1.9 million is paid in cash on possession and the rest in 2020. The acquisition gave goodwill of SEK 3.7 million and refers mainly to profitability in the business.

The table below shows the purchase price paid and acquired identifiable assets and liabilities at the time of acquisition.

| Alenio Consulting AB  |             | B3 Cyber Security AB  |            | Nuway AB  |             | Nectima AB  |             |
|---|-------------|---|------------|---|-------------|---|-------------|
| Fair value of acquired  |             | Fair value of acquired  |            | Fair value of acquired  |             | Fair value of acquired  |             |
| assets and liabilities<br>SEK million   | 100<br>%    | assets and liabilities<br>SEK million   | 100<br>%   | assets and liabilities<br>SEK million   | 100<br>%    | assets and liabilities<br>SEK million   | 100<br>%    |
| Non-current assets  | 0.0         | Non-current assets  | 0.0        | Non-current assets  | 0.6         | Non-current assets  |             |
| Current assets excluding cash   | 3.5         | Current assets excluding cash   | 1.3        | Current assets excluding cash   | 15.7        | Current assets excluding cash   |             |
| Cash and bank balances<br>including current investments                           | 0.6         | Cash and bank balances including<br>current investments                           | 1.1        | Cash and bank balances<br>including current investments                           | 3.9         | Cash and bank balances<br>including current investments                           |             |
| Liabilities   | -2.7        | Liabilities   | -2.0       | Liabilities   | 16.0        | Liabilities   | -0.8        |
| <b>Net identifiable assets and<br/>liabilities</b>                                | <b>1.4</b>  | <b>Net identifiable assets and<br/>liabilities</b>                                | <b>0.4</b> | <b>Net identifiable assets and<br/>liabilities</b>                                | <b>3.6</b>  | <b>Net identifiable assets and<br/>liabilities</b>                                | <b>-0.8</b> |
| Purchase price  | 5.4         | Purchase price  | 2.1        | Purchase price  | 23.9        | Purchase price  | 2.9         |
| Minority share, fair value  | 3.6         | Fair value of identifiable  |            | Minority share, fair value  | 17.3        | Minority share, fair value  |             |
| Fair value of identifiable  |             | net assets  | 0.4        | Fair value of identifiable  |             | Fair value of identifiable  |             |
| net assets  | 1.4         | <b>Goodwill</b>   | <b>1.7</b> | net assets  | 3.6         | net assets  | -0.8        |
| <b>Goodwill</b>   | <b>7.6</b>  |   |            | <b>Goodwill</b>   | <b>37.6</b> | <b>Goodwill</b>   | <b>3.7</b>  |
| <b>Impact of the acquisition on<br/>the Group's cash and cash<br/>equivalents</b> |             | <b>Impact of the acquisition on<br/>the Group's cash and cash<br/>equivalents</b> |            | <b>Impact of the acquisition on<br/>the Group's cash and cash<br/>equivalents</b> |             | <b>Impact of the acquisition on<br/>the Group's cash and cash<br/>equivalents</b> |             |
| Cash consideration paid   | -5.4        | Cash consideration paid   | 0.0        | Cash consideration paid   | 11.3        | Cash consideration paid   | -1.9        |
| Cash and cash equivalents in<br>acquired subsidiary                               | 0.6         | Cash and cash equivalents in<br>acquired subsidiary                               | 1.1        | Cash and cash equivalents in<br>acquired subsidiary                               | 3.9         | Cash and cash equivalents in<br>acquired subsidiary                               |             |
| <b>Impact on the Group's<br/>cash and cash equivalents<br/>on acquisition</b>     | <b>-4.8</b> | <b>Impact on the Group's<br/>cash and cash equivalents on<br/>acquisition</b>     | <b>1.1</b> | <b>Impact on the Group's<br/>cash and cash equivalents<br/>on acquisition</b>     | <b>-7.4</b> | <b>Impact on the Group's<br/>cash and cash equivalents<br/>on acquisition</b>     | <b>-1.9</b> |

#### **NOTE 6 TRANSACTIONS WITH RELATED PARTIES**

None of the shareholders, board members, senior management or related parties of B3 Consulting Group AB (publ) have had any direct or indirect participation in any business transactions with the company that are or were unusual by their nature or in terms of their conditions. Nor has the company granted loans, issued guarantees or surety bonds to or for the benefit of any of the shareholders, board members, senior management or related parties. Agreements on services with related parties, including associated companies, are on a commercial basis. No transactions that have had a material impact on the Group's financial position and performance have taken place between B3 Consulting Group AB (publ) and related parties.

In connection with the acquisition of Sentensia Q AB in July 2017, it was agreed that a supplementary purchase price would be paid after adoption of the 2017 and 2018 annual reports. The total purchase price is based on the acquired company's performance in 2017 and 2018. In 2018 B3 Sentensia performed better than expected and the supplementary purchase price for 2018 totalled SEK 8 million, SEK 1.5 million of which is charged to the Group's operating profit for the first quarter of 2019. Payment of the last supplementary purchase price took place on 1 April 2019.

In accordance with a resolution passed by the Annual General Meeting on 15 May 2018, on 14 January 2019 the B3 Consulting Group AB (publ) sold 100 per cent of the wholly-owned subsidiary B3 Digital Xperience AB to the subsidiary Rebel and Bird AB. B3 Consulting Group AB (publ) owns 51 per cent of Rebel and Bird AB.

In accordance with a resolution passed by the Annual General Meeting on 16 May 2019, B3 Consulting Group AB (publ) has acquired the outstanding shares in the subsidiaries B3 Insight AB and B3 Summit AB from the minority shareholders through a non-cash issue. The decision means that the share capital increased to SEK 752,187:50 through a new issue of 99,999 shares to a total of 7,521,875 shares. Subscription for shares in the non-cash issues took place on 17 May 2019.

#### **NOTE 7 SEASONAL VARIATIONS**

In general the first and second quarters have a relatively even work rate. The third quarter includes most of the holiday period and the fourth quarter is the most work-intensive. The number of working days in the fourth quarter of 2019 was 57, compared with 57 in the same period of the previous year.