

# A market downturn – creating opportunities in time

“A strong start to the quarter transformed into a clear downturn towards the end. The start-up of our digital business has helped us face this downturn from a position of strength. Previous experience indicates that Ework’s services fare well in cyclical downturns. Opportunities for us to advance our position may also open up this time round.”

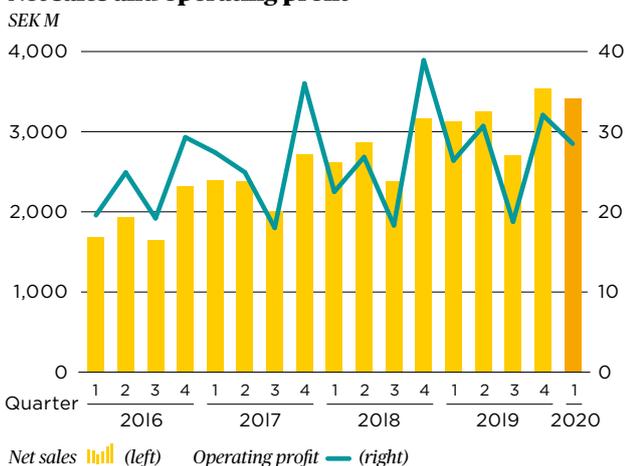
Zoran Covic, CEO

## First quarter 2020 compared to 2019

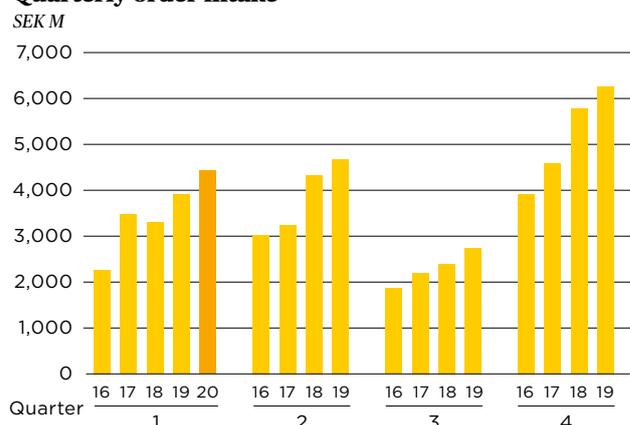
- Net sales increased by 9% to SEK 3,413 M (3,128).
- EBIT increased by 8% to SEK 28.5 M (26.4).
- Profit after financial items was up by 13% to SEK 27.5 M (24.4).
- Order intake rose by 13% to SEK 4,426 M (3,909).
- Earnings per share after tax after dilution were SEK 1.30 (1.10), an 18% increase.
- Ework’s business continued to perform well until the latter half of March, when the global Covid-19 pandemic caused reduced business activity from clients, which negatively impacted revenue. This lower business activity sustained for a period, although it is not possible to get an overview of its effects yet.

- As planned, earnings were charged with expenses for the final phase of Ework’s digitalisation project, which has continued for several years. New functionality was added, we started the launch of a consultant interface for our digital platform, whose implementation continued with more clients.
- From 1 April, Ework decided to start making short-term lay-offs, consistent with relevant government guidelines, to mitigate reduced client business activity. After the end of the period, Ework took further cost-saving actions.
- Ework decided to postpone its Annual General Meeting (AGM) until 4 June. After the end of the period, the Board of Directors decided to propose to the AGM that no dividend would be paid to shareholders, partly in light of the guidelines on support for lay-offs, and partly to ensure continued financial strength to enable Ework to benefit from opportunities that present themselves on a weaker market.

## Net sales and operating profit



## Quarterly order intake



## CEO's STATEMENT

# A market downturn –creating opportunities in time



**A strong start to the quarter transformed into a clear downturn towards the end. The start-up of our digital business has helped us face this downturn from a position of strength. Previous experience indicates that Ework's services fare well in cyclical downturns. Opportunities for us to advance our positioning may also open up this time round.**

Since the end of March, the global Covid-19 pandemic has changed the conditions facing all businesses, and Ework has also been affected. Obviously, we're complying with government rules and recommendations. We've taken a number of measures to ensure the health & safety of our staff. In business terms, the year started well, and we had a strong first quarter until mid-March, when clients started to downscale their consultant purchasing.

Initially, we detected a downturn in demand for consulting services, but it's still hard to draw any conclusions regarding their scope, or how our clients will act going forward. Lower demand means a negative impact on revenue and earnings, but Ework is well equipped to face this downturn, with a client proposition that is stronger than ever; our recently developed digital business is perfectly timed.

Previous economic downturns have shown that clients then increase demand for the consolidating and rationalising business that Ework can offer. Historically, this has enabled Ework to also win market shares in economic downturns. We have rapidly adapted to poorer market sentiment, and view this as an opportunity to advance our market positions.

To mitigate the demand downturn, we have rapidly reviewed our costs. On 1 April, we started reducing working-hours in Sweden by making short-term lay-offs affecting 130 staff according the temporary guidelines that apply.

We are reducing our variable costs where we can, and will continue with more measures.

Operations on our sub-markets have been impacted to differing degrees so far. Sweden and Finland have experienced most impact from the downturn, which have a high exposure to manufacturing and engineering, and where major clients have temporarily shut down completely. Norway and Poland remain in healthy growth, and the Danish operation has been relatively unaffected so far.

We are continuing to implement our proprietary digital platform across a growing client base, and more of our clients are starting to use it for their consultant purchasing. In the period, we also started to launch the consultant part of the portal, which gained a very positive reception. This offers our consultants even better potential to present themselves, identify and manage attractive assignments. Looking ahead, this value-added will also generate revenue for Ework. Accordingly, our digital platform means we're regenerating and evolving our business model.

Market uncertainty is substantial, and we're monitoring it very closely. In this Report, we conclude that the reduced client activity will impact Ework's revenue negatively, which to some extent, we are offsetting by reducing our costs.

Zoran Covic, CEO  
Stockholm, Sweden, 29 April 2020

# A strong quarter – demand downturn in March

## Market

For most of the quarter, the demand for consultants for new assignments was positive in most of the skills segments where Ework is active. However, in the latter half of March, Ework did detect reduced business activity from clients resulting from the global Covid-19 pandemic.

General uncertainty across the economy has continued to increase through the second quarter due to actions the world's governments and businesses have taken to arrest the spread of this new coronavirus. Ework did note a reduction of demand for consulting services in April. Ework's demand indicators confirm that a continued downturn in demand for consulting services can be expected.

## Business model and revenue streams

In the period, Ework started the launch of a new and technologically sophisticated supplier portal for consultants and consultant providers. The portal radically improves consultants' potential to identify relevant assignments with a state-of-the-art interface, new and enhanced functionality and AI support. The portal is an important part of Ework's efforts to digitalise services and tools designed for consultants to find the right assignment, and for assignments to be managed effectively. Going forward, this value-added will also generate revenue for Ework.

The digital platform for clients, whose launch started in the previous quarter, continued implementation across a growing client base in the first quarter. This platform also has an in-house part that streamlines work on matching consultants and assignments.

## The Group's net sales

The Group's net sales for the first quarter were up by 9% to SEK 3,413 M (3,128). Operations progressed positively in all segments, although revenue was negatively impacted by reduced client business activity from mid-March onwards. The negative impact was most notable in Sweden and

Finland, which have fairly high exposure to engineering and manufacturing clients, whose business activity either reduced or closed down completely at the end of the period.

## The Group's earnings

The Group's EBIT for the first quarter was up by 8% to SEK 28.5 M (26.4). Profit after financial items was SEK 27.5 M (24.4). Profit after tax for the quarter was SEK 22.5 M (19.0).

Earnings were negatively impacted by the downturn in business activity at the end of the period. Cost savings have been made during and after the period, and Ework implemented a reduction in working-hours in April, through the short-term lay-off of 130 staff in Sweden.

The continued initiative on Ework's digital platform also generated planned costs in the first quarter, some of which have been capitalised. Ework expects these cost items to reduce progressively during forthcoming quarters, and are forecast as lower in 2020 than in 2019. The effect of these costs on EBIT is in the adjacent table.

Profit after financial items was SEK 27.5 M (24.4) for the first quarter. Net financial income/expense improved to SEK -1.0 M (-1.9), due to more active liquidity management. The revenue for these services is recognised in EBIT. Profit after tax was SEK 22.5 M (19.0).

## Comments on progress

The Group's order intake increased by 13% on the first quarter of the previous year to SEK 4,426 M (3,909). Order intake includes new assignments and extensions. The number of consultants on assignment continued to increase, peaking at 10,542 (9,871).

## Sweden

The Swedish business progressed positively. Quarterly net sales increased by 9% to SEK 2,798 M (2,566).

Growth was broad based across geographical units and different skills segments. Reduced demand from

SEK M	Q1 2020	Q1 2019	2019	2018
Expenses for digitalisation	-19.7	-10.9	-56.5	-27.0
Capitalised expenses for digitalisation	5.0	2.6	18.8	9.9
<b>Impact on EBIT of expenses for digitalisation</b>	<b>-14.8</b>	<b>-8.4</b>	<b>-37.7</b>	<b>-17.1</b>

clients has been apparent since the latter half of March, especially in engineering and manufacturing, negatively impacting revenue at the end of the period and beyond. Ework implemented cost savings, and effective 1 April, 130 staff were subject to short-term lay-offs, according to the temporary guidelines applying across the country.

EBIT was SEK 20.9 M (24.3). The Polish operation, which is included in this segment, contributed positive earnings.

#### **Norway**

The net sales of the Norwegian operation increased by 16% to SEK 364.0 M (313.9). EBIT was up by 78% to SEK 5.1 M (2.9). The increased sales are due to continued strong progress in Ework's market position, and increased demand from current and new business clients. The Norwegian operation was only marginally affected by Covid-19 due to its exposure to sectors whose impact in the period was limited.

#### **Denmark**

The Danish operation's net sales increased by 3% to SEK 119.6 M (116.1). EBIT for the period was SEK -0.3 M (-1.5). The Danish operation was only marginally affected by Covid-19 due to its exposure to sectors whose impact in the period was limited.

#### **Finland**

The Finnish operation progressed positively for most of the period. Net sales were SEK 130.9 M (131.2). EBIT increased to SEK 2.7 M (0.7). Reduced client business activity was apparent in the second half of March, impacting revenue negatively at the end of the period.

#### **Financial position and cash flow**

The equity/assets ratio at the end of the period was 4.6% (5.0). A somewhat lower equity/assets ratio is due to higher working capital resulting from the continued sales increase.

Cash flow from operating activities for the first quarter was SEK -53.1 M (-65.1). Payments from clients and to consultants are at month-ends. A modest shift in payments made or received can have a significant effect on cash flow at a specific time. The firm holds a SEK 550 M (400) credit facility for support services for faster payments. Accounts receivable have been pledged as collateral for this facility. The firm also has an overdraft facility of SEK 30 M. Total unutilised credit facilities at the end of the period were SEK 77.2 M.

#### **Workforce**

The average number of employees was unchanged at 304 (304), with the figure for the quarter including 7 employees that have been noticed, according to decision in December.

#### **Parent Company**

The Parent Company's net sales for the first quarter were SEK 2,693 M (2,502). Profit after financial items was SEK 16.7 M (22.7), and profit after tax was SEK 13.1 M (17.7).

The Parent Company's equity was SEK 155.0 M (145.4) at the end of the quarter, and its equity/assets ratio was 4.8% (5.0). Otherwise, and where applicable, the above comments on the Group's financial position also apply to the Parent Company.

#### **Subsequent events**

Ework reduced its working-hours effective 1 April by making short-term lay-offs of 130 staff in Sweden. After the end of the period, more cost-saving measures were taken to mitigate the reduction in demand for consulting services.

After the end of the period, the Board of Directors decided to propose to the AGM that no dividend would be paid to shareholders, a decision taken partly in light of the guidelines on support for lay-offs, and partly as a precautionary measure to ensure the firm's continued financial strength to benefit from the opportunities that present themselves on a weaker market.

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

#### **Significant risks and uncertainty factors**

Ework's material business risks, for the Group and Parent Company, consist of reduced demand for consulting services, difficulties in attracting and retaining skilled staff, credit risks, and to a lesser extent, currency risks. For the remainder of the year, Ework's risks are impacted by the current Covid-19 pandemic and its effects on wider society and the economy. This means more risk of reduced demand for consulting services. Additionally, regulatory decisions and necessary consideration of safety aspects may imply a risk of disruptions in operations, for Ework's own staff and for consultants on assignment.

The claim from the Norwegian tax agency of some SEK 10 M as previously reported remains. Ework is contesting its payment liability, and considers its risk as low.

For a more detailed review of material risks and uncertainties, please refer to Ework's Annual Report.

**Other information**

The firm has three outstanding stock option programmes that are part of an incentive programme for key personnel adopted by the AGM 2017. It resolved to issue a total of 120,000 share warrants per year in the period 2017-2020.

In 2019, 47,600 stock options were issued with an exercise price of SEK 86.84, which mature in 2022. In 2018, 87,500 stock options were issued with an exercise price of SEK 113.66, which mature in 2021. In 2017, 120,000 stock options were issued with an exercise price of SEK 124.66, which mature in 2020.

**Outlook**

In its Year-end Report for 2019, Ework expressed the following outlook:

“The ambition for 2020 is to achieve sales growth and to increase earnings per share by at least 20% compared to 2019.”

General economic uncertainty has increased since the end of the first quarter as a result of the global Covid-19 pandemic and the actions governments around the world have taken to mitigate the spread of the new coronavirus. Against this background, Ework has noted a reduction in client business activity since the end of March. Ework judges that this reduced activity will impact revenue negatively, and is mitigating this downturn to some extent by reducing its costs.

It is not possible to gain an overview of these effects at present, and accordingly, the company has decided not to make any new statement regarding the outlook for sales and earnings per share for 2020.

Zoran Covic, CEO  
Stockholm, Sweden, 29 April 2020

*This Report has not been subject to review by the company's auditor.*

*The information disclosed in this Interim Report is mandatory for Ework Group AB (publ) to publish pursuant to the EU's Market Abuse Regulation (MAR). This information was submitted for publication at 11:00 a.m. (CET) on 29 April 2020, through the agency of the CEO.*

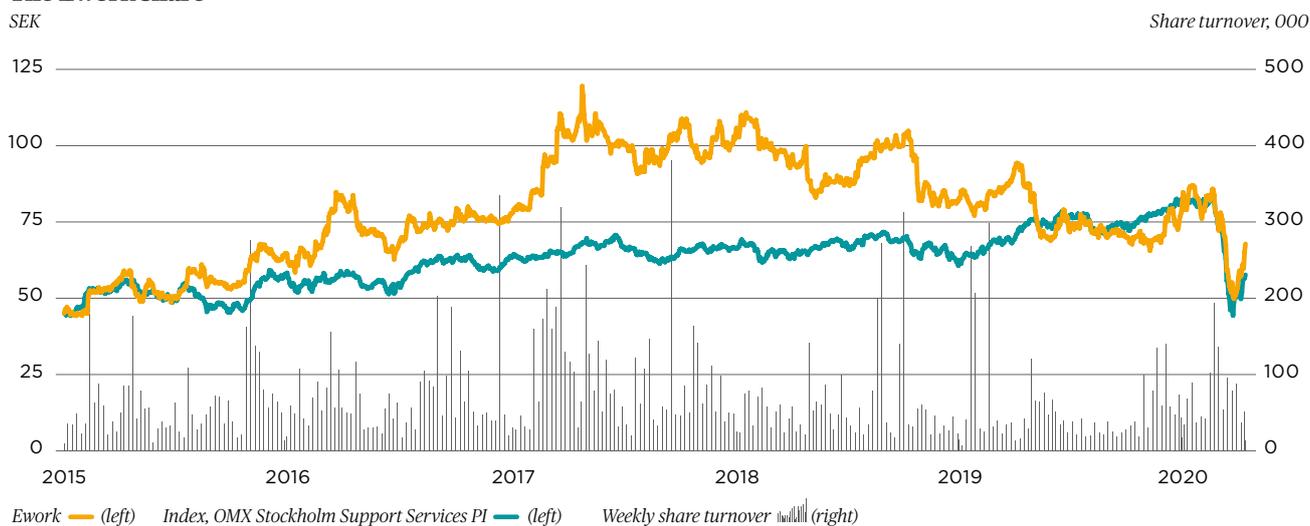
**KEY PERFORMANCE DATA**

SEK 000	January-March 2020	January-March 2019	Rolling 4 quarters Apr. '19-Mar. '20	Full year 2019
Net sales	3,412,824	3,127,621	12,906,508	12,621,305
EBIT	28,480	26,386	110,037	107,943
Profit before tax	27,513	24,439	99,673	96,599
Profit for the period	22,486	19,015	78,761	75,290
Sales growth, %	9.1	19.2	13.7	14.4
EBIT margin, %	0.8	0.8	0.9	0.9
Profit margin, %	0.8	0.8	0.8	0.8
Return on equity, %	53.5	45.8	55.7	48.0
Total assets	3,890,597	3,535,253	3,890,597	3,854,186
Equity	178,154	176,648	178,154	158,107
Equity/assets ratio, %	4.6	5.0	4.6	4.1
Acid test ratio, %	102.5	102.5	102.5	102.0
Average number of employees	304	304	306	306
Net sales per employee	11,234	10,288	42,206	41,246
<b>KEY RATIOS PER SHARE</b>				
Earnings per share before dilution, SEK	1.30	1.10	4.57	4.37
Earnings per share after dilution, SEK	1.30	1.10	4.57	4.37
Equity per share before dilution, SEK	10.3	10.2	10.3	9.2
Equity per share after dilution, SEK	10.3	10.2	10.3	9.2
Cash flow from operating activities per share before dilution, SEK	-3.08	-3.78	1.97	1.27
Cash flow from operating activities per share after dilution, SEK	-3.08	-3.78	1.97	1.27
Number of shares outstanding at end of period before dilution (000)	17,240	17,240	17,240	17,240
Number of shares outstanding at end of period after dilution (000)	17,240	17,240	17,240	17,240
Average number of shares outstanding before dilution (000)	17,240	17,240	17,240	17,240
Average number of shares outstanding after dilution (000)	17,240	17,240	17,240	17,240

**SHAREHOLDERS**

As of 31 March 2020	No. of shares	Votes and equity
Staffan Salén and family through company <sup>1)</sup>	4,916,975	28.5%
Försäkringsbolaget Avanza Pension	3,172,194	18.4%
Protector Forsikring ASA	1,720,499	10.0%
Investment AB Öresund	1,626,988	9.4%
Katarina Salén, private and through family company	473,962	2.7%
Patrik Salén and family through company	406,000	2.4%
Ålandsbanken, on behalf of shareholders	378,180	2.2%
Erik Åfors through company	377,291	2.2%
Claes Ruthberg	181,000	1.0%
Nordnet Pensionsförsäkring AB	174,401	1.0%
<b>Sub-total</b>	<b>13,427,490</b>	<b>77.9%</b>
Other	3,812,185	22.1%
<b>Total</b>	<b>17,239,675</b>	<b>100.0%</b>

<sup>1)</sup> Salénia AB

**The Ework share**


**Consolidated Statement of Income and Other Comprehensive Income**

SEK 000	Note	January-March 2020	January-March 2019	Rolling 4 quarters Apr. '19-Mar. '20	Full year 2019
<b>Operating income</b>					
Net sales	1	3,412,824	3,127,621	12,906,508	12,621,305
Other operating income		20	-	56	36
<b>Total operating income</b>		<b>3,412,845</b>	<b>3,127,621</b>	<b>12,906,565</b>	<b>12,621,341</b>
<b>Operating costs</b>					
Cost of consultants on assignment		-3,285,841	-3,004,187	-12,403,665	-12,122,011
Work performed by the company for its own use and capitalized		4,984	2,559	21,272	18,847
Other external costs		-31,918	-26,483	-124,026	-118,591
Personnel costs		-63,967	-65,926	-259,970	-261,929
Depreciation, amortisation and impairment of property, plant & equipment and intangible non-current assets		-7,622	-7,198	-30,138	-29,714
<b>Total operating costs</b>		<b>-3,384,365</b>	<b>-3,101,235</b>	<b>-12,796,528</b>	<b>-12,513,399</b>
<b>Earnings before interest and taxes</b>		<b>28,480</b>	<b>26,386</b>	<b>110,037</b>	<b>107,942</b>
<b>Profit from financial items</b>					
Net financial income/expense		-967	-1,947	-10,364	-11,344
<b>Profit after financial items</b>		<b>27,513</b>	<b>24,439</b>	<b>99,673</b>	<b>96,599</b>
Tax		-5,027	-5,424	-20,912	-21,309
<b>Profit for the period</b>		<b>22,486</b>	<b>19,015</b>	<b>78,761</b>	<b>75,290</b>
<b>Other comprehensive income</b>					
<i>Items that have been reclassified, or are reclassifiable, to profit or loss</i>					
Translation differences on translation of foreign operations for the period		-2,439	2,023	211	4,673
<b>Other comprehensive income for the period</b>		<b>-2,439</b>	<b>2,023</b>	<b>211</b>	<b>4,673</b>
<b>Comprehensive income for the period</b>		<b>20,047</b>	<b>21,038</b>	<b>78,972</b>	<b>79,963</b>
<b>Earnings per share</b>					
before dilution (SEK)		1.30	1.10	4.57	4.37
after dilution (SEK)		1.30	1.10	4.57	4.37
<i>Number of shares outstanding at end of reporting period:</i>					
before dilution (000)		17,240	17,240	17,240	17,240
after dilution (000)		17,240	17,240	17,240	17,240
<i>Average number of outstanding shares:</i>					
before dilution (000)		17,240	17,240	17,240	17,240
after dilution (000)		17,240	17,240	17,240	17,240

**Consolidated Statement of Financial Position**

SEK 000	31 March 2020	31 March 2019	31 December 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	49,968	34,178	46,355
Property, plant and equipment	5,338	5,109	5,095
Right-of-use assets	54,023	52,364	53,268
Deferred tax asset	1,713	-	4,974
Non-current receivables	1,958	1,916	1,212
<b>Total non-current assets</b>	<b>112,999</b>	<b>93,567</b>	<b>110,904</b>
<b>Current assets</b>			
Accounts receivable	3,414,382	3,241,259	3,357,687
Tax receivables	6,072	2,905	2,098
Other receivables	14,296	14,561	15,629
Prepaid expenses and accrued income	217,945	63,932	131,281
Cash and cash equivalents	124,902	119,029	236,588
<b>Total current assets</b>	<b>3,777,598</b>	<b>3,441,686</b>	<b>3,743,282</b>
<b>Total assets</b>	<b>3,890,597</b>	<b>3,535,253</b>	<b>3,854,186</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	2,241	2,241	2,241
Other paid-up capital	59,749	59,636	59,749
Translation reserve	1,780	1,569	4,219
Retained earnings including profit for the period	114,384	113,202	91,898
<b>Total equity</b>	<b>178,154</b>	<b>176,648</b>	<b>158,107</b>
<b>Non-current liabilities</b>			
Lease liabilities	28,149	-	27,733
<b>Total non-current liabilities</b>	<b>28,149</b>	<b>-</b>	<b>27,733</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	502,784	400,000	550,000
Lease liabilities	21,273	52,688	20,989
Accounts payable	3,060,819	2,814,046	3,019,859
Other liabilities	21,463	39,879	33,138
Accrued expenses and deferred income	77,955	51,992	44,360
<b>Total current liabilities</b>	<b>3,684,294</b>	<b>3,358,605</b>	<b>3,668,346</b>
<b>Total equity and liabilities</b>	<b>3,890,597</b>	<b>3,535,253</b>	<b>3,854,186</b>

**Consolidated Statement of Changes in Equity**

SEK 000	Share capital	Other paid-up capital	Translation reserve	Retained earnings incl. profit for the period	Total equity
<b>Opening equity, 1 Jan. 2019</b>	<b>2,241</b>	<b>59,636</b>	<b>-454</b>	<b>94,187</b>	<b>155,610</b>
<b>Comprehensive income for the period</b>					
Profit for the period				19,015	19,015
Other comprehensive income for the period			2,023		2,023
<b>Comprehensive income for the period</b>			<b>2,023</b>	<b>19,015</b>	<b>21,038</b>
<b>Closing equity, 31 Mar. 2019</b>	<b>2,241</b>	<b>59,636</b>	<b>1,569</b>	<b>113,202</b>	<b>176,648</b>
<b>Opening equity, 1 Apr. 2019</b>	<b>2,241</b>	<b>59,636</b>	<b>1,569</b>	<b>113,202</b>	<b>176,648</b>
<b>Comprehensive income for the period</b>					
Profit for the period				56,275	56,275
Other comprehensive income for the period			2,650		2,650
<b>Comprehensive income for the period</b>			<b>2,650</b>	<b>56,275</b>	<b>58,925</b>
<b>Transactions with the Group's shareholders</b>					
Dividends				-77,579	-77,579
Premiums deposited on issuance of share warrants		113			113
<b>Closing equity, 31 Dec. 2019</b>	<b>2,241</b>	<b>59,749</b>	<b>4,219</b>	<b>91,898</b>	<b>158,107</b>
<b>Opening equity, 1 Jan. 2020</b>	<b>2,241</b>	<b>59,749</b>	<b>4,219</b>	<b>91,898</b>	<b>158,107</b>
<b>Comprehensive income for the period</b>					
Profit for the period				22,486	22,486
Other comprehensive income for the period			-2,439		-2,439
<b>Comprehensive income for the period</b>			<b>-2,439</b>	<b>22,486</b>	<b>20,047</b>
<b>Closing equity, 31 Mar. 2020</b>	<b>2,241</b>	<b>59,749</b>	<b>1,780</b>	<b>114,384</b>	<b>178,154</b>

**Consolidated Statement of Cash Flows**

SEK 000	January-March 2020	January-March 2019	Rolling 4 quarters Apr. '19-Mar. '20	Full year 2019
<b>Operating activities</b>				
Profit after financial items	27,513	24,439	99,673	96,599
Adjustment for non-cash items	7,622	2,154	35,182	29,714
Income tax paid	-10,717	-9,224	-30,153	-28,660
<b>Cash flow from operating activities before changes in working capital</b>	<b>24,418</b>	<b>17,369</b>	<b>104,702</b>	<b>97,653</b>
Cash flow from changes in working capital	-77,478	-82,518	-70,707	-75,747
Increase (-)/decrease (+) in operating receivables	-153,033	-165,710	-341,456	-354,133
Increase (+)/decrease (-) in operating liabilities	75,555	83,192	270,749	278,386
<b>Cash flow from operating activities</b>	<b>-53,060</b>	<b>-65,149</b>	<b>33,995</b>	<b>21,906</b>
<b>Investing activities</b>				
Acquisition of property, plant & equipment	-717	-297	-2,507	-2,087
Acquisition of intangible assets	-4,984	-2,669	-21,278	-18,963
<b>Cash flow from investing activities</b>	<b>-5,700</b>	<b>-2,966</b>	<b>-23,784</b>	<b>-21,050</b>
<b>Financing activities</b>				
Premiums deposited on issuance of share warrants	-	-	113	113
Dividend paid to Parent Company shareholders	-	-	-77,579	-77,579
Amortisation of lease liability and borrowings	-53,181	-	-76,069	-22,888
Borrowings	-	50,000	150,000	200,000
<b>Cash flow from financing activities</b>	<b>-53,181</b>	<b>50,000</b>	<b>-3,536</b>	<b>99,645</b>
<b>Cash flow for the period</b>	<b>-111,941</b>	<b>-18,115</b>	<b>6,675</b>	<b>100,501</b>
Cash and cash equivalents at beginning of period	236,587	137,945	119,029	137,945
Exchange rate difference	256	-801	-802	-1,859
<b>Cash and cash equivalents at end of period</b>	<b>124,902</b>	<b>119,029</b>	<b>124,902</b>	<b>236,587</b>

**Parent Company Income Statement**

SEK 000	January-March 2020	January-March 2019	Rolling 4 quarters Apr. '19-Mar. '20	Full year 2019
<b>Operating income</b>				
Net sales	2,692,764	2,502,056	10,230,752	10,040,044
Work performed by the company for its own use and capitalized	4,984	2,559	21,271	18,847
Other operating income	8,679	9,119	36,271	36,712
<b>Total operating income</b>	<b>2,706,426</b>	<b>2,513,734</b>	<b>10,288,295</b>	<b>10,095,602</b>
<b>Operating costs</b>				
Cost of consultants on assignment	-2,601,695	-2,410,474	-9,868,323	-9,677,102
Other external costs	-40,565	-31,823	-154,167	-145,425
Personnel costs	-45,612	-46,635	-177,197	-178,220
Depreciation, amortisation and impairment of property, plant & equipment and intangible non-current assets	-1,721	-1,665	-6,811	-6,755
<b>Total operating costs</b>	<b>-2,689,593</b>	<b>-2,490,597</b>	<b>-10,206,498</b>	<b>-10,007,502</b>
<b>Earnings before interest and taxes</b>	<b>16,833</b>	<b>23,137</b>	<b>81,797</b>	<b>88,100</b>
<b>Profit/loss from financial items</b>				
Dividends from participations in subsidiaries	-	-	27,406	27,406
Other interest income and similar items	1,954	1,255	3,416	2,717
Interest expense and similar items	-2,087	-1,732	-8,783	-8,428
<b>Profit after financial items</b>	<b>16,701</b>	<b>22,660</b>	<b>103,836</b>	<b>109,795</b>
Tax	-3,642	-4,967	-16,792	-18,117
<b>Profit for the period *</b>	<b>13,059</b>	<b>17,693</b>	<b>87,044</b>	<b>91,678</b>

\* Profit for the period is consistent with comprehensive income for the period.

**Parent Company Balance Sheet**

SEK 000	31 March 2020	31 March 2019	31 December 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	49,968	34,178	46,355
Property, plant and equipment	3,648	3,437	3,998
<b>Financial assets</b>			
Other non-current receivables	633	1,182	633
Participations in Group companies	34,215	34,215	34,215
<b>Total financial assets</b>	<b>34,848</b>	<b>35,397</b>	<b>34,848</b>
<b>Total non-current assets</b>	<b>88,464</b>	<b>73,012</b>	<b>85,201</b>
<b>Current assets</b>			
Accounts receivable	2,752,935	2,677,269	2,786,334
Receivables from Group companies	167,160	103,309	146,910
Tax receivables	8,546	1,313	4,977
Other receivables	655	460	104
Prepaid expenses and accrued income	168,366	14,481	98,560
Cash and bank balances	35,954	53,015	162,112
<b>Total current assets</b>	<b>3,133,617</b>	<b>2,849,847</b>	<b>3,198,997</b>
<b>Total assets</b>	<b>3,222,081</b>	<b>2,922,859</b>	<b>3,284,198</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital (17,239,675 shares with par value of SEK 0.13)	2,241	2,241	2,241
Statutory reserve	6,355	6,355	6,355
Development fund	49,458	33,425	45,783
<b>Total restricted equity</b>	<b>58,054</b>	<b>42,021</b>	<b>54,380</b>
<b>Non-restricted equity</b>			
Share premium reserve	9,518	40,849	9,518
Retained earnings	74,395	44,884	-13,609
Profit for the period	13,059	17,693	91,678
<b>Total non-restricted equity</b>	<b>96,971</b>	<b>103,426</b>	<b>87,587</b>
<b>Total equity</b>	<b>155,025</b>	<b>145,447</b>	<b>141,967</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	502,784	400,000	550,000
Accounts payable	2,475,932	2,302,633	2,531,241
Liabilities to Group companies	6,640	3,440	6,519
Other liabilities	14,207	33,507	24,076
Accrued expenses and deferred income	67,492	37,832	30,396
<b>Total current liabilities</b>	<b>3,067,056</b>	<b>2,777,412</b>	<b>3,142,231</b>
<b>Total equity and liabilities</b>	<b>3,222,081</b>	<b>2,922,859</b>	<b>3,284,198</b>

## ACCOUNTING POLICIES

The Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and appropriate provisions of the Swedish Annual Accounts Act. The Interim Report for the Parent Company has been prepared in accordance with chapter 9 of the Swedish Annual Accounts Act, on interim financial reporting.

Ework is applying IFRS 16 Leases, which replaces IAS 17 Leases, effective 1 January 2019. On entering a lease, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, consisting of the lease liability's original value plus lease payments to be paid at or before the start date, plus any initial direct expenses. The right-of-use asset is then amortised on a straight-line basis from the start date to the earlier of the end of the asset's useful life and the end of the lease term.

The lease liability is initially measured at the present value of the future lease payments that have not been paid at the start date. Lease payments are discounted by the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. The lease liability is restated if future lease payments change depending on changes to an index or rate. When the lease liability is remeasured in this way, the right-of-use asset's carrying amount is restated correspondingly.

On adoption, lease liabilities are measured at the present value of the remaining lease payments, discounted by the Group's incremental borrowing rate on the date of initial application (DOIA), 1 January 2019. The right-of-use asset is measured at an amount corresponding to the lease liability adjusted for prepaid lease payments of SEK 5,131,000. The opening effect in the Consolidated Statement of Financial Position as of 1 January 2019 was SEK 63,060,000 for right-of-use assets and SEK 57,929,000 for total lease liabilities, and relates mainly to leases on the Group's office premises, and to a lesser extent, company cars.

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

The carrying amount of accounts receivable, other receivables, cash and cash equivalents, accounts payable and other liabilities are reasonable approximations of fair value.

Otherwise, the accounting policies and computation methods are unchanged compared to those applied in the annual accounts for 2018.

## Note 1 The Group's operating segments

### First quarter 2020 compared to the first quarter 2019

SEK 000	Sweden Jan-Mar		Finland Jan-Mar		Denmark Jan-Mar		Norway Jan-Mar		Total Jan-Mar	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Income from clients	2,798,356	2,566,408	130,810	131,229	119,626	116,096	364,032	313,888	3,412,824	3,127,621
Profit per segment	36,021	39,071	3,525	2,074	369	-366	6,267	5,057	46,182	45,836
Group-wide expenses	-15,089	-14,741	-806	-1,348	-644	-1,176	-1,163	-2,185	-17,702	-19,450
<b>EBIT</b>	<b>20,932</b>	<b>24,330</b>	<b>2,719</b>	<b>726</b>	<b>-275</b>	<b>-1,542</b>	<b>5,104</b>	<b>2,872</b>	<b>28,480</b>	<b>26,386</b>
Net financial items	-	-	-	-	-	-	-	-	-967	-1,947
<b>Profit/loss for the period before tax</b>									<b>27,513</b>	<b>24,439</b>

## DEFINITIONS

Ework Group utilises a number of financial metrics in Interim Reports and Annual Reports that are not defined according to IFRS, known as alternative performance measures, according to ESMA (the European Securities and Markets Authority) guidelines.

A number of metrics and key indicators appearing in

Interim Reports and the Annual Report are defined below. Most should be considered generally accepted, and of such nature that they could be expected to be presented in Interim Reports and the Annual Report to convey a view of the Group's results of operations, profitability and financial position.

Key indicator	Definition and usage
<b>Earnings per share</b>	Profit for the period in relation to the number of outstanding shares before dilution at period-end. Defined in IAS 33.
<b>Equity/assets ratio</b>	Reported equity in relation to reported total assets at period-end. Metric illustrating interest rate sensitivity and financial stability.
<b>Equity per share</b>	Equity in relation to the number of shares outstanding before dilution at the end of the period. Metric illustrating shareholders' proportion of total net assets per share.
<b>Operating margin, EBIT</b>	EBIT in relation to net sales.
<b>Profit margin</b>	Profit after financial items in relation to net sales.
<b>Quick ratio</b>	Current assets in relation to current liabilities.
<b>Return on equity</b>	Profit for the period in relation to average equity in the period. Return on equity is restated at an annualized rate in interim reporting. A profitability metric that illustrates returns on the capital shareholders invested in operations in the period.
<b>Sales growth</b>	Net sales for the period less net sales for the comparative period in relation to net sales for the comparative period.

*Ework Group is a market-leading and independent consultant provider operating in northern Europe, which focuses on IT, telecom, technology, and business development. Without having consultants employed, Ework can impartially match every assignment with the right competence from the whole market. Ework was founded in Sweden in 2000, and is now active in Sweden, Denmark, Norway, Finland and Poland. The firm has framework agreements with over 170 leading corporations in most sectors, and over 10,000 consultants on assignment. Ework's head office is in Stockholm. Its shares are listed on Nasdaq Stockholm.*

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### Forthcoming financial reports

Annual General Meeting	4 June 2020
Interim Report April-June 2020	16 July 2020
Interim Report July-September 2020	22 October 2020

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