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Knowit

Technology

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First half 2026 results show a beat in Q2

In recent years, management has clearly been focused on addressing those parts of the business model within its control. At the same time it has been nurturing new segments such as security and defence, now 6% of sales. This process has been gradual and not helped by significant market headwinds, but recent quarterly results continue to show promising signs, including a Q226 ahead of expectations. With a new management team at the helm, we suspect the question now for investors should not be if this recovery will pick up pace, but when.

Financials: Stronger Q2 than expected

H126 net sales decreased by 6% to SEK2,883.2m from SEK3,084.1m, although in Q2 the fall was a more modest, consensus-beating 3.8% to SEK1,433.2m from SEK1,490.6m in Q225, helped by a 2% positive fx effect. H126 adjusted EBITA fell 8.3% to SEK145.4m, giving a margin of 5.0% (H125: SEK158.6m, 5.0% margin). Q226 adjusted EBITA rose 13.9% to SEK61.5m, giving a margin of 4.3% (Q225: SEK54m, 3.6% margin). H126 EPS fell 13.4% to SEK1.23/share (H125: SEK1.42) with Q226 EPS higher y-o-y at SEK0.12/share versus Q225 EPS of SEK0.02/share. Most importantly, operating cash flow in H126 was SEK114.3m (SEK14.1m in Q226) versus SEK80.7m in H125 (SEK44.6m in Q225).

Strategy: New senior management

It was reported in April that president and CEO Per Wallentin was to step down, with the CFO's departure announced in July. We expect the overall strategy to remain unchanged, focusing on using technology to support customers' digital transformation. Furthermore, cross-functional expertise in areas such as design, security and technology allows Knowit to partner with highly complex organisations, such as those in the public sector. Generative AI has the potential to improve Knowit's customer solutions, while further improving internal efficiency.

Valuation: Uncertainty around timing of the recovery

Analyst pre-results consensus was a modest target price of SEK99.0 (source: LSEG Data & Analytics). While long-term growth is one valuation consideration, another is the appropriate level of future profitability and this is where AI (and the new management team) could have a real impact. If growth and profitability do return to the levels of its European peers, there could be considerable share price upside. We suspect, therefore, that the question for investors should not be if, but when this will happen.

Consensus estimates

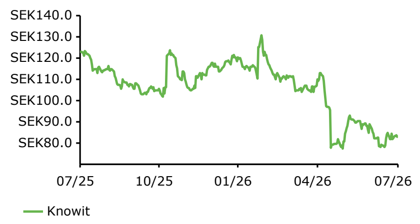
Year end	Revenue (SEKm)	EBITDA (SEKm)	EPS (SEK)	DPS (SEK)	P/E (x)	Yield (%)	EV/EBITDA (x)
12/25	5,815.0	519.2	4.18	2.50	19.8	3.0	5.4
12/26e	5,679.0	491.5	3.59	2.39	23.0	2.9	5.7
12/27e	5,901.0	576.2	6.26	3.39	13.2	4.1	4.9

Source: LSEG Data & Analytics. Note: EBITDA and EPS are stated after adjustment for amortisation of acquired goodwill.

Price SEK82.70

Market cap SEK2,267m

Share price performance



Share details

Code	KNOW
Listing	STO
Shares in issue	27.4m
Net cash/(debt) at 31 December 2024	SEK(527.9)m

Business description

Knowit is a Sweden-based consultancy company engaged in delivering digital solutions and supporting organisations in executing digital transformation.

Bull points

- Strong underlying demand for digital re-engineering.
- Dividend policy of 40–60% profits.
- Strong culture and talent attraction endorsed by third parties (Universum).

Bear points

- 10% workforce reduction in 2024 led to negative organic growth.
- Challenging markets putting pressure on adjusted EBITDA margins.
- Continued market uncertainty and pricing pressure in parts of the Nordic region.

Analysts

Dan Ridsdale	+44 (0)20 3077 5700
Ross Jobber	+44 (0)20 3077 5700

tmt@edisongroup.com

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London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom