

# INTERIM REPORT

## THIRD QUARTER, JULY 1-SEPTEMBER 30, 2016

- > Net sales of SEK 469 m (427)
- > Operating profit SEK 33 m (22)
- > Operating margin 7.1% (5.1)
- > Profit after tax was SEK 28 m (14)
- > Earnings per share were SEK 0.27 (0.14)

## ACCUMULATED, JANUARY 1-SEPTEMBER 30, 2016

- > Net sales of SEK 1,573 m (1,550)
- > Operating profit SEK 129 m (106)
- > Operating margin 8.2% (6.9)
- > Profit after tax was SEK 113 m (71)
- > Earnings per share were SEK 1.09 (0.68)
- > Cash and cash equivalents totaled SEK 68 m (45)

## Statement by Carl-Magnus Månsson, CEO

We posted continued strong financial growth, with profits up 50 percent and year-on-year growth of 10 percent for the third quarter of 2016. Increasingly, we are converting market opportunities into larger assignments at and deeper relationships with our major customers. Accordingly, we need to continue growing, and it is pleasing to note the expansion of our talent pool, we need each one of you and more besides. We were therefore particularly pleased to capture an honorable fifth place on the list of the most popular trainee programs in Sweden.

An even more pleasing fact is Acando's continued development in line with the path we staked out together, and I am proud of the progress on the journey we are currently undertaking together with our customers and staff. During the summer, when we gathered all our talent to relate our customer stories to each other, I realized that there is so much to tell – how the driving forces of customer and user behavior, as well as technology, comprise decisive factors. How the capacity to create insight and energy in transformations is our trademark and how insights into business models and architecture make our assignments successful. We want everyone to experience a modern digital workplace – we see how all the channels combine into a single experience, and we believe that the customer and the patient journey should be the same journey. We believe that vehicles are best when running themselves, we know that customer insight is more than customer data, and we are delighted to drive a cloud transformation and to link up the railway or a car. We understand that the digital preconditions open entirely new markets to our customers and we are proud of the compiled potential of all our talent. But above all, we are absolutely convinced that the personal commitment of each and every one of us represents our way of earning our customers' confidence.

During the quarter, this confidence has manifested itself in a number of major, new projects. Electrolux has tasked us with implementing a new global digital workplace, which is based on Microsoft Office 365 and Acando's packaged solution Acando Collaboration Platform (ACP), which has been implemented at some 40 customers. Together with a partner, Acando has won a procurement in Norway for a project aimed at defining and building a new digital solution to manage parental insurance among other things. Once again, the project demonstrates Acando's strong position as a public sector supplier in Norway and is one of the largest assignments in Acando's history.

I would also like to welcome the German firm Brickmakers to Acando. With its clear profile in mobile and web-based applications, the acquisition strengthens the Group's already favorable position as a complete digital supplier. Acando wants to be a natural partner for our customers' digital adventures and Brickmakers strengthens that position.

Acando's vision is "A more capable world," and through each assignment we create greater capabilities; in ourselves, our employees, our customers and in our operating environment.

## Significant events during and after the quarter

In Norway, Acando has signed an agreement with Sopra Steria regarding case management projects for the Norwegian Labour and Welfare Service (NAV). Acando is supplying skills and capacity in the fields of architecture and system development. The agreement applies for an initial period of three years and is maximized at seven years.

In Sweden, Acando has signed an agreement with Electrolux to implement a new global digital workplace. The contract extends for three years with an option to extend for a further two years and covers realization and administration. The new digital workplace is based on Microsoft Office 365 and Acando's packaged solution Acando Collaboration Platform (ACP).

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.

In Germany, Acando has acquired Brickmakers GmbH and, thereby obtained the services of another 25 senior consultants from October 2016. Brickmakers GmbH consists mainly of skilled consultants in the design, development and usability of mobile and web-based applications.

Acando was named Innovator of the Year and CRM partner at the Microsoft Partner Awards. Acando was awarded the prize for successfully breaking new ground during the year with its innovative solution built on Microsoft's healthcare technology, which harnesses complex underlying data to generate suggestions as to how we can diagnose and care for patients in the future. Acando's Microsoft CRM-based customer care project has helped customers' digital transformation, which resulted in the award for CRM partner of the year.

In September, Acando arranged the Ett friskare Sverige (A Healthier Sweden) conference, where the respective parties in the Swedish sickness benefits process met to discuss how to reduce sick leave in society. During the quarter, Acando established itself as a partner to county councils with regard to ongoing efficiency enhancements.

# Business activities

## Introduction

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 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 all 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.

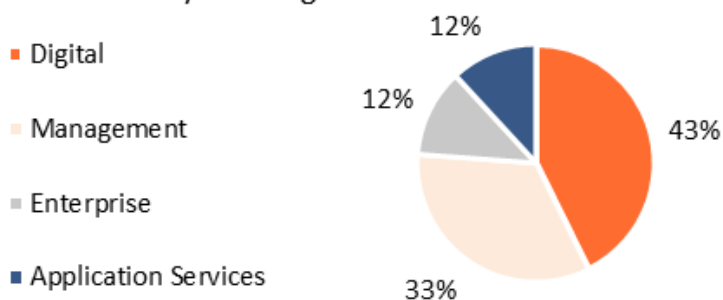
Within **Enterprise** projects are driven based on SAP and Microsoft Dynamics AX business systems. The business systems are key to driving efficiency enhancements and enabling new services. Acando holds an extremely strong position in AX and SAP, with the highest partner status and is one of only a few 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.

### Share 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 that is 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 the transformation and 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

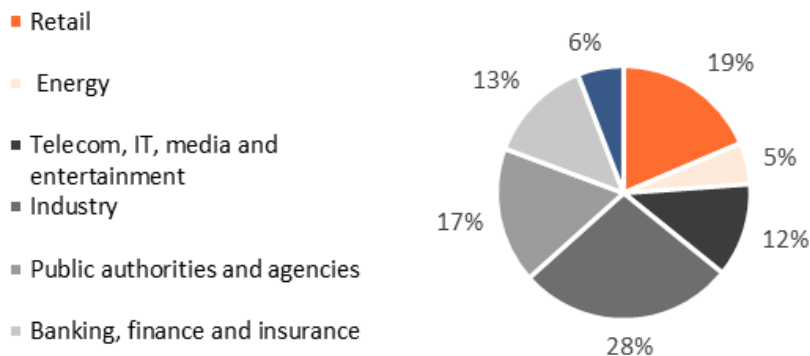
declining propensity for investment has been noted in the oil and gas segment. Acando has extensive experience and a strong position with several of northern Europe's largest energy companies and a number of smaller local companies.

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 third 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 period. 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.

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

### Third quarter July-September 2016

Net sales and operating profit before goodwill impairment (EBITA) for the third 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	300.6	271.3	24.3	12.7	8.1%	4.7%
Norway	77.4	64.5	3.8	5.3	5.0%	8.2%
Germany	94.2	81.8	11.3	10.0	12.0%	12.2%
Discontinued operations	-	16.2	-	-0.6	neg.	neg.
Group adjustments	-3.7	-7.2	-6.2	-5.5	-	-
<b>Total</b>	<b>468.5</b>	<b>426.6</b>	<b>33.3</b>	<b>21.9</b>	<b>7.1%</b>	<b>5.1%</b>

Consolidated net sales for the quarter amounted to SEK 469 m (427). EBITA was SEK 33 m (22), corresponding to a margin of 7.1 percent (5.1).

During the quarter, the utilization rate was favorable in both Sweden and Germany. In Norway, about 20 new employees started their employment during the quarter, which negatively impacted the utilization rate in the short-term. 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 outcome for previous years is reported under the item discontinued operations in the 2015 column.

Consolidated profit after tax totaled SEK 28 m (14). Earnings per share after dilution amounted to SEK 0.27 (0.14).

## Accumulated, January-September 2016

Net sales and EBITA for the period are shown in the following table:

	2016	2015	2016	2015	2016	2015
SEKm	Net sales	Net sales	Operating profit	Operating profit	Operating margin	Operating margin
Sweden	1,066.1	1,050.3	104.0	89.2	9.8%	8.5%
Norway	254.0	224.0	22.3	20.5	8.8%	9.1%
Germany	263.0	234.3	25.0	19.7	9.5%	8.4%
Discontinued operations	3.1	52.9	-3.9	-2.8	neg.	neg.
Group adjustments	-13.3	-11.5	-18.6	-20.3	-	-
<b>Total</b>	<b>1,572.9</b>	<b>1,550.1</b>	<b>128.8</b>	<b>106.3</b>	<b>8.2%</b>	<b>6.9%</b>

Consolidated net sales for the first nine months amounted to SEK 1,573 m (1,550). EBITA was SEK 129 m (106), corresponding to a margin of 8.2 percent (6.9).

Sweden began the year with a relatively weak utilization rate, but posted a clear recovery in the second and third quarters. Germany reported even utilization rates and growth of 12.4 percent in local currency for the period. Norway had a slightly weaker third quarter, which had a minor effect on the year to date. 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 and discontinued operations are reported on its own row. 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 6 on page 27 for more information.

Consolidated profit after tax totaled SEK 113 m (71). 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. In the second quarter, the purchase consideration for the redemption of minority shares pertaining to the acquisition of Connecta was settled through arbitration, which impacted net financial items, see the information in Note 5.

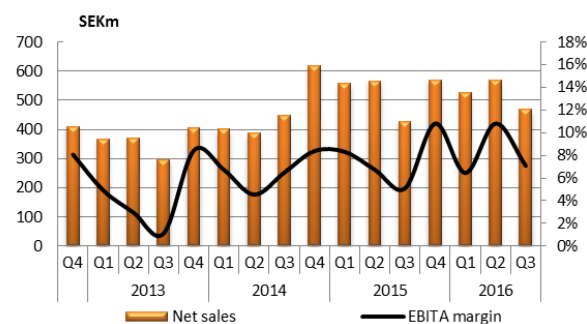
Earnings per share after dilution amounted to SEK 1.09 (0.68).

## 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. The customary seasonal variations combined with sales cycle effects resulted in weak utilization rates in the Management segment in the third quarter. The geographic area of Gothenburg continued to trend extremely favorably and Stockholm posted a positive trend with increasing profitability and growth. The Malmö region and Västerås also trended positively during the quarter, driven by established and new customers.

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. Large digital transformation programs are being driven in sectors including, retail, industry, and banking and finance, and where Acando often comprises a natural partner due to the breadth of our offering. During the quarter, Acando has won expanded and new assignments in which the focus is on implementations in complex environments, from support with the strategic design of the digital agenda and its consequences, to support with the structured implementation and the consequences for the existing environment and organization. The number of full-service assignments in the retail sector is growing and encompass everything for solutions definitions to working with customer insights and the entire concept. The area is growing rapidly across a number of skills areas.

In the footprints of digitization, advanced analysis is becoming an increasingly key component in all industries and businesses. In Sweden, Acando has won assignments during the quarter in areas including rental companies, e-commerce, loyalty programs and advanced supply-chain optimization with a focus on analysis and decision support. During the quarter, Acando won this year's partner award for innovation from Microsoft for work with healthcare solutions, based on complex underlying data, which generate suggestions as to how we can diagnose and care for individual patients in the future. Streamlining and modernizing the public sector requires understanding and collaboration across organizational boundaries. In September, Acando initiated the Ett friskare Sverige (A Healthier Sweden) conference, where the respective parties in the Swedish sickness benefits process met to discuss how to reduce sick leave in society. During the quarter, Acando established itself as a partner to county councils with regard to ongoing efficiency enhancements.

The awards also underline Acando's strong positions as a Microsoft partner. In addition to this year's innovation award, Acando also won this year's award for customer care solutions based on MS Dynamics CRM for our work with digitizing member-based organizations. Acando has the highest partner status in seven areas and is continuously strengthening its position as the company to be entrusted with the most complex projects. Several new CRM and AX projects were won in the third quarter.

In the digital workplace field, the contract with Electrolux to implement a modern digital workplace comprises another example of how the ACP (Acando Collaboration Platform based on Microsoft 365) packaging is winning



ground. More than 40 customers, in both the public and the private sectors, now use the platform to create modern digital arenas for collaboration and information.

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. Acando won the assignment at one major customer to manage a CRM project to increase customer analysis capacity. A leading player has also given Acando the opportunity to develop a completely new solution platform for e-commerce. Acando holds a strong position in the field and customers can be found in the entire geographic area in which Acando operates.

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. Acando's trainee program placed fifth in a survey conducted by [traineeguiden.se](http://traineeguiden.se) and, during the quarter, another round started with trainees from Sweden and Norway.

## Norway

Acando's operations in Norway are continuing to develop favorably, in terms of growth and the nature of assignments. Several larger framework agreements and projects were procured during the summer and, in parallel, recruitment has been high which has led to a slightly lower billing ratio than normal. This impacted margins negatively during the quarter. In Norway, Acando passed another milestone in its development during the quarter when the number of employees went past the 200 mark.

Acando is continuing to win ground in the public sector. During the quarter, a major assignment in healthcare and one of Acando's largest project-based assignments were won. This provides the possibility to continue recruiting to enable growth and to develop the organization's cost structure to increase margins. Public sector demand is expected to remain healthy with ongoing investments in modernization and citizen support. However, 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.

Growth in digital solutions and digital transformations continues, and Acando 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 also won projects in banking and finance in connection with card solutions in the quarter.

## Germany

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

In Germany, Acando launched an updated portfolio offering during the quarter with the aim of capturing a stronger position as digitization partner in the German market. As part of this strategy, a majority holding was purchased in Brickmakers, which specializes in mobile applications and web-based solutions. Through this acquisition in Germany, Acando obtained the services of another 25 senior consultants from October 2016.

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. The digitization agenda is growing at several customers and Acando's skills are well-adapted to meet these needs.

# Financial information

## Financial position

Acando has a strong financial position with an equity/assets ratio of 66 percent (64). Consolidated cash and cash equivalents amounted to SEK 68 m (45) at September 30, 2016. In addition, the Group has overdraft facilities of SEK 180 m (180), of which SEK 78 m (4) were utilized at September 30, 2016.

SEK m	Sep 30 2016	Sep 30 2015	Change
Cash & cash equivalents	68	45	23
Interest-bearing short-term debt	-106	-27	-79
Interest-bearing long-term debt <sup>1)</sup>	-34	-66	32
Net cash	-72	-48	-24
Unutilized overdraft facility	101	180	-79
Equity/assets ratio	66%	64%	3%

1) Interest-bearing debt applies to pension commitments of SEK 22 m and long-term acquisition credit of SEK 13 m.

## Cash flow

During the first nine months of 2016, the total cash flow was a negative SEK 35 m (neg: 30). Cash flow from operating activities was positive SEK 39 m (123) and comprised positive cash flow from operations of SEK 126 m (104) and a negative change in working capital of SEK 88 m (pos: 18).

SEK m	Jan-Sep 2016	Jan-Sep 2015	Change
<b>Cash flow from:</b>			
Operating activities	39	123	-84
Investment activities	-9	-23	14
Financing activities	-65	-130	65
<b>Total cash flow</b>	<b>-35</b>	<b>-30</b>	<b>-5</b>
Cash and cash equivalents at the beginning of the period	93	76	17
Translation difference in cash and cash equivalents	10	-1	11
<b>Cash and cash equivalents at the end of period</b>	<b>68</b>	<b>45</b>	<b>23</b>

Cash flow from investment activities amounted to a negative SEK 9 m (neg: 23) 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 65 m (neg: 130), of which a negative SEK 123 m (neg: 103) pertained to dividends, a negative SEK 20 m (neg: 99) comprised amortization of previous acquisition financing and a positive SEK 78 m pertained utilized borrowings.

## Tax

At the start of 2016, the Group had unutilized loss carry-forwards totaling approximately SEK 125 m (242). The loss carry-forwards attributable to operations in Sweden, SEK 115 m (220), are expected to be possible to utilize 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 nine months of 2016, a change of SEK 78 m (75) was made in the loss carry-forwards in Sweden, the value of the remaining, unutilized loss carry-forwards for Sweden amounted to SEK 37 m (145) at the end of the period. Deferred tax assets amounted to SEK 8 m, or 22 percent of SEK 37 m at September 30.

## Investments

The Group's net investment in assets in the January-September 2016 period was SEK 24 m (49). The investments pertained to minor investments in tangible and intangible assets. In the comparative period in 2015, a further provision of SEK 33 m was made for acquiring minority shares in Connecta, where the compulsory acquisition process was ongoing, the remaining SEK 16 m pertained to smaller investments in tangible and intangible assets.

# The share

## Share capital and shares

The number of Acando shares totaled 104,407,419 on September 30, 2016, of which 1,542,000 Series B shares were treasury shares and comprised 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.

## Buy-back of shares

Acando's Board was authorized by the 2016 Annual General Meeting (AGM) to buy back the company's shares to the extent that the company's total holding does not exceed 10 percent of all shares in the company with the aim of adjusting the capital structure to suit the company's capital requirements and to create the opportunity for the company to pay for any acquisitions of companies and businesses, wholly or partly, with these treasury shares. The authorization is valid until the 2017 AGM.

On September 30, the total holding of treasury shares amounted to 1,542,000 shares and comprised 1.5 percent of the total number of shares. No buy-back of treasury shares was implemented in 2015 or in 2016.

## Share-savings programs

The 2016 AGM resolved to implement a share-savings program for a maximum of 50 senior executives and other key personnel employed by the Acando Group. The 2016/2019 share-savings program is structured similarly to the share-savings programs that were adopted by the 2014 and 2015 AGMs. Based on the fulfillment of specific performance criteria related to Acando's earnings per share before tax and after dilution for the 2016-2018 fiscal years, participants will have the option of receiving, without compensation, additional Acando shares, the number of which depends on the number of Acando shares in their own investment and on the fulfillment of certain performance requirements.

The 2015 AGM resolved to implement a share-savings program for a maximum of 50 senior executives and other key personnel employed by the Acando Group. The 2015/2018 share-savings program is structured similarly to the share-savings programs that were adopted by the 2013 and 2014 AGMs. Based on the fulfillment of specific performance criteria related to Acando's earnings per share before tax and after dilution for the 2015-2017 fiscal years, participants will have the option of receiving, without compensation, additional Acando shares, the number of which depends on the number of Acando shares in their own investment and on the fulfillment of certain performance requirements.

In connection with the acquisition of Connecta in the preceding year, an Extraordinary General Meeting in July 2014, resolved to implement an additional share-savings program for a maximum of 30 senior executives and other key personnel employed by the Acando Group. This was primarily directed at employees of Connecta with holdings in Connecta AB's previous share-savings program. The 2014/2017 share-savings program II is structured similarly to Acando's share-savings program that was adopted by the 2014 AGM. Based on the fulfillment of specific performance criteria related to Acando's earnings per share after tax and after dilution for the 2014-2016 fiscal years, participants will have the option of receiving, without compensation, additional Acando shares, the number of which depends on the number of Acando shares in their own investment and on the fulfillment of certain performance requirements.

The 2014 AGM resolved to implement a share-savings program for a maximum of 50 senior executives and other key personnel employed by the Acando Group. The 2014/2017 share-savings program is structured similarly to the share-savings programs that were adopted by the 2012 and 2013 AGMs. Based on the fulfillment of specific performance criteria related to Acando's earnings per share after tax and after dilution for the 2014-2016 fiscal years, participants will have the option of receiving, without compensation, additional Acando shares, the number of which depends on the number of Acando shares in their own investment and on the fulfillment of certain performance requirements.

These are the four share-savings programs outstanding in Acando as of September 30, 2016.

## Employees

The number of employees at the end of the quarter was 1,660 (1,742). Of these, 1,062 (1,045) were in Sweden, 318 (280) in Germany, 209 (187) in Norway and 69 (230) in Other countries. The average number of employees during the third quarter of 2016 was 1,708 (1,735).

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 24.

## Acando's financial targets and dividend policy

Acando's financial targets are divided into four sections:

- 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 demand in the markets where the company operates is adequate, and is primarily driven by an increasing need for digitization. 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.

# Review report

Acando AB (publ)  
Org nr 556272-5092

## Introduction

We have reviewed the summary interim financial information (interim report) of Acando AB (publ) as of September 30, 2016 and the nine-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, October 27, 2016

KPMG AB

Helena Arvidsson Älgne  
Authorized Public Accountant



## Assurance by the Board of Directors

The Board of Directors and the President provide their assurance that the interim report for January-September 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, October 27, 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:

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## Upcoming reporting dates

### REPORTING DATES

Year-end report 2016	February 8, 2017
2017 Annual General Meeting	May 4, 2017
Interim report January-March 2017	May 4, 2017
Interim report January-June 2017	August 17, 2017
Interim report January-September 2017	October 27, 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 Market Act. This information was submitted through the agency of the above contacts for publication on October 27, 2016 at 8:00 a.m. (CET).

[www.acando.com](http://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 more than SEK 2 billion in 2015 and is listed on Nasdaq Stockholm.

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## CONSOLIDATED INCOME STATEMENT

(SEK m)	Note	Jul - Sep 2016	Jul - Sep 2015	Jan - Sep 2016	Jan - Sep 2015	Oct 2015 - Sep 2016	Jan - Dec 2015
Net sales		469	427	1,573	1,550	2,138	2,115
Other operating income		0	1	1	2	3	4
<b>Total income</b>		<b>469</b>	<b>427</b>	<b>1,574</b>	<b>1,552</b>	<b>2,141</b>	<b>2,120</b>
<b>Operating expenses</b>							
Other external expenses		-102	-103	-348	-382	-486	-519
Personnel expenses		-330	-299	-1,087	-1,055	-1,452	-1,420
Items affecting comparability							
Amortization/depreciation and impairment of intangible and tangible assets		-3	-3	-10	-10	-13	-13
<b>Operating profit</b>		<b>33</b>	<b>22</b>	<b>129</b>	<b>106</b>	<b>190</b>	<b>168</b>
<b>Profit from financial items</b>							
Financial income	5	5	0	22	1	34	14
Financial expenses	5	-1	-2	-2	-10	-3	-11
<b>Profit after financial items</b>		<b>37</b>	<b>20</b>	<b>149</b>	<b>98</b>	<b>222</b>	<b>171</b>
Taxes on profit for the year		-10	-6	-35	-28	-48	-40
<b>Net profit for the period</b>		<b>28</b>	<b>14</b>	<b>113</b>	<b>71</b>	<b>174</b>	<b>131</b>
Of which, attributable to shareholders of Acando AB (publ.)		28	14	113	71	174	131
<b>Earnings per share</b>							
Before dilution, SEK		0.27	0.14	1.10	0.69	1.69	1.27
After dilution, SEK		0.27	0.14	1.09	0.69	1.69	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		103,865,419	102,865,419	103,865,419	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		103,865,419	102,865,419	103,865,419	102,865,419	102,865,419	102,865,419

Treasury shares are not included in the number of shares above.

At September 30, 2016, 1,542,000 shares are owned by Acando of which 1,000,000 will be utilized in the ongoing share savings programs.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	Note	Jul - Sep 2016	Jul - Sep 2015	Jan - Sep 2016	Jan - Sep 2015	Oct 2015 - Sep 2016	Jan - Dec 2015
<b>Net profit for the period</b>		<b>28</b>	<b>14</b>	<b>113</b>	<b>71</b>	<b>174</b>	<b>131</b>
Other comprehensive income							
<b>Items that will not be reclassified subsequently to profit or loss</b>							
Pension liabilities, actuarial gains on liabilities		0	-	1	-	5	5
Income tax pertaining to items in other comprehensive income		0	-	0	-	-1	-1
<b>loss</b>		<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>4</b>	<b>4</b>
<b>Items that may be reclassified subsequently to profit or loss</b>							
Change in accumulated translation differences		11	-4	20	-7	12	-15
<b>loss</b>		<b>11</b>	<b>-4</b>	<b>20</b>	<b>-7</b>	<b>12</b>	<b>-15</b>
<b>Other comprehensive income for the period, net after tax</b>		<b>11</b>	<b>-4</b>	<b>21</b>	<b>-7</b>	<b>16</b>	<b>-11</b>
<b>Comprehensive income for the period</b>		<b>38</b>	<b>10</b>	<b>134</b>	<b>64</b>	<b>190</b>	<b>120</b>
<b>Attributable to:</b>							
Parent Company's shareholders		38	10	134	64	190	120

## CONSOLIDATED BALANCE SHEET

(SEK m)	Note	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>Non-current assets</b>				
<i>Intangible assets</i>				
Goodwill	1	982	973	969
Other intangible assets		4	4	4
<i>Tangible assets</i>				
Tangible assets		20	20	19
<i>Financial assets</i>				
Deferred tax assets <sup>1)</sup>		10	35	28
Other non-current financial assets		11	8	12
<b>Total non-current assets</b>		<b>1,027</b>	<b>1,040</b>	<b>1,031</b>
<b>Current assets</b>				
Accounts receivable		455	405	446
Other receivables		8	8	5
Current tax assets		4	22	3
Prepaid expenses and accrued income		79	82	49
Cash and cash equivalents		68	45	93
<b>Total current assets</b>		<b>614</b>	<b>562</b>	<b>596</b>
<b>Total assets</b>		<b>1,642</b>	<b>1,602</b>	<b>1,627</b>
<b>Equity</b>				
Share capital	2	144	144	144
Other capital contributions		739	739	739
Reserves		-19	-32	-40
Retained earnings including profit for the period		227	171	235
<b>Total equity</b>		<b>1,090</b>	<b>1,021</b>	<b>1,078</b>
<b>Liabilities</b>				
Non-current liabilities	3	43	84	63
Current liabilities	3	509	497	486
<b>Total liabilities</b>		<b>551</b>	<b>581</b>	<b>548</b>
<b>Total equity and liabilities</b>		<b>1,642</b>	<b>1,602</b>	<b>1,627</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEK m)	Note	Attributable to Parent company shareholders				Total
		Share capital	Other capital contr.	Reserves	Retained earnings	
<b>Opening balance at January 1, 2015</b>		<b>144</b>	<b>739</b>	<b>-25</b>	<b>205</b>	<b>1,063</b>
Profit for the period		-	-	-	71	71
Other comprehensive income for the period		-	-	-7	-	-7
<b>Total comprehensive income for the period</b>		-	-	-7	71	64
Dividend* paid to Parent Company shareholders		-	-	-	-103	-103
Incentive programs		-	-	-	1	1
Issue expenses		-	-	-	-3	-3
<b>Closing balance at September 30, 2015</b>		<b>144</b>	<b>739</b>	<b>-32</b>	<b>171</b>	<b>1,022</b>
Profit for the period		-	-	-	60	60
Other comprehensive income for the period		-	-	-8	4	-4
<b>Total comprehensive income for the period</b>		-	-	-8	64	56
Incentive programs		-	-	-	1	1
<b>Closing balance at December 31, 2015</b>		<b>144</b>	<b>739</b>	<b>-40</b>	<b>235</b>	<b>1,078</b>
Profit for the period		-	-	-	113	113
Other comprehensive income for the period		-	-	21	-	21
<b>Total comprehensive income for the period</b>		-	-	21	113	134
Dividend* paid to Parent Company shareholders		-	-	-	-123	-123
Incentive programs		-	-	-	2	2
<b>Closing balance at September 30, 2016</b>		<b>144</b>	<b>739</b>	<b>-19</b>	<b>227</b>	<b>1,090</b>

\* Dividends payable on ordinary shares

## CONSOLIDATED CASH-FLOW STATEMENT

(SEK m)	Note	Jan - Sep	Jan - Sep	Jan - Dec
		2016	2015	2015
<b>Operating activities</b>				
Profit after financial items		149	98	171
Adjustment for items not included in the cash flow		-13	18	15
Income tax paid		-9	-12	-2
<b>Cash flow from operating activities before changes in working capital</b>		<b>127</b>	<b>104</b>	<b>184</b>
Net change in working capital		-88	18	11
<b>Cash flow from operating activities</b>		<b>39</b>	<b>123</b>	<b>195</b>
<b>Cash flow from investment activities</b>		<b>-9</b>	<b>-23</b>	<b>-64</b>
<b>Cash flow from financing activities</b>		<b>-65</b>	<b>-130</b>	<b>-116</b>
<b>Cash flow for the period</b>		<b>-35</b>	<b>-30</b>	<b>15</b>
Cash and cash equivalents at the beginning of the period		93	76	76
Exchange-rate differences in cash and cash equivalents		10	-1	2
<b>Cash and cash equivalents at the end of the period</b>		<b>68</b>	<b>45</b>	<b>93</b>

## OPERATING SEGMENTS

(SEK m)	Note	Sweden	Germany	Norway	Discontinued Operations	Total	Group adjustment	Group total
<b>Jul - Sep 2016</b>								
Net sales		300	94	77	0	471	-3	468
Operating profit		24	11	4	0	39	-6	33
Financial income								5
Financial expenses								-1
Profit after financial items								37
Taxes								-10
<b>Net profit for the period</b>								<b>28</b>
<b>Jul - Sep 2015</b>								
Net sales		271	82	65	16	434	-7	427
Operating profit		13	10	5	-1	27	-6	21
Financial income								0
Financial expenses								-2
Profit after financial items								20
Taxes								-6
<b>Net profit for the period</b>								<b>14</b>
<b>Jan - Sep 2016</b>								
Net sales		1,066	263	254	3	1,586	-13	1,573
Operating profit		104	25	22	-4	147	-20	127
Financial income								22
Financial expenses								-2
Profit after financial items								149
Taxes								-31
<b>Net profit for the period</b>								<b>113</b>
<b>Jan - Sep 2015</b>								
Net sales		1,051	234	224	53	1,562	-11	1,551
Operating profit		89	20	21	-3	127	-21	106
Financial income								1
Financial expenses								-10
Profit after financial items								98
Taxes								-28
<b>Net profit for the period</b>								<b>71</b>
<b>Okt - Sep 2016</b>								
Net sales		1,444	355	344	19	2,162	-25	2,137
Operating profit <sup>(1)</sup>		146	35	36	-5	212	-22	190
Financial income								34
Financial expenses								-3
Profit after financial items								222
Taxes								-48
<b>Net profit for the period</b>								<b>174</b>
<b>Jan - Dec 2015</b>								
Net sales		1,429	326	314	69	2,138	-23	2,115
Operating profit <sup>(1)</sup>		130	30	35	-4	191	-23	168
Financial income								14
Financial expenses								-11
Profit after financial items								171
Taxes								-40
<b>Net profit for the period</b>								<b>131</b>

## KEY RATIOS

(SEK m)	Note	Jul - Sep 2016	Jul - Sep 2015	Jan - Sep 2016	Jan - Sep 2015	Oct 2015 - Sep 2016	Jan - Dec 2015
<b>Result</b>							
Net sales		469	427	1,573	1,550	2,138	2,115
Operating profit (EBIT)		33	22	129	106	190	168
Net profit for the period		28	14	113	71	174	131
<b>Margins</b>							
Operating margin (EBIT), %		7.1	5.1	8.2	6.9	8.9	7.9
Profit margin, %		7.9	4.8	9.4	6.3	10.4	8.1
<b>Profitability</b>							
Return on capital employed, %		3	2	13	9	19	15
Return on equity, %		3	1	10	7	16	12
<b>Financial position</b>							
Equity/assets ratio, %		66	64	66	64	66	66
Interest coverage ratio, multiple		46	26	63	39	89	64
<b>Per share</b>							
Equity per share, SEK		10.50	9.93	10.60	9.93	10.60	10.48
Cash flow per share, SEK		-0.03	0.09	-0.34	-0.29	0.11	0.16
Earnings per share after dilution, SEK		0.27	0.14	1.09	0.68	1.69	1.27
<b>Employees</b>							
Number of employees at end of the period		1,660	1,742	1,660	1,742	1,660	1,743
Average number of employees		1,708	1,730	1,702	1,784	1,701	1,785
Net sales per employee, SEK thousands		275	247	925	869	1,257	1,185
<b>Investments</b>							
Net investments		13	40	24	49	31	56

## PARENT COMPANY INCOME STATEMENT

(SEK m)	Note	Jul - Sep 2016	Jul - Sep 2015	Jan - Sep 2016	Jan - Sep 2015	Oct 2015 - Sep 2016	Jan - Dec 2015
Net sales		24	26	65	60	84	79
<b>Total income</b>		<b>24</b>	<b>26</b>	<b>65</b>	<b>61</b>	<b>84</b>	<b>79</b>
<b>Operating expenses</b>							
Other external expenses		-7	-10	-33	-35	-44	-47
Personnel expenses		-10	-3	-17	-9	-19	-12
Amortization/depreciation and impairment of intangible and tangible assets		-2	-2	-6	-6	-8	-8
<b>Operating profit</b>		<b>4</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>12</b>	<b>13</b>
<b>Profit from financial items</b>							
Other interest income and similar items	4	4	0	22	39	24	40
Interest expenses and similar items	4	0	-2	-1	-8	-3	-9
<b>Profit/loss after financial items</b>		<b>8</b>	<b>9</b>	<b>29</b>	<b>41</b>	<b>33</b>	<b>44</b>
Taxes on profit for the year		-1	-2	-3	0	-3	0
<b>Net profit/loss for the period</b>		<b>7</b>	<b>7</b>	<b>26</b>	<b>41</b>	<b>30</b>	<b>44</b>

## PARENT COMPANY BALANCE SHEET

(SEK m)	Note	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>Non-current assets</b>				
<i>Intangible assets</i>				
Other intangible assets		3	4	4
<i>Tangible assets</i>				
Tangible assets		11	12	11
<i>Financial assets</i>				
Financial assets		1,392	1,403	1,394
<b>Total non-current assets</b>		<b>1,406</b>	<b>1,418</b>	<b>1,408</b>
<b>Current assets</b>				
Receivables from Group companies		13	78	30
Accounts receivable		0	0	0
Other receivables		0	0	0
Prepaid expenses and accrued income		8	6	3
Cash and cash equivalents		0	0	27
<b>Total current assets</b>		<b>21</b>	<b>84</b>	<b>60</b>
<b>Total assets</b>		<b>1,427</b>	<b>1,502</b>	<b>1,469</b>
		0	0	0
<b>Equity</b>		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		220	311	315
<b>Total equity</b>		<b>1,106</b>	<b>1,197</b>	<b>1,201</b>
<b>Liabilities</b>				
Long-term liabilities		13	40	33
Liabilities to Group companies		186	150	162
Current liabilities		123	115	73
<b>Total liabilities</b>		<b>321</b>	<b>305</b>	<b>268</b>
<b>Total equity and liabilities</b>		<b>1,427</b>	<b>1,502</b>	<b>1,469</b>



## Policies and disclosures

### Accounting policies

#### Group

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 circumstances. 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 September 30, 2015, goodwill increased by a total of SEK 9 m, of which SEK 6.4 m pertained to the acquisition of Antares in the Norway segment. In conjunction with the first quarter decision to discontinue operations in India, Acando carried out a goodwill impairment of SEK 1 m for the Other countries segment, the remainder of the change was due to currency effects.

### Note 2 Equity

At September 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 September 30, 2016.

### Note 3 Long-term liabilities

#### Long-term liabilities

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

#### Current liabilities

Of the current liabilities of SEK 509 m, SEK 106 m represents interest-bearing short-term debt in the form of utilized credit of SEK 78 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 and impacted net financial items. 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 of 2016. The buyer was the management of the Indian company who acquired the holding company and the 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**

In Germany, Acando has acquired Brickmakers GmbH and, thereby obtained the services of another 25 senior consultants from October 6, 2016.

## Matching alternative performance measures

Certain financial metrics presented by Acando in the interim report, which are not defined in accordance with IFRS, are known as alternative performance measures. Acando's considered opinion is that these metrics provide complementary information to investors and the company's management, since they enable the evaluation of trends and the company's performance. Since not all companies calculate financial metrics in the same manner, these metrics are not always comparable with those used by other companies. Therefore, these financial metrics should not be viewed as replacements for metrics defined under IFRS. For definitions of the key performance indicators used by Acando, please turn to page 29.

### Growth

Sales growth in relation to the preceding year's sales. This metric is used to monitor year-on-year growth.

### Organic growth

Sales growth excluding currency effects, acquisitions and divestments. This metric is used to monitor underlying growth that is driven by volume, price and project-mix changes for comparable units between different periods.

### Operating profit before goodwill impairment

Operating profit before amortization of intangible assets, also known as EBITA. EBITA provides a compiled image of total earnings generated by operating activities.

### Operating margin before goodwill impairment

EBITA as a percentage of net sales. The operating margin is a key component, together with sales growth, for monitoring value creation.

### Operating profit (EBIT)

Operating profit is calculated as earnings before financial items and tax. EBIT provides an image of total earnings generated including amortization and depreciation of tangible and intangible assets.

### Operating margin

EBITA as a percentage of net sales.

## 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.

### 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.

### EBITA

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

### EBITDA

Earnings before depreciation and amortization.

### 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 capital employed

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

### 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.