

INTERIM REPORT

SECOND QUARTER APRIL 1 - JUNE 30, 2016

- > Net sales of SEK 578 m (566)
- > Operating profit SEK 62 m (38)
- > Operating margin 10.7% (6.7)
- > Profit after tax was SEK 62 m (27)
- > Earnings per share were SEK 0.60 (0.27)

ACCUMULATED JANUARY 1 - JUNE 30, 2016

- > Net sales of SEK 1,104 m (1,124)
- > Operating profit SEK 96 m (85)
- > Operating margin 8.7% (7.5)
- > Profit after tax was SEK 86 m (56)
- > Earnings per share were SEK 0.83 (0.54)
- > Cash and cash equivalents totaled SEK 64 m (36)

Statement by Carl-Magnus Månsson, CEO

The operations posted a positive trend in all geographies during the quarter, driven by continued confidence among both established and new customers. A gradual increase in utilization rates, combined with efficiency measures and more working days in the quarter, led to significant margin improvements. We noted the same effect with rising margins in all countries over the first six months. Our sales growth also continued in Germany and Norway.

During the quarter, we launched Itch, a digital innovation agency comprising some of the leading digital profiles in Sweden, to unleash the power of true digital innovation combined with Acando's total expertise in strategic change. We believe that our history, culture and ability to create lasting value make us unique, and our ambition to take a leading position in a world of opportunities remains firm. To succeed with this mission, we must continue to adapt our offering and develop our expertise in line with the needs around us.

We can now see the effects of our changes over the past two years in the form of a clearer digital offering, a strong and comprehensive capability around business system implementation and management consultancy operations that form an integral part of our total offering. We have adjusted the structure of our delivery centers and chosen to focus on the Baltics, and created a clear operational focus to drive our customer interaction and delivery processes.

The proportion of project-based deliveries is growing and customers are increasingly seeing Acando as an alternative, due to our high level of efficiency and ability to drive full-service assignments. Several customers have commented on how our consultants are taking personal responsibility far beyond the limits of their own assignments and we are proud of the culture we are creating together, and recreating in our assignments. Our Banking and Finance focus is growing, driven by our ability to lead large-scale transformations. A major trading Group has engaged us to build a new e-commerce solution based on efficient delivery, and we are creating a collaboration solution for one of Sweden's largest industrial companies based on our ability to understand unique conditions. We have created a structure that enables growth and continued operating efficiency enhancement, and although we are proud of the improvements we see, we are not satisfied. We can, and want, to do more!

Attracting talent is a prerequisite for success and Acando needs to continue recruiting in all areas. Acando's strategy is to create tomorrow's leading consultants through a well-developed trainee program. We are proud that Universum has nominated Acando as "Employer Branding Company of the Year."

Significant events during and after the quarter

Acando's digital innovation agency, Itch, was launched on June 3. The company aims to secure a leading position in the Northern European market within three years. Demand for digital innovation has never been so high, and Itch provides support in the innovation and development of business models, products, services and marketing. Based on user experience and new technology, Itch provides services ranging from consultancy and service design, to visualization and prototyping.

In Sweden, Acando has secured a major framework agreement with Kammarkollegiet, the Swedish Legal, Financial and Administrative Services Agency for the study, management and control of development needs in central government agencies. The services included in the agreement are advanced studies, analyses, reviews or evaluations as a basis for decisions. Strategic advice for management teams in governance-related issues is also included. The framework agreement covers all authorities and has a maximum duration of four years.

Acando and ITMC SOFT have entered into a partnership to conduct sales of, and implement, IDM365, the identity and access management solution available through ITMC SOFT. The IDM365 solution is consistent with Acando's strategy, which is based on guiding customers through the entire identity and access management life cycle. ITMC SOFT's expertise, combined with Acando's local presence, experience and knowledge, provide an opportunity to create a real market-leading experience and added value for customers.

Acando partners with GeekGirlMeetUp and in June, participated in the Better Together event, as part of the process to realize Acando's vision: A More Capable World. GeekGirls is a network for women and girls in the IT and technology industry, which welcomes and actively promotes gender equality in the industry. This is a mission that Acando wholeheartedly supports and that harmonizes with Acando's vision.

Acando is helping the Agency for Public Management and eGovernment (DiFi) in Norway to develop a solution that automates mandatory transparency processes in state-owned operations. The goal is to streamline the services that make documents available to the public.

Business activities

Introduction

Acando is a consulting company whose business concept, in partnership with its customers, is to create business value by enhancing and streamlining processes, organizations and digital solutions. We stand out due to our ability to combine skills in strategy and business operations with sound technical expertise and deep understanding of how organizations function. The Group has approximately 1,600 employees allocated over four countries in Europe and a delivery center in Latvia.

Acando's offering

Acando's offering is focused on actual results and value for the customer. This value is achieved through a combination of Acando's skills and our long-term relationship with the customer. Well-established methods and tools are in place to be able to deliver Acando's high level of quality in each phase of the project.

The Nordic market is mainly built on numerous small to medium-sized local IT and management consulting companies as well as a few major global suppliers with a focus on outsourcing. Acando is the only Swedish company with a sufficiently broad skills base and size in business systems, management and digital solutions to be able to successfully compete with the major international companies in complex project implementations.

Acando's core offering is divided into four main categories:

Management pertains to consulting services and accelerated implementation in connection with strategic change and includes innovation and optimizing the use of technology as key elements of the offering. Disruptive business models, enhanced customer experiences and structured use of new technology are strong drivers in several sectors, and demand for process and operational efficiency, control and information utilization is also increasing.

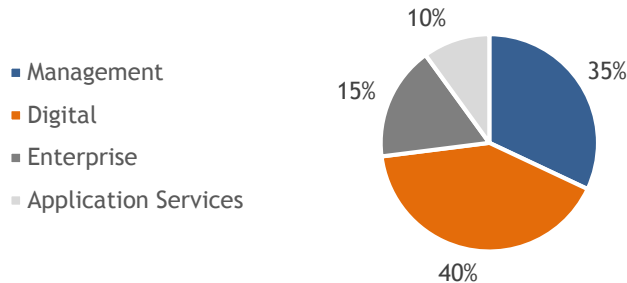
Within **Enterprise** projects are driven based on SAP and Microsoft Dynamics AX business systems. The business systems are key to driving efficiency enhancements and enabling new services. Acando holds an extremely strong position in AX and SAP, with the highest partner status and is one of only a few global members of the Microsoft Dynamics Inner Circle. Continued efficiency enhancements typify the market for business systems, at the same time as SAP's and Microsoft's move toward cloud-based delivery models and new technology platforms creates new possibilities in an area where Acando has a favorable position in terms of an established customer base and skills.

Digital guides customers and realizes solutions linked to digital innovation and transformation. Projects are driven by a combination of digital business understanding and deep technical know-how in solutions based on modern technology and platforms. The area has substantial growth potential and Acando is well-positioned in several of the most rapidly growing areas.

Application Services primarily includes longer commitments for administration and support services. Over time, Acando aims to grow the share of assignments primarily linked to the existing customer base and delivered projects.

Each business area's share of Group sales is shown below.

Shares of sales by offering



Customers and segments

Acando's position with a healthy spread over different customer segments creates the preconditions for long-term, stable growth and provides the possibility of better balancing demand patterns between different segments.

Acando traditionally has a strong position in the manufacturing industry with both efficiency and business-development assignments. The segment also includes a strong position in the automotive industry in both Sweden and Germany, and with intelligent transport system assignments in Norway.

The company's position in the retail segment is strong with an offering where digital customer interaction and e-commerce drive development. Changed customer interaction patterns also drive the need for a more flexible and agile supply chain together with associated system and process changes. Acando has major full-service assignments with several Swedish retail chains and a growing customer base in Germany and Norway.

In the financial segment, particularly banking and insurance, a continued increase in demand has been noted driven by a need for modernization in terms of technical platforms and digital relationships with customers. In combination with regulatory requirements, this gives rise to the need for structured transformation programs at many companies in the sector. In several cases, Acando runs assignments linked to leading transformation and the development of digital services, particularly in Sweden and Germany.

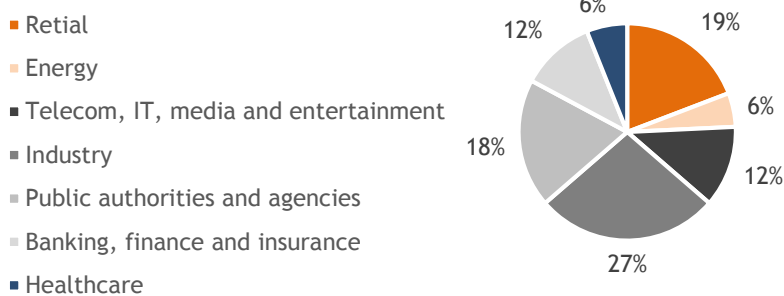
The energy segment is typified by a need for streamlining and change driven by electricity prices and external factors. In parallel, new distribution forms, advanced control and measurement systems, and more highly integrated services aimed at customers are driving the need for more advanced digital platforms. Given historically low oil prices, a declining propensity for investment has been noted in the oil and gas segment. Acando has extensive experience and a strong position with several of northern Europe's largest energy companies and a number of smaller local companies.

The public sector remains a key growth area and Acando's service portfolio and geographic spread make it well-suited to meet the needs of public authorities, agencies and municipalities. Growth is driven by demands for efficiency, increased transparency and digital interaction with citizens. Acando's strong position in Norway comprises the base for continued expansion in terms of content and geographical coverage.

The health care segment remains at an early stage of implementing digitization. Investments are focused on efficient information management, new methods with clear digital components and a greater degree of digital interaction. Acando aims to capture a leading role and has a number of key assignments in the segment in both Sweden and Norway.

The telecoms segment is characterized by clear efficiency enhancement and streamlining programs using standard platforms and simplified operating models in parallel with defining new services that add greater value. The media and entertainment segment is driven by expansive digital services and the need to interact with consumers and professional operators. Acando's main position is linked to the operator segment.

Share of sales by customer segment



Market trend in the second quarter

Demand in Sweden remained healthy and on a par with 2015, albeit with certain geographical differences where Stockholm and the Mälars Valley region comprise clear growth areas. In Germany, demand remained normal during the first six months. The market in Norway was characterized by continued public sector investments in parallel with an increasingly noticeable decline in the willingness to invest in oil-related sectors, thus resulting in increasing competition for available assignments. The weakest market is Finland, where the market remains cautious. The assessment is that the conditions and the trends noted at the end of 2015 will continue into 2016, however, uncertainty in the macro environment could impact the level of demand.

Long-term demand is expected to remain favorable across Acando's markets, driven by accelerating digital transformation and completely new application areas for technology in business processes. Accordingly, it will become crucial to create clear links between strategy, innovation, implementation and technology.

Net sales and earnings

Second quarter April - June 2016

Net sales and operating profit before goodwill impairment (EBITA) for the second quarter of 2016 are shown in the table below:

SEKm	2016 Net sales	2015 Net sales	2016 Operating profit	2015 Operating profit	2016 Operating margin	2015 Operating margin
Sweden	399.1	412.2	51.1	31.8	12.8%	7.7%
Norway	91.1	82.0	10.1	8.1	11.1%	9.9%
Germany	86.6	75.1	7.5	4.6	8.6%	6.1%
Discontinued operations	-	-	-	-	-	-
Group adjustments	2.0	-2.9	-7.0	-6.4	-	-
Total	578.8	566.4	61.6	38.1	10.6%	6.7%

Consolidated net sales for the quarter amounted to SEK 579 m (566). EBITA was SEK 62 m (38), corresponding to a margin of 10.7 percent (6.7).

During the quarter, the utilization rate was favorable in both Sweden and Norway, and also remained stable in Germany. The operations in Finland and the delivery center in Latvia are reported together with Sweden, since the customers are mainly located in this geographic region. Previously reported values for other countries have been moved to the row for Sweden for the comparative period in 2015.

Consolidated profit after tax totaled SEK 62 m (27). During the quarter, the purchase consideration for the redemption of minority shares pertaining to the acquisition of Connecta was settled through arbitration, which had a positive impact of SEK 15 m on net financial items, see the information in Note 4. Earnings per share after dilution amounted to SEK 0.60 (0.27).

Accumulated January - June 2016

Consolidated net sales and EBITA for the first half-year of 2016 are shown in the table below:

SEKm	2016 Net sales	2015 Net sales	2016 Operating profit	2015 Operating profit	2016 Operating margin	2015 Operating margin
Sweden	765.5	815.7	79.7	74.4	10.4%	9.1%
Norway	176.6	159.5	18.4	15.2	10.4%	9.5%
Germany	168.8	152.5	13.7	9.7	8.1%	6.4%
Discontinued operations	3.1	-	-3.9	-	-	-
Group adjustments	-9.6	-3.9	-12.5	-14.8	-	-
Total	1,104.4	1,123.8	95.6	84.5	8.7%	7.5%

Consolidated net sales for the quarter amounted to SEK 1,104 m (1,124). EBITA was SEK 96 m (85), corresponding to a margin of 8.7 percent (7.5).

Sweden began the year with a relatively weak utilization rate, but showed a clear recovery in the second quarter. Norway continues to post healthy earnings and strong growth; growth was 20.1 percent in local currency. Germany reported even utilization rates and posted growth of 11.4 percent in local currency for the first six months. The operations in Finland and the delivery center in Latvia are reported together with Sweden, since the customers are mainly located in this geographic region. Previously reported values for other countries have been moved to the row for Sweden for the comparative period in 2015. The item, Discontinued operations, includes Acando's previous operations in India, which were discontinued as of March 1 contingent on a formal resolution at the AGM; refer to Note 5 on page 24 for more information.

Consolidated profit after tax totaled SEK 86 m (56). During the first quarter, the discontinuation of Acando's operations in India generated negative earnings of SEK 3.9 m as shown in the above table and goodwill impairment of a further SEK 1 m. During the quarter, the purchase consideration for the redemption of minority shares pertaining to the acquisition of Connecta was settled through arbitration, which had a positive impact of SEK 15 m on net financial items, see the information in Note 4.

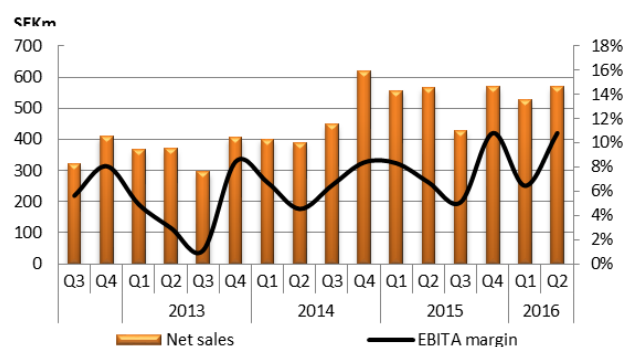
Earnings per share after dilution amounted to SEK 0.83 (0.54).

Seasonal variations

The graph on the right shows net sales and operating profit for the past four years.

In terms of work, the fourth quarter is the most work intensive with the highest number of working days, the third quarter is always lower due to vacation. The calendar effect from Easter results in a shift in working days between the first and second quarters.

The industry in which Acando operates is late-cyclical and a weak market impacts with a delay of about one quarter. The same applies when the market turns.



Development of operations by geographic market

Sweden

Demand remained unchanged in Sweden with healthy market conditions. Slightly weaker utilization at the beginning of the year has gradually improved, and the situation continued to improve in the second quarter.

The geographic areas of Gothenburg and the Mälars Valley continued to trend favorably, with increasing profitability and growth. The Malmö region also trended positively during the quarter, driven by greater involvement in the retail segment in the region.

Demand was mainly driven by digitization and innovation, but also by efficiency enhancements and the creation of sustainable foundations for continued development through more highly scalable and modern platforms. Both major established customers and new customers in both traditional industries and new segments have a notable need to understand and realize digital opportunities. The importance of realizing new opportunities in the existing context is crucial and is driving high demand for services in architecture, integration and IT governance and transformation. Some examples are several new assignments in banking and finance, a sector in which the scope of Acando's commitment is now growing, with a focus on the control and management of major transformations, as well as efficiency enhancements and customer-interaction solutions.

Growing demand was noted in industries where digitization provides new opportunities for customer insight. Acando's position in business intelligence and the ability to transform data into insight is leading to more and more projects. A strategic review of a major tour operator during the quarter led to several new projects in the area. Acando has also developed a new analytical tool for a chain of stores based on Qlickview, for increased insight and enhanced decision support. Confidence in Acando's ability to lead transformation often leads to subsequent realizations, which lead to opportunities for utilizing all of our expertise when working with larger customers. As an example, Acando also had the opportunity to manage a loyalty program project in the service sector during the quarter.

In the public sector, opportunities continue for both efficiency enhancements and new civic services based on digital capabilities. To succeed, the operational models must be adapted to the respective capability of each government agency. During the quarter, a county council engaged Acando to establish a new operational model and we continued to secure projects for the modernization of healthcare flows. Acando secured a framework agreement for Study, Control and Management of State Companies, which is an important part of Acando's public sector commitment in the Management Consulting area. The framework agreement is expected to generate opportunities as early as the third quarter, since the need is assessed as substantial and the agreement has been subject to appeal.

Modern solutions are needed to increase efficiency and improve internal and external solutions. Acando Collaboration Platform (ACP) gives organizations the possibility of rapidly implementing such a solution. During the

quarter, a number of projects with major companies were secured, thereby demonstrating Acando's ability to deliver projects and solutions to global organizations as well as local businesses.

The retail segment posted a continued strong trend and during the quarter, Acando secured several new projects with existing customers, as well as key projects with new customers. A chain of sports stores entrusted Acando to develop an omnichannel solution. The project shows how established players need to renew their view of customer interaction and digital presence to face new competitors and new patterns of customer behavior. One major customer has engaged Acando to manage a CRM project to increase customer analysis capacity. A leading player has also entrusted Acando to develop a completely new solution platform for e-commerce. Acando holds a strong position in the field and customers can be found across Acando's entire geographic area.

In the Business Systems area, Acando has continued to strengthen its position as one of Sweden's leading players. Demand is favorable for both the further development of existing solutions, as well as new implementations. The changes made, in relation to new supply chains and digitization, are driving the often-changing requirements for business systems. Several customers have engaged Acando to adapt their solutions to these requirements. During the quarter, several assignments to study the modernization of platform implementations commenced, which are expected to lead to major projects in 2017. Business systems integration is often critical in connection with mergers and acquisitions, and Acando secured such an assignment with a Finnish transport operator during the quarter. Acando was also entrusted to lead the continued roll-out of Microsoft Dynamics at a security Group, and engaged to produce documentation for a new solution for a mining Group.

Attracting talent is a prerequisite for success and Acando needs to continue recruiting in all areas to succeed. Acando's strategy is to create tomorrow's leading consultants through a well-developed trainee program. During the quarter, Acando's position as an employer was strengthened among students in Universum's survey and Acando was nominated "Employer Branding Company of the Year."

Norway

Acando's operations in Norway are continuing to develop favorably, in terms of growth, financial results and a clearer portfolio, with the public sector and digitization-driven businesses in focus. The lower pace of investment in the offshore sector continued and was also noticeable in the mainland economy where competition is increasing and decision processes are being extended. However, investments are continuing in the public sector, which comprises Acando's primary customer base in Norway.

Acando has continued to strengthen its position in the public sector with continued call-offs under existing framework agreements, as well as several recently secured agreements and project deliveries. These include a project to provide a solution for increased transparency and visibility for public sector e-mail correspondence that was secured during the quarter.

Growth in digital solutions and digital transformations continues, and Acando has established projects in several areas with expected high growth and disruptive events. Intelligent transport systems, semantic solutions for large

data volumes, smart electricity networks and information integration in healthcare comprise a few such examples. Acando in Norway has now secured five projects aimed at developing pilots for autonomous buses.

During the quarter, the focus has been on recruitment in order to meet Acando's strong position in the public sector. Several employees began their employment in the second quarter, and Acando's trainee program also expanded to Norway.

Germany

Operations in Germany continued to trend positively, with organic growth and rising margins. All geographies continue to contribute positively to development, particularly southern and western Germany. Growth is driven by higher volumes among established customers, as well as initial projects with new customers.

The digitization agenda being initiated by several of Acando's customers in Germany is generating entirely new possibilities. Acando's skills and capacity in areas such as cloud-based solutions, mobility, information management and web portals create new potential. Several projects in e-commerce and adjacent web-related areas were secured during the quarter. The retail-segment customer base is growing, and several new customers were added.

In traditional areas such as test management, integration and system development, Acando continued to strengthen its position with existing customers through expanded assignments and more project-related assignments.

Recruitment continues to stimulate growth and during the quarter, Acando launched several programs to further increase the company's attraction and to create opportunities for employees to develop. Demand in the German market is stable and expected to remain unchanged. Through its well-distributed customer base and available expertise, Acando has excellent prerequisites to continue growing organically.

Financial information

Financial position

Acando has a strong financial position with an equity/assets ratio of 64 percent (61). Consolidated cash and cash equivalents amounted to SEK 64 m (36) at June 30, 2016. In addition, the Group has unutilized overdraft facilities of SEK 180 m (180), of which SEK 50 m (22) were utilized at June 30, 2016.

SEK m	Jun 30 2016	Jun 30 2015	Change
Cash & cash equivalents	64	36	28
Interest-bearing short-term debt	-77	-49	-28
Interest-bearing long-term debt 1)	-41	-72	31
Net cash	-54	-85	31
Unutilized overdraft facility	130	157	-27
Equity/assets ratio	64%	61%	3%

1) Interest-bearing debt applies to pension commitments of SEK 22 m and long-term acquisition credit of SEK 19 m.

Cash flow

During the first half of 2016, the total cash flow was a negative SEK 31 m (neg: 39). Cash flow from operating activities was positive SEK 60 m (22) and comprised positive cash flow from operations of SEK 95 m (80) and a negative change in working capital of SEK 35 m (neg: 58).

SEK m	Jan-Jun 2016	Jan-Jun 2015	Change
Cash flow from:			
Operating activities	60	22	38
Investment activities	-4	-17	13
Financing activities	-87	-44	-43
Total cash flow	-31	-39	8
Cash and cash equivalents at the beginning of the period	93	76	17
Translation difference in cash and cash equivalents	2	-1	3
Cash and cash equivalents at the end of period	64	36	28

Cash flow from investment activities amounted to a negative SEK 4 m (neg: 17) of which negative SEK 1 m pertained to the discontinuation of operations in India. The comparative period included the discontinuation of operations that were insignificant for the Group at a cost of SEK 7 m, the remainder, pertained to investments in customary IT and office equipment.

Cash flow from financing activities amounted to a negative SEK 87 m (neg: 44), of which a negative SEK 123 m (neg: 103) pertained to dividends, a negative SEK 19 m (neg: 29) comprised previous amortization of acquisition financing and a positive SEK 55 m (positive: 88) pertained to new borrowings.

Tax

At the start of 2016, the Group had unutilized loss carry-forwards totaling approximately SEK 125 m (245). It is expected that it will be possible to utilize the loss carry-forwards attributable to operations in Sweden, SEK 115 m (220), in the next few years. For this reason, a deferred tax asset of SEK 25 m (48) was recognized in the balance sheet at the start of the year, which comprised 22 percent of the loss carry-forward of SEK 115 m.

During the first half of 2016, a change of SEK 63 m (67) was made in the loss carry-forwards in Sweden, the value of the remaining, unutilized loss carry-forwards for Sweden amounted to SEK 52 m (153) at the end of the period. Deferred tax assets amounted to SEK 11 m, or 22 percent of SEK 52 m at June 30, 2016.

Investments

The Group's net investment in assets in the first half of 2016 was SEK 4 m (9). The investments pertained to minor investments in tangible and intangible assets.

The share

Share capital and shares

The number of Acando shares totaled 104,407,419 on June 30, 2016, of which 1,542,000 Series B shares were treasury shares representing 1.5 percent of the total number of shares. These treasury shares are expected to be used for future allotment in ongoing share-savings programs.

Employees

The number of employees at the end of the quarter was 1,593 (1,718). Of these, 1,022 (1,037) were in Sweden, 311 (285) in Germany, 193 (158) in Norway and 67 (238) in Other countries. The average number of employees during the first quarter of 2016 was 1,677 (1,731).

In the first quarter of 2016, Acando discontinued operations in India, which included 160 employees. In the comparative figures for 2015, these employees were reported under Other countries.

Parent Company

The Parent Company provides certain Group-wide functions to other companies in the Group. Essentially, the risks faced by the Parent Company consist of operations conducted in the subsidiaries (see the description below for the Group).

The Parent Company's financial position is stated on page 22.

Acando's financial targets and dividend policy

Acando's financial targets are divided into four parts:

- Growth

In the markets in which it operates, Acando will outgrow the market for management and IT consulting services, primarily through organic growth complemented by strategic acquisitions.

- Margins

Acando's margin target is to reach a sustainable operating margin in excess of 10 percent, measured as operating profit before amortization of intangible assets (EBITA) as a percentage of net sales.

- Earnings per share

Acando's principal financial target is to increase earnings per share (EPS) by at least 10 percent per year.

- Indebtedness

Net debt as a percentage of EBITDA should maintain a value of less than 1.5.

Acando's dividend policy is as follows:

Not less than half of profit after tax is to be distributed to shareholders by way of dividends, share buy-backs or other corresponding measures.

Outlook

Acando will continue to develop as a company in pace with its customers and their demands. The company's overall assessment is that market demand in the markets where the company operates is adequate, and is primarily driven by an increasing digitization needs. The company holds a leading position in the northern European market for Digitization, Business System Solutions and Management Consulting with a well-established and diversified customer base spread over different sectors, which provides the preconditions for creating attractive values for the company's customers, employees and shareholders.

Acando does not provide earnings or sales forecasts.

Risks and uncertainties

Acando's business risks include price levels, customer undertakings, changed customer requirements, weaker demand for consulting services, customer concentration and changes in the behavior of competitors, as well as currency, credit and interest-rate risks. Continued growth will depend on Acando's ability to develop, retain and recruit qualified employees and maintain personnel costs at a reasonable level in relation to prices offered to customers. A strong economy entails intensified competition for qualified employees. Acando's general view of business risks has not changed, compared with the detailed statement contained in the "Risks and Opportunities" section in the Directors' Report under the 2015 Annual Report. However, through the acquisition of Connecta in 2014, risks have arisen in conjunction with the integration of the operations in Sweden including increased dependence on the Swedish market trend and a risk of increased employee turnover.

Review report

This report was not audited.

Assurance by the Board of Directors

The Board of Directors and the President provide their assurance that the interim report for January - June 2016 provides a fair and accurate view of the Parent Company's and the Group's operations, financial position and earnings, and describes the material risks and uncertainties faced by the Parent Company and other companies in the Group.

Stockholm, August 16, 2016

Acando AB (publ.)

Ulf J Johansson
Chairman

Carl-Magnus Månsson
President and CEO

Caroline af Ugglas
Board member

Cecilia Beck-Friis
Board member

Lena Eliasson
Board member

Magnus Groth
Board member

Mats O Paulsson
Board member

Anders Skarin
Board member

Alf Svedulf
Board member

Mija Jelonek
Employee representative

Åsa Lindström
Employee representative

Additional information

For further information, please contact:

Carl-Magnus Månsson, President and CEO

+46 (0)8 699 73 77

Anneli Lindblom, CFO

+46 (0)8 699 73 09

Upcoming reporting dates

Reporting dates

Interim report January - September 2016
Year-end report 2016

October 27, 2016
February 8, 2017

Note

This report comprises information that Acando AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 a.m. CET on August 16, 2016.

www.acando.com

Ticker: ACAN

Acando is a consulting company whose business concept is, in partnership with its customers, to create business value by enhancing and streamlining processes, organizations and digital solutions. We stand out due to our ability to combine skills in strategy and business operations with sound technical expertise and deep understanding of how organizations function. The Group has approximately 1,600 employees allocated over five countries. Acando had sales of close to SEK 2 billion in 2015 and is listed on the Nasdaq Stockholm.

Acando AB (publ.)
Malmskillnadsgatan 32
Box 16061
SE-103 22 STOCKHOLM
Tel: +46 (0)8 699 70 00
Fax: +46 (0)8 699 79 99
Corp. Reg. No. 556272-5092
www.acando.com

CONSOLIDATED INCOME STATEMENT

(SEK m)	Note	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jul 2015 - Jun 2016	Jan - Dec 2015
Net sales		578	566	1,104	1,124	2,096	2,115
Other operating income		0	0	0	1	4	4
Total income		578	567	1,105	1,125	2,100	2,120
Operating expenses							
Other external expenses		-127	-147	-247	-278	-487	-519
Personnel expenses		-386	-379	-756	-756	-1,420	-1,420
Items affecting comparability							
Amortization/depreciation and impairment of intangible and tangible assets		-3	-3	-6	-6	-13	-13
Operating profit		62	38	96	85	179	168
Profit from financial items							
Financial income	5	17	1	18	0	29	14
Financial expenses	5	-1	-1	-2	-8	-3	-11
Profit after financial items		78	37	112	78	205	171
Taxes on profit for the year		-16	-10	-26	-22	-44	-40
Net profit for the period		62	27	86	56	161	131
Of which, attributable to shareholders of Acando AB (publ.)		62	27	86	56	161	131
Earnings per share							
Before dilution, SEK		0.60	0.27	0.83	0.54	1.56	1.27
After dilution, SEK		0.60	0.27	0.83	0.54	1.56	1.27
Average number of shares before dilution		102,865,419	102,865,419	102,865,419	102,865,419	102,865,419	102,865,419
Average number of shares after dilution		102,865,419	102,865,419	102,865,419	102,865,419	102,865,419	102,865,419
Number of shares outstanding at end of period						0	0
before dilution		102,865,419	102,865,419	102,865,419	102,865,419	102,865,419	102,865,419
Number of shares outstanding at end of period						0	0
after dilution		102,865,419	102,865,419	102,865,419	102,865,419	102,865,419	102,865,419

Treasury shares are not included in the number of shares above. At June 30, 2016, 1,542,000 shares are owned by Acando.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	Note	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jul 2015 - Jun 2016	Jan - Dec 2015
Net profit for the period		62	27	86	56	161	131
Other comprehensive income							
Items that will not be reclassified subsequently to profit or loss							
Pension liabilities, actuarial gains on liabilities		0	-	0	-	5	5
Income tax pertaining to items in other comprehensive income		0	-	0	-	-1	-1
loss		0	-	0	-	4	4
Items that may be reclassified subsequently to profit or loss							
Change in accumulated translation differences		6	-5	10	-3	-3	-15
loss		6	-5	10	-3	-3	-15
Other comprehensive income for the period, net after tax		6	-5	10	-3	2	-11
Comprehensive income for the period		68	23	96	53	162	120
Attributable to:							
Parent Company's shareholders		68	23	96	53	162	120

CONSOLIDATED BALANCE SHEET

(SEK m)	Note	30 Jun 2016	30 Jun 2015	31 Dec 2015
Non-current assets				
<i>Intangible assets</i>				
Goodwill	1	975	940	969
Other intangible assets		4	4	4
<i>Tangible assets</i>				
Tangible assets		18	20	19
<i>Financial assets</i>				
Deferred tax assets ¹⁾		13	37	28
Other non-current financial assets		11	7	12
Total non-current assets		1,021	1,008	1,031
Current assets				
Accounts receivable		467	490	446
Other receivables		9	12	5
Current tax assets		2	30	3
Prepaid expenses and accrued income		84	88	49
Cash and cash equivalents		64	36	93
Total current assets		626	656	596
Total assets		1,647	1,664	1,627
Equity				
Share capital	2	144	144	144
Other capital contributions		740	740	740
Reserves		-30	-28	-40
Retained earnings including profit for the period		198	159	235
Total equity		1,051	1,014	1,078
Liabilities				
Non-current liabilities	3	48	94	63
Current liabilities	3	547	555	486
Total liabilities		596	650	548
Total equity and liabilities		1,647	1,664	1,627

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEK m)	Note	Attributable to Parent company shareholders				Total
		Share capital	Other capital contr.	Reserves	Retained earnings	
Opening balance at January 1, 2015		144	739	-25	205	1,063
Profit for the period		-	-	-	56	56
Other comprehensive income for the period		-	-	-3	-	-3
Total comprehensive income for the period		-	-	-3	56	53
Dividend* paid to Parent Company shareholders		-	-	-	-103	-103
Incentive programs		-	-	-	1	1
Closing balance at June 30, 2015		144	739	-28	159	1,014
Profit for the period		-	-	-	75	75
Other comprehensive income for the period		-	-	-12	4	-8
Total comprehensive income for the period		-	-	-12	79	67
Incentive programs		-	-	-	1	1
Issue expenses		-	-	-	-3	-3
Closing balance at December 31, 2015		144	739	-40	235	1,078
Profit for the period		-	-	-	86	86
Other comprehensive income for the period		-	-	10	-	10
Total comprehensive income for the period		-	-	10	86	96
Dividend* paid to Parent Company shareholders		-	-	-	-123	-123
Incentive programs		-	-	-	1	1
Closing balance at June 30, 2016		144	739	-30	198	1,051

* Dividends payable on ordinary shares

CONSOLIDATED CASH-FLOW STATEMENT

(SEK m)	Note	Jan - Jun	Jan - Jun	Jan - Dec
		2016	2015	2015
Operating activities				
Profit after financial items		112	78	171
Adjustment for items not included in the cash flow		-11	12	15
Income tax paid		-6	-9	-2
Cash flow from operating activities before changes in working capital		95	80	184
Net change in working capital		-35	-58	11
Cash flow from operating activities		60	22	195
Cash flow from investment activities		-4	-17	-64
Cash flow from financing activities		-87	-44	-116
Cash flow for the period		-31	-39	15
Cash and cash equivalents at the beginning of the period		93	76	76
Exchange-rate differences in cash and cash equivalents		2	-1	2
Cash and cash equivalents at the end of the period		64	36	93

OPERATING SEGMENTS

(SEK m)	Note	Sweden	Germany	Norway	Discontinued Operations	Total	Group adjustment	Group total
Apr - Jun 2016								
Net sales		399	87	91	0	577	2	578
Operating profit		51	8	10	0	69	-7	62
Financial income								17
Financial expenses								-1
Profit after financial items								78
Taxes								-16
Net profit for the period								62
Apr - Jun 2015								
Net sales		412	75	82	0	569	-3	566
Operating profit		32	5	8	0	45	-7	38
Financial income								1
Financial expenses								-1
Profit after financial items								37
Taxes								-10
Net profit for the period								27
Jan - Jun 2016								
Net sales		765	169	177	3	1,114	-9	1,104
Operating profit		80	14	18	-4	108	-12	96
Financial income								16
Financial expenses								-8
Profit after financial items								118
Taxes								-28
Net profit for the period								90
Jan - Jun 2015								
Net sales		816	152	160	0	1,128	-4	1,124
Operating profit		74	10	15	0	99	-15	85
Financial income								0
Financial expenses								-8
Profit after financial items								78
Taxes								-22
Net profit for the period								56
Jul - Jun 2016								
Net sales		1,447	343	331	3	2,124	-28	2,096
Operating profit ¹⁾		132	34	38	-4	200	-20	179
Financial income								29
Financial expenses								-3
Profit after financial items								205
Taxes								-44
Net profit for the period								161
Jan - Dec 2015								
Net sales		1,498	326	314	0	2,138	-23	2,115
Operating profit ¹⁾		126	30	35	0	191	-23	168
Financial income								14
Financial expenses								-11
Profit after financial items								171
Taxes								-40
Net profit for the period								131

Financial items and tax are not allocated by segment

KEY RATIOS

(SEK m)	Note	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jul 2015 - Jun 2016	Jan - Dec 2015
Result							
Net sales		578	566	1,104	1,124	2,096	2,115
Operating profit (EBIT)		62	38	96	84	179	168
Net profit for the period		62	27	86	56	161	131
Margins							
Operating margin (EBIT), %		10.7	6.7	8.7	7.5	8.5	7.9
Profit margin, %		13.5	6.6	10.1	6.9	9.8	8.1
Profitability							
Return on capital employed, %		7	3	10	7	18	15
Return on equity, %		6	3	8	5	16	12
Financial position							
Equity/assets ratio, %		64	61	64	61	64	66
Interest coverage ratio, multiple		90	43	71	44	82	64
Per share							
Equity per share, SEK		10.22	9.86	10.22	9.86	10.22	10.48
Cash flow per share, SEK		-0.15	-0.28	-0.30	-0.38	0.23	0.16
Earnings per share after dilution, SEK		0.60	0.27	0.83	0.54	1.56	1.27
Employees							
Number of employees at end of the period		1,755	1,718	1,755	1,718	1,755	1,743
Average number of employees		1,677	1,731	1,749	1,772	1,768	1,785
Net sales per employee, SEK thousands		345	327	631	634	1,186	1,185
Investments							
Net investments	6	7	3	11	9	58	56

PARENT COMPANY INCOME STATEMENT

(SEK m)	Note	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jul 2015 - Jun 2016	Jan - Dec 2015
Net sales		24	19	42	34	86	79
Total income		24	19	42	34	87	79
Operating expenses							
Other external expenses		-14	-13	-25	-25	-48	-47
Personnel expenses		-4	-4	-7	-6	-13	-12
Amortization/depreciation and impairment of intangible and tangible assets		-2	-2	-4	-4	-8	-8
Operating profit		4	-1	5	0	18	13
Profit from financial items							
Other interest income and similar items	4	17	39	18	40	20	40
Interest expenses and similar items	4	-1	-1	-1	-7	-4	-9
Profit/loss after financial items		20	38	21	33	34	44
Taxes on profit for the year		-2	3	-2	2	-4	0
Net profit/loss for the period		19	41	19	35	30	44

PARENT COMPANY BALANCE SHEET

(SEK m)	Note	30 Jun 2016	30 Jun 2015	31 Dec 2015
Non-current assets				
<i>Intangible assets</i>				
Other intangible assets		4	4	4
<i>Tangible assets</i>				
Tangible assets		11	12	11
<i>Financial assets</i>				
Financial assets		1,392	1,371	1,394
Total non-current assets		1,406	1,388	1,408
Current assets				
Receivables from Group companies		10	72	30
Accounts receivable		0	1	0
Other receivables		0	0	0
Prepaid expenses and accrued income		14	11	3
Cash and cash equivalents		0	0	27
Total current assets		24	83	60
Total assets		1,430	1,471	1,469
		0	0	0
Equity		0	0	0
Share capital	2	144	144	144
Statutory reserve		110	110	110
Share premium reserve		632	632	632
Retained earnings including profit for the period		212	307	315
Total equity		1,098	1,193	1,201
Liabilities				
Long-term liabilities		19	46	33
Liabilities to Group companies		207	132	162
Current liabilities		106	100	73
Total liabilities		332	278	268
Total equity and liabilities		1,430	1,471	1,469

Policies and disclosures

Accounting policies

Parent Company

The Group's interim report was prepared in accordance with IAS 34 Interim Reporting and the Swedish Annual Accounts Act. Application of IFRS complies with the accounting policies set out in Acando's 2015 Annual Report.

Parent Company

This interim report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The application of RFR 2 means that the Parent Company, in the interim report for a legal entity, applies all IFRS and statements approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, with consideration taken to the relationship between accounting and taxation. The same accounting and calculation policies were applied as in the 2015 Annual Report.

Supplementary information

Disclosures pursuant to Paragraph 16A of IAS 34 appear in the financial statements and their accompanying notes, and in other parts of the interim report.

Estimates and assessments

In preparing the financial reports, the Board of Directors and company management make assessments and assumptions that affect the company's earnings and financial position, as well as published information in other respects.

Estimates and assessments are continuously evaluated and are based on historical experience and other factors, including expectations regarding future events deemed reasonable under prevailing conditions. Actual outcomes may differ from the assessments made.

The areas in which estimates and assumptions could involve significant risk of adjustments of carrying amounts for earnings and financial position in future reporting periods are primarily assessments of market conditions, assessment of the useful lives of the Group's intangible and tangible assets, impairment testing of goodwill, measurement of deferred tax assets, measurement of accounts receivable and revenue recognition for fixed-price projects.

For a complete account of the important estimates and assessments affecting the Group, refer to the 2015 Annual Report.

Rounding off has been carried out in some cases, which means that tables and estimates do not always add up exactly.

Notes

Note 1 Goodwill

Compared with June 30, 2016, goodwill increased by a total of SEK 35 m. Of which SEK 33 m pertained to adjustment following confirmation of the acquisition calculation for Connecta, which was performed at the end of 2015. In conjunction with the first quarter decision to discontinue operations in India, Acando carried out a goodwill impairment of SEK 1 m, the remainder of the change was due to currency effects.

Note 2 Equity

At June 30, 2016, the total number of shares in the company amounted to 104,407,419, of which 100,767,429 were Series B shares and 3,639,990 were Series A shares. No buy-backs have taken place in 2016. The total number of treasury shares thus amounted to 1,542,000 Series B shares as of June 30, 2016.

Note 3 Long-term liabilities

Long-term liabilities

Long-term liabilities primarily comprise deferred tax and pension liabilities in Sweden and the long-term portion of acquisition financing.

Current liabilities

Of the current liabilities of SEK 547 m, SEK 77 m represents interest-bearing short-term debt in the form of utilized credit of SEK 50 m and the current portion of acquisition loans of SEK 27 m.

Note 4 Financial instruments

Acando measures financial instruments at fair value or amortized cost in the balance sheet depending on the instrument's classification. Financial instruments comprise claims and, cash and cash equivalents among assets and interest-bearing liabilities, and accounts payable among liabilities.

Note 5 Financial income and financial expenses

The purchase consideration for the redemption of minority shares pertaining to the acquisition of Connecta was settled through arbitration. The arbitration board set the purchase price at the price given by Acando and which the

company had paid in conjunction with advance possession. Due to uncertainty regarding the likely outcome, a higher amount had been booked as a short-term debt and this has now been reversed in full. The above action had no impact on Acando's liquidity.

Financial income in the Parent Company primarily pertains to dividends from subsidiaries.

Note 6 Acquisitions and discontinuations

As part of focusing all operations to the EU, Acando made an agreement to sell the delivery center in India, including the associated Swedish holding company, in the first quarter. The buyer was the management of the Indian company who acquired the holding company through companies and, under the agreement, operations were transferred to the buyer as of March 1, 2016. For clarity, the outcome for the January - February 2016 period was recognized as the results of discontinued operations in the segment notes and in the table on page 6. Acando estimates that gathering all volumes into one unit in Latvia will generate economies of scale and that the proximity of outsourcing in Europe contributes actively to increased profitability for these types of deliveries. The operations are not significant for Acando.

Note 7 Related-party transactions

No transactions have taken place between Acando and related parties that have had any material impact on the company's position or earnings.

Note 8 Significant events after the end of the period

No significant events occurred after the end of the period.

Definitions

Capital employed

Equity plus interest-bearing liabilities. Average capital employed has been calculated as opening plus closing capital employed divided by two.

Cash flow per share

Cash flow for the year divided by the weighted average number of shares during the period after dilution with outstanding warrants, share-savings programs and convertible rights. Treasury shares are excluded.

Debt/EBITDA ratio

Interest-bearing net debt divided by EBITDA calculated as rolling 12-months' earnings before amortization, depreciation and impairment. Earnings are corrected for nonrecurring costs.

EBITA

Earnings after depreciation but before impairment and amortization of intangible assets such as goodwill.

EBITDA

Earnings before depreciation and amortization.

Earnings per share

Net profit for the period for continuing operations divided by the weighted average number of shares during the period after dilution with outstanding warrants, share-savings programs and convertible rights. Treasury shares are excluded.

Equity/assets ratio

Equity on the closing date divided by total assets.

Equity per share

Equity on the balance-sheet date divided by the number of shares at year-end after dilution with outstanding warrants, share-savings programs and convertible rights. Treasury shares are excluded.

Interest-coverage ratio

Profit after financial items plus interest costs divided by interest expenses.

Net debt

Cash and cash equivalents on the balance-sheet date less all interest-bearing liabilities.

Operating margin

Operating profit divided by net sales.

Profit margin

Profit before tax divided by net sales.

Project assignments

Projects in which Acando had a higher degree of delivery responsibility for jointly established targets, often associated with close cooperation with the customer. Project assignments do not necessarily involve a higher commercial risk content in the form of a fixed-price assignment.

Return on equity

Profit after tax divided by average equity. Average equity is calculated as the sum of equity on the opening and closing dates, divided by two.

Return on capital employed

Profit after financial items with reversal of interest expenses, divided by average capital employed.