

# Year-end report

## Third quarter [October 1–December 31, 2017](#)

- > Net sales totaled SEK 693 m (633)
- > Operating profit amounted to SEK 87 m (82)
- > The operating margin was 12.5% (12.9)
- > Profit after tax was SEK 67 m (67)
- > Earnings per share were SEK 0.64 (0.65)

## Accumulated [January 1–December 31, 2017](#)

- > Net sales totaled SEK 2,444 m (2,206)
- > Operating profit amounted to SEK 243 m (210)
- > The operating margin was 10.0% (9.5)
- > Profit after tax was SEK 180 m (180)
- > Earnings per share were SEK 1.73 (1.75)
- > Cash and cash equivalents tot SEK 90 m (72)
- > The Board intends to propose that the AGM resolve to distribute a dividend of SEK 1.40 (1.30) per share, corresponding to a total of about SEK 145 m (134).

## Statement by Carl-Magnus Månsson, CEO

2017 was another record year for all of us at Acando. The fourth quarter resulted in continued growth and increased earnings. For the full year, sales increased 11 percent to SEK 2,444 m and operating profit rose 16 percent to SEK 243 m. The quarter included the highest sales, the highest margin and accordingly, the highest profit in Acando's history. Our financial position is healthy and the Board proposes raising the dividend to SEK 1.40 per share, corresponding to SEK 145 m to our owners, the highest dividend in Acando's history.

For us, the most critical factor is to continue to contribute to our customers' success, at the same time as we continuously develop, both as individuals and as an organization. In a world of changing customer behavior, brand new competitors and with technology as a powerful innovation driver – we can clearly see how our customers are seeking new routes. During the year, we took further steps to realize our strategy, the essence of which is "Technology Driven and Behavior Centric." We have implemented some of our most advanced and challenging projects at the same time as we continuously developed new talents and captured an increasingly clear position for our customers as a partner with which to create innovation and generate long-term lasting results.

We have continuously strengthened our position in the consumer-driven industries. Retail is one example of an environment that is undergoing fundamental change. Our skills in understanding behavior and how best to leverage new technologies and platforms to create optimal customer experiences provides us with a clear and somewhat unique position. During the year, we completed projects for an established global company that in record time created completely new opportunities for both digital and physical customer experiences. In partnership with another customer, we explored how augmented reality can create entirely new customer experiences and how these options impact everything from strategies for product development to product launches. We know that success with sustainable change in such environments requires combining the strategy, customer and technology perspectives. We do this in Acando Business Design Studio, a unit we

established during the year and through which we now successfully compete with leading global companies in our market.

Increasingly, our projects include greater elements of advanced analytics of big data. During the year, we strengthened our capabilities in Analytics and Machine Learning, and we delivered projects that successfully enhanced care outcomes through prediction, created improved customer experiences in digital channels, and made tv archives searchable for concepts including “facial expressions” and “tonality.”

We are also growing in the Digital Industry segment, where we foresee the next substantial wave of investment. In terms of the industrial use of IoT, we successfully established ourselves as a partner for customers in the fourth quarter. We increasingly operate within our customers’ product development projects and our geographic presence and expertise make us a natural partner in the ongoing transition in the automotive and transportation industry by using brand new technologies and new emerging customer behaviors.

The only certainty is that we will continue to develop and our ability to change in pace with our operating environment will be decisive to our success. The year we have just ended shows that we are able to change and grow, but can also create environments that allow each and every one of our employees the opportunity to grow. We believe the world will increasingly be driven by technology but that understanding of human behavior will always be key to creating the best solutions. It’s what we are — Technology Driven and Behavior Centric.

## Significant events during and after the quarter

At the start of December, Acando Germany acquired Anywhere.24 GmbH – a company specialized in Microsoft’s Dynamics 365 CRM solution. Anywhere.24 offers cloud-based solutions and is one of the leading Microsoft Dynamics 365 partners in Germany. With over 15 years of CRM experience, the company operates across Germany and is particularly well-known for its integrated use of the whole Microsoft Dynamics 365 product suite. Anywhere.24 is headquartered in Munich and employs 60 staff. The operations will be consolidated from January 1, 2018.

On October 1, all of the shares in the Norwegian company Bitvis AS were acquired. Bitvis is a design center for FPGA and embedded software development. The company provides highly specialized development services to a broad spectrum of customers, from start-ups to major companies in the electronics industry. Bitvis is involved in many prestigious projects within space, defense, offshore, telecommunications, avionics, radar systems, multimedia devices, industrial applications and healthcare. Bitvis has also developed unique tools, intellectual property, in the form of simulation software for field-programmable gate array (FPGA) verification. Through the acquisition, Acando strengthens its digital transformation offering. Everything related to Industry 4.0 requires deep technological know-how, and the acquisition of Bitvis forms a key step in assisting our clients within IoT, embedded software and FPGA (programmable digital logic). The combination of Acando’s expertise in management consulting, advanced analytics, machine learning and AI, will create a unique technology environment in the Norwegian market.

Acando won an assignment to support a major Swedish bank with ensuring compliance in new EU requirements linked to the Markets in Financial Instruments Directive (MiFID II). The main purpose of the directive is to strengthen investor protection, increase transparency and disclosure in the securities markets and, at the same time, provide regulatory bodies with an improved overview and control. The directive applies to essentially all securities markets participants, and to almost all securities products and asset classes covered by the new regulatory framework. The assignment includes responsibility for leading the program office and communication.

A global retailer has produced a solution that presents products to customers on mobile devices in a completely new way. Acando will support driving this work forward now that the technology is being integrated into the existing customer decision journey as well as the company's strategies and processes. The retailer's new mobile channel is based on augmented reality technology that enables customers to experience the company's products in the physical space that the customer happens to be occupying. The technology has great potential and only a fraction of what is possible has been developed to date. In parallel with the development of new functionality, the project will be drawing up plans to make this channel part of the company's future strategies and processes.

Acando Norway won a framework agreement from the Norwegian Coastal Administration together with Asplan Viak Internet AS (Avinet), Acando AS and Oslo Industrial Logic (OIL) for the development and delivery of a data warehouse for maritime data. As can be deduced from its name, the Norwegian Coastal Administration is responsible for coastal administration, maritime safety and contingency planning in Norway. At present, the agency has considerable quantities of data available through internal and external systems regarding freight, unloading and vessel traffic services, weather conditions, navigational installations, accidents and incidents, pollution and emissions, as well as its own administrative tasks. The project is being started together with the Norwegian Coastal Administration to create a maritime data warehouse. The data warehouse needs to be able to manage several billion positions each year and demands in terms of a positive user experience have been set high.

Acando Sweden has delivered a new digital workplace for trading firm, Ekman & Co AB. The digital workplace, which is realized using Office 365 and Acando's accelerator, the Acando Collaboration Platform, comprises a key link in the digitalization process that Ekman is currently in the midst of. Ekman has transitioned from a SharePoint-based intranet to a digital workplace that fully utilizes Office 365 and the platform's functions. The digital workplace aims to create a more efficient partnership within the company and to meet the employees' rising requirements for modern tools. Moreover, new possibilities are created for collaborating with external parties.

Acando has won an assignment to support a global industrial group with project management and advisory services covering the implementation of processes and IT support for strategic purchasing. Improving strategic purchasing means the company will be able to work more effectively and, moving forward, ensure the right agreements and suppliers are used.

A global leader in Medtech has chosen Acando as its business development partner. Acando will perform an operational audit to identify improvements in the company's patient interface and in its manufacturing flows.

After the end of the period, Acando won the assignment to develop identity administration at Folksam. The new platform will simplify the administration of rights.

Acando has won an assignment to ensure compliance with the General Data Protection Regulation (GDPR) for a global manufacturer of forest, park and garden products. Numerous parts of the organization need to be reviewed to ensure the company's administration of personal data meets the GDPR requirements. Acando will prepare and design new processes based on the requirements set by the GDPR. Moreover, a gap analysis is being prepared for a number of critical systems with the aim of understanding the impact that GDPR and the new processes will have on the system. Moreover, Acando will review all critical agreements to understand how these need to be adapted to meet the GDPR requirements. Thereafter, a GDPR administration unit, which Acando will help the company set up, will ensure long-term GDPR compliance and make certain the company administers and develops relevant work methods.

## Business activities

### Introduction

Acando is a consulting company that leverages an equal balance of specialist technical expertise and human behavioral insight to innovate, streamline and mobilize organizations for sustainable change. Our customers come from every sector and include a mix of major global organizations as well as medium-sized regional companies. We operate in a Northern European market with offices in Sweden, Finland, Norway, Germany and Latvia, and have a total of 1,900 employees.

### Acando's offering

Acando's offering is focused on actual results, and value for the customer achieved through a combination of all of Acando's skills and our long-term relationships with customers. 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:

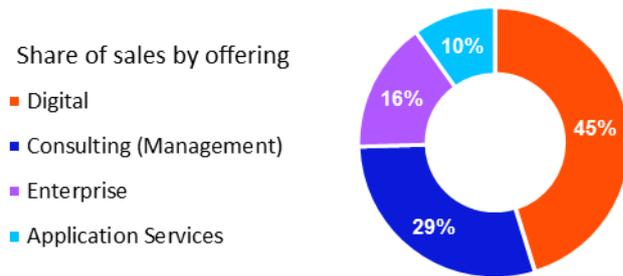
**Digital** guides customers and realizes solutions linked to digital innovation and transformation. Projects are driven by a combination of digital business understanding and deep technical know-how in solutions based on modern technology and platforms. The area has substantial growth potential and Acando is well-positioned in several of the most rapidly growing areas in terms of user-centric solutions and digital product innovation as well as industrial transformation through digitalization. We are entering a new era, when work processes are partially replaced or expanded with digital solutions, which means that IT is no longer just business support, but also functions as an expansion or integrated part of our customers' processes, products, services and entire business. Acando's Business Design Studio is part of the operations, whereby customer-centric strategies and digital innovation core elements for creating the best customer experiences.

**Consulting** is active in all major industries and offers in-depth expertise in Strategy, Operational Control, Sales & Marketing, Supply Chain and Operations. Acando's broad knowledge base and cross-functional business teams ensure a holistic perspective and good understanding of the customers, which means that we can offer innovative perspectives and solutions that generate unexpected added value. Acando's absolute strength is the transformation process and its high speed of implementation.

**Enterprise** is the leading Swedish supplier of platform-related services on selected platforms: SAP, Dynamics AX and Netsuite. Together with our customers, we ensure that maximum value is created from platform investments. We combine extensive operational expertise and well-tried methodology with functional and technical platform competence.

**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.



## 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. A high level of innovation and efficiency enhancement in traditional industrial companies is enabled by digital capabilities in product content, business models and processes. Acando is well-positioned to create completely new possibilities in the segment, together with its customers, through a combination of transformative implementations and deep technical expertise.

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 create 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 as a result of the 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 increasing the need for more advanced digital platforms. Acando has extensive experience and a strong position with several of northern Europe's largest energy companies as well as 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.

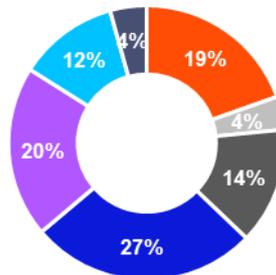
The healthcare segment remains at an early stage of implementing digitalization. Investments are focused on efficient information management, new methods with clear digital components and a greater degree of digital interaction. Acando aims to capture a leading role and has a number of key assignments 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.

See below for the share of sales by customer segment.

Share of sales by customer segment

- Retail
- Energy
- Telecom, IT, media and entertainment
- Industry
- Public authorities and agencies
- Banking, finance and insurance
- Health and medical care



## Market trend in the fourth quarter

Demand has remained healthy in Sweden through 2017. All regions in Sweden trended positively, primarily driven by the increasing need for digitalization. In Germany, demand remained normal during the period. The market in Norway was characterized by continued public sector investments in parallel with increased willingness to invest in the offshore and oil industry with a consequent recovery in oil-related sectors.

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

## Net sales and earnings

### Fourth quarter October–December 2017

Net sales and operating profit before amortization and impairment of intangible assets (EBITA) for Q4 2017 are shown in the table below:

SEKm	Net sales		EBITA		EBITA margin	
	2017	2016	2017	2016	2017	2016
Sweden	444.0	419.5	65.6	60.4	14.8%	14.4%
Norway	131.6	108.0	13.4	12.8	10.2%	12.0%
Germany	116.4	108.5	15.7	17.5	13.5%	16.1%
Discontinued operations	-	-	-	-	-	-
Group adjustments	-0.4	-2.8	-7.8	-8.7	-	-
<b>Total</b>	<b>691.6</b>	<b>633.3</b>	<b>86.9</b>	<b>82.0</b>	<b>12.6%</b>	<b>13.0%</b>

Consolidated net sales for the quarter amounted to SEK 692 m (633). EBITA was SEK 87 m (82), corresponding to a margin of 12.6 percent (13.0).

Q4 earnings were negatively impacted by slightly softer utilization rates compared with the year-earlier period in Norway, mainly driven by a large influx of new employees during the quarter and a somewhat later than expected start for a number of framework agreement call-offs.

Consolidated profit after tax totaled SEK 67 m (67). Earnings per share after dilution amounted to SEK 0.63 (0.64) and SEK 0.64 (0.65) before dilution.

### Accumulated, January–December 2017

Net sales and operating profit before amortization and impairment of intangible assets (EBITA) for Q4 2017 are shown in the table below:

SEKm	Net sales		EBITA		EBITA margin	
	2017	2016	2017	2016	2017	2016
Sweden	1,570.0	1,485.6	189.6	164.4	12.1%	11.1%
Norway	445.2	362.1	33.7	35.2	7.6%	9.7%
Germany	429.5	371.5	48.6	42.5	11.3%	11.4%
Discontinued operations	-	3.1	-	-3.9	neg.	neg.
Group adjustments	-0.5	-16.1	-28.2	-27.3	-	-
<b>Total</b>	<b>2,444.1</b>	<b>2,206.2</b>	<b>243.7</b>	<b>211.0</b>	<b>10.0%</b>	<b>9.6%</b>

Consolidated net sales amounted to SEK 2,444 m (2,206). EBITA was SEK 245 m (212), corresponding to a margin of 10.0 percent (9.6).

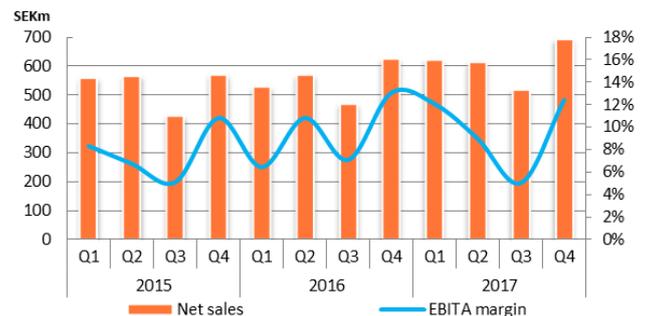
Consolidated profit after tax totaled SEK 180 m (180). Earnings per share after dilution amounted to SEK 1.70 (1.72) and SEK 1.73 (1.75) before dilution.

## Seasonal variations

The graph on the right shows net sales and operating profit for the past three 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, with Easter taking place in Q2 2017.

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 in all skills areas. The geographic areas of Gothenburg and Stockholm continued to trend extremely favorably with healthy profitability and continued growth. The Malmö region and Västerås also continued to trend positively during the quarter. The market has gradually strengthened in Finland, which is reported under the Sweden segment.

Demand was mainly driven by digitalization 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 traditional industries and new segments have a notable need to understand and realize digital opportunities.

The retail segment is one of the fastest growing of Acando's operations in Sweden. During the quarter, Acando won several projects aimed at driving transformation and customer experiences at a number of Sweden's largest retailers. Furthermore, a number of framework agreements and initial projects have been won with new customers in the same segment. Within this segment, Acando Business Design Studio is a

successful differentiator that binds innovation and customer experiences together. When integrated into projects, predictive analytics and processing of big data are often used to optimize the effectiveness of the solution. Analytics is one of the fastest growing skills areas at Acando Sweden and increasingly, these skills are included in other projects as an integral part of developing the solution.

The Swedish, Norwegian and German operations collaborate within Digital Industry, with a primary focus on the automotive industry, industrial IoT applications, but also on the digital transformation of industrial processes from a broader perspective. During the quarter, with several major vehicle manufacturers, assignments were won that are linked to both customer and driver interaction, as well as the streamlining of manufacturing operations.

During the quarter, the Digital Trust investment continued to develop well. GDPR activity remains high and the nature of the assignments changed from analysis to realization of compliance, which generates greater project volumes. The Identity and Access Management area continued to report healthy demand and, in terms of content, it constitutes a cornerstone for ensuring a secure information environment.

Many customers are in the process of creating a modern digital workplace and, during the quarter, the Acando Collaboration Platform (ACP) continued to prove a successful solution for customers who want a well packaged and proven solution for a modern workplace. A handful of new customer projects were won during the quarter, and included the largest ACP-related projects to date.

Acando has captured a top-tier position as the leading supplier of complex Microsoft Dynamics 365 projects. Several projects were completed with successful deployments and new projects have been initiated during the quarter. Acando's capacity to combine skills with deep understanding of systems, business process and effective implementation means that projects can be agile while retaining a clear focus on business advantage.

SAP also trended favorably and Acando is one of the first suppliers in Sweden to have experience of HANA/S/4 conversion. Acando has also won the first smaller projects and assignments for Netsuite, a fully cloud-based platform, which complements Acando's offering along with Microsoft and SAP.

## **Norway**

Acando Norway continues to grow, through a continued high pace of recruitment and through the acquisition of Bitvis. The market remains healthy and demand is expected to stay unchanged. An increase in the willingness to invest was noted in the offshore and oil industry.

Acando holds a strong position in the public sector with a broad framework agreement portfolio that allows expertise-driven business and project assignments. During the year, the agreement portfolio was strengthened and call-off rates increased in Q4, which contributed to a rising utilization rate in the organization during the quarter, and which also led to an operating profit in line with last year for Q4.

During the year, Acando Norway has grown and sales have risen more than 20 percent. In parallel, a position has been established as one of the leading companies in technology, IoT and Advanced Analytics. By continuing to combine these skills, a unique company is being created in the Norwegian market with a focus on traditional industry and on offshore. The buildup of new expert areas during the year negatively impacted utilization rates, but these rates gradually climbed in Q4.

Acando Norway is leading the Group's advanced analytics initiatives. A continued build-up of volumes and deep technical understanding means that Acando now holds a leading position in areas, such as advanced analytics for machine learning, speech and image, text analysis and natural language processing (NLP). Projects aimed at making considerable quantities of moving images searchable, gathering and analyzing maritime data, and traditional decision support assignments are just a few examples of assignments in this area.

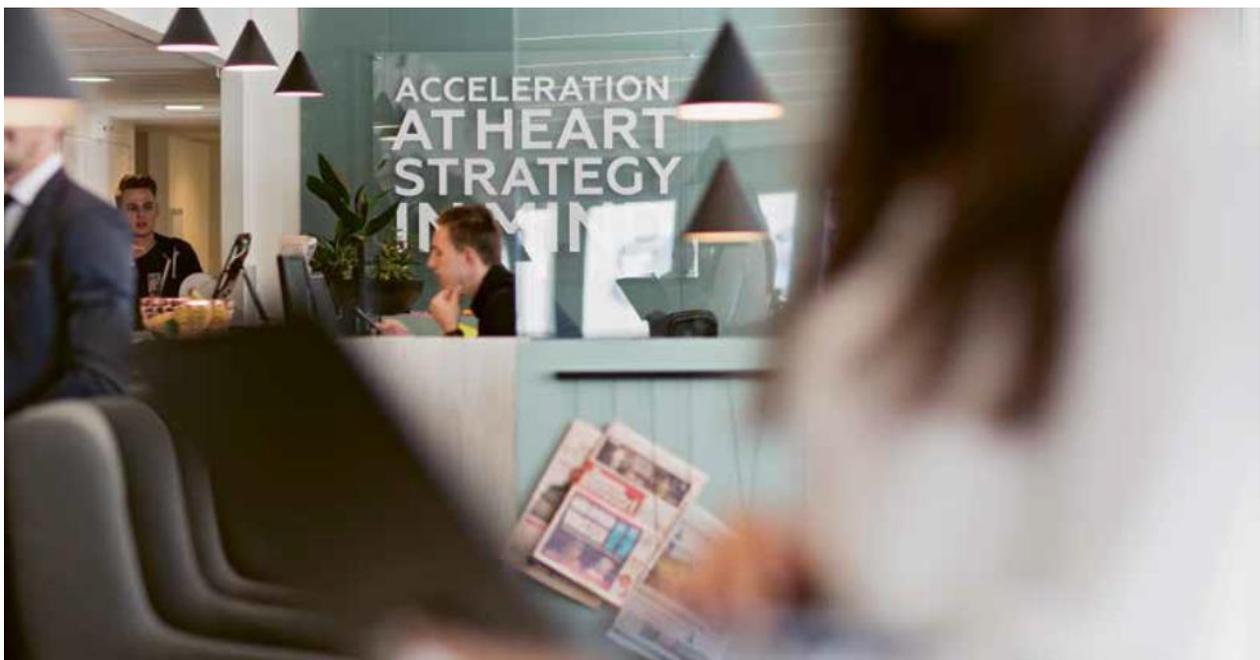
## Germany

Operations in Germany continue to grow and all geographies contributed to the positive trend. For the full year, Acando Germany grew almost 20 percent and passed the 400 employee mark.

The market remains healthy and is expected to stay unchanged. High demand exists in several of Acando's core areas and is driven by modernization programs in several industry segments. The banking and finance, and retail sectors also noted healthy demand. Both established and new customers contributed to continued growth. New customers are found mainly in the segment under the largest global companies, and were part of Acando's aim of balancing its customer portfolio in terms of both size and industry segment.

The acquisition of Anywhere.24 creates a strong position in Microsoft Dynamics, in line with the Group's strategy of becoming the leading Microsoft partner in the region. By combining Acando's strong retail and service-sector position, and Acando's strength in mobility, solution development and advanced project implementation with Anywhere.24's strengths in cloud-based deliveries and Dynamics, opportunities are created to lead customers through the entire digital lifecycle.

Acando Germany continues to develop its digital partner offering for both global and local customers. A strong position in services driven by user interaction combined with deep technical know-how creates the prerequisites for growth. Moreover, Acando has growing capacities in new technologies with a focus on robotization, IoT and digitalization of industry.



## Financial information

### Financial position

Acando has a strong financial position with an equity/assets ratio of 62 percent (68). Consolidated cash and cash equivalents amounted to SEK 90 m (72) at December 31, 2017. In addition, the Group has unutilized overdraft facilities of SEK 180 m (180), of which SEK 73 m (10) was utilized at December 31, 2017.

SEK m	Dec 31 2017	Dec 31 2016	Change
Cash & cash equivalents	90	72	18
Interest-bearing short-term debt	-79	-37	-42
Interest-bearing long-term debt 1)	-30	-33	3
<b>Net cash</b>	<b>-19</b>	<b>2</b>	<b>-21</b>
Unutilized overdraft facility	107	170	-63
Equity/assets ratio	62%	68%	-5%

1) Interest-bearing debt applies to pension commitments of SEK 30 m (28).

### Cash flow

Total cash flow in 2017 was SEK 16 m (neg: 30). Cash flow from operating activities was SEK 188 m (124) and comprised positive cash flow from operations of SEK 242 m (197) and a negative change in working capital of SEK 54 m (neg: 73).

Cash flow from investment activities amounted to an outflow of SEK 76 m (outflow: 14), of which SEK 44 m pertained to investments in subsidiaries and the remainder to customary IT and office equipment.

Cash flow from financing activities amounted to an outflow of SEK 96 m (outflow: 140), of which an outflow of SEK 134 m (outflow: 123) pertained to dividends, an outflow of SEK 25 m (outflow: 27) comprised amortization of borrowings and an inflow of SEK 63 m (inflow: 10) pertained to utilization of overdraft facilities.

SEK m	Jan-Dec 2017	Jan-Dec 2016	Change
<b>Cash flow from:</b>			
Operating activities	188	124	64
Investment activities	-76	-14	-62
Financing activities	-96	-140	44
<b>Total cash flow</b>	<b>16</b>	<b>-30</b>	<b>46</b>
Cash and cash equivalents at the beginning of the period	72	93	-21
Translation difference in cash and cash equivalents	2	9	-7
<b>Cash and cash equivalents at the end of period</b>	<b>90</b>	<b>72</b>	<b>18</b>

### Tax

The Group recognized a tax expense of SEK 63 m (50). This recognized tax expense corresponded to a tax rate of 26.0 percent for the period. The tax rate is affected by the share of earnings contributed by the respective countries, since tax rates differ between the countries. Previous Swedish loss carry-forwards

were exercised in full in 2016 and, at the end of the year, there were no remaining loss carry-forwards reported.

### Investments

The Group's net investment in assets in 2017 was SEK 148 m (33). SEK 17 m pertained to investments in tangible assets and SEK 114 m pertained to investments in intangible assets. On March 1, 2017, Acando moved to new premises in Stockholm which resulted in higher investment levels year-on-year.

## The share

### Share capital and shares

On December 31, 2017, the number of shares in Acando amounted to 104,957,419 shares, of which 1,163,048 Series B shares were treasury shares and comprised 1.1 percent of the total number of shares. These treasury shares are expected to be used for future allotment in ongoing share-savings programs. Number of shares outstanding at end of period amounted to 103 794 371.

### Authorizations

Acando's Board was authorized by the 2017 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. Furthermore, the Board was authorized to decide on the new issue of shares to be used for funding company acquisitions. The authorization to issue new shares is limited to a maximum of 10 percent of all shares outstanding in the company and applies in combination with the above authorization. The authorization is valid until the 2018 AGM.

No buy-back of treasury shares was implemented on the back of this authorization. In conjunction with the acquisition of Transformator Design, the Board exercised its authority and the acquisition was partly financed with 550,000 Series B shares.

### Share-savings programs

At December 31, 2017, Acando had three share-savings programs outstanding. Two previous programs have closed in 2017 (2014/2017 and 2014II/2017) and, accordingly, 378,952 shares were distributed from treasury shares to the program participants. Details of the 2015/2018 and 2016/2019 programs are given in Acando's 2016 annual report on page 59.

The 2017 AGM resolved to implement a new 2017/2020 share-savings program for a maximum of 50 senior executives and other key personnel employed by the Acando Group. The share-savings program is structured similarly to the share-savings programs that were adopted by the 2014, 2015 and 2016 AGMs. Based on the fulfillment of specific performance criteria related to Acando's earnings per share before tax and after dilution for the 2017–2019 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.

## Employees

The number of employees at the end of the quarter was 1,935 (1,698). Of these, 1,152 (1,051) were in Sweden, 410 (359) in Germany, 310 (217) in Norway and 63 (71) in Other countries. The average number of employees in Q4 2017 was 1,938 (1,679).

## 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 21.

## Proposed dividend

The Board of Directors proposes that the AGM resolve to distribute a dividend of SEK 1.40 per share, corresponding to a total of about SEK 145 m.

## 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 grow faster than the market for management and IT consulting services, primarily through organic growth complemented by strategic acquisitions

### **Margin**

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.

### **Debt/EBITDA ratio**

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 digitalization. The company holds a leading position in the northern European market for Digitalization, 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.

## 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 year-end report for January–December 2017 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, February 8, 2018

Acando AB (publ.)

Ulf J Johansson

Chairman

Carl-Magnus Månsson

President and CEO

Caroline af Ugglas

Board member

Lena Eliasson

Board member

Magnus Groth

Board member

Anders Skarin

Board member

Alf Svedulf

Board member

Åsa Lindström

Employee representative

## Upcoming reporting dates

### Annual report

The Annual Report for 2017 will be published in April 2018, in the week beginning April 2, and will be available on the company's website, [www.acando.com](http://www.acando.com), and at the company's office at Vasagatan 16, in Stockholm.

### Annual General Meeting

The Annual General Meeting (AGM) will be held on Thursday, April 26, 2018, at 5:00 p.m. in Stockholm, Sweden.

### Reporting dates

2018 AGM	April 26, 2018
Interim report January–March 2018	May 8, 2018
Interim report January–June 2018	August 17, 2018
Interim report January–September 2018	October 26, 2018

### 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 following contacts for publication on February 8, 2018 at 08:00 a.m. (CET).

[www.acando.com](http://www.acando.com) Ticker: ACAN

### Additional information

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Acando is a consulting company that leverages an equal balance of specialist technical expertise and human behavioral insight to innovate, streamline and mobilize organizations for sustainable change. The Group has approximately 1,900 employees allocated over five countries. Acando had sales of more than SEK 2.4 billion in 2017 and is listed on Nasdaq Stockholm.

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## CONSOLIDATED INCOME STATEMENT

(SEK m)	Note	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016
Net sales		691	633	2 444	2 206
Other operating income		1	3	3	4
<b>Total income</b>		<b>693</b>	<b>636</b>	<b>2 446</b>	<b>2 210</b>
<b>Operating expenses</b>					
Other external expenses		-135	-144	-500	-492
Personnel expenses		-466	-407	-1 686	-1 494
Depreciation of tangible assets		-4	-4	-15	-12
Amortization of intangible assets		-1	0	-2	-2
<b>Operating profit</b>		<b>87</b>	<b>82</b>	<b>243</b>	<b>210</b>
<b>Profit from financial items</b>					
Financial income	8	1	1	2	22
Financial expenses		-1	-1	-3	-3
<b>Profit after financial items</b>		<b>88</b>	<b>81</b>	<b>243</b>	<b>230</b>
Taxes on profit for the year		-21	-15	-63	-50
<b>Net profit for the period</b>		<b>67</b>	<b>67</b>	<b>180</b>	<b>180</b>
Of which, attributable to shareholders of Acando AB (publ.)		66	67	179	180
<b>Earnings per share</b>					
Before dilution, SEK		0,64	0,65	1,73	1,75
After dilution, SEK		0,63	0,64	1,70	1,72
Average number of shares before dilution		103 237 000	102 865 419	103 237 000	102 865 419
Average number of shares after dilution		104 919 751	104 407 419	104 919 751	104 407 419
Number of shares outstanding at end of period					
before dilution		103 794 371	102 865 419	103 794 371	102 865 419
Number of shares outstanding at end of period					
after dilution		105 729 085	104 407 419	105 729 085	104 407 419

Treasury shares are not included in the number of shares above. At December 31, 2017, 1,163,048 shares are owned by Acando. These treasury shares are expected to be used for future allotment in ongoing share-savings programs.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	Note	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016
<b>Net profit for the period</b>		<b>67</b>	<b>67</b>	<b>180</b>	<b>180</b>
Other comprehensive income					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Pension liabilities, actuarial gains on liabilities		-2	-6	-2	-6
Income tax pertaining to items in other comprehensive income		0	1	0	1
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>-2</b>	<b>-5</b>	<b>-1</b>	<b>-4</b>
<b>Items that may be reclassified subsequently to profit or loss</b>					
Change in accumulated translation differences		0	-2	-5	18
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>0</b>	<b>-2</b>	<b>-5</b>	<b>18</b>
<b>Other comprehensive income for the period, net after tax</b>		<b>-2</b>	<b>-7</b>	<b>-7</b>	<b>14</b>
<b>Comprehensive income for the period</b>		<b>65</b>	<b>60</b>	<b>173</b>	<b>193</b>
<b>Attributable to:</b>					
Parent Company's shareholders		65	60	172	193

## CONSOLIDATED BALANCE SHEET

(SEK m)	Note	Dec 31 2017	Dec 31 2016
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Goodwill	4	1,101	986
Other intangible assets		3	4
<i>Tangible assets</i>			
Tangible assets		38	20
<i>Financial assets</i>			
Deferred tax assets <sup>1)</sup>		8	9
Other non-current financial assets		5	5
<b>Total non-current assets</b>		<b>1,155</b>	<b>1,025</b>
<b>Current assets</b>			
Accounts receivable		637	537
Other receivables		13	9
Current tax assets		3	3
Prepaid expenses and accrued income		68	56
Cash and cash equivalents		90	72
<b>Total current assets</b>		<b>811</b>	<b>678</b>
<b>Total assets</b>		<b>1,967</b>	<b>1,703</b>
<b>Equity</b>			
Share capital	5	145	144
Other capital contributions		753	739
Reserves		-28	-22
Retained earnings including profit for the period		342	291
<b>Total equity</b>		<b>1,214</b>	<b>1,152</b>
<b>Liabilities</b>			
Non-current liabilities	6	58	37
Current liabilities	6	695	514
<b>Total liabilities</b>		<b>753</b>	<b>551</b>
<b>Total equity and liabilities</b>		<b>1,967</b>	<b>1,703</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEK m)	Note	Attributable to Parent company shareholders				Non-controlling interests	Total
		Share capital	Other capital contr.	Reserves	Retained earnings		
<b>Opening balance at January 1, 2016</b>		<b>144</b>	<b>739</b>	<b>-40</b>	<b>236</b>	-	<b>1 078</b>
Profit for the period		-	-	-	180	0	180
Other comprehensive income for the period		-	-	18	-4	1	15
<b>Total comprehensive income for the period</b>		-	-	<b>18</b>	<b>175</b>	<b>1</b>	<b>194</b>
Dividend* paid to Parent Company shareholders		-	-	-	-123	-	-123
Incentive programs		-	-	-	3	-	3
<b>Closing balance at December 31, 2016</b>		<b>144</b>	<b>739</b>	<b>-22</b>	<b>291</b>	<b>1</b>	<b>1 152</b>
Profit for the period		-	-	-	179	1	180
Other comprehensive income for the period		-	-	-5	-1	0	-7
<b>Total comprehensive income for the period</b>		-	-	<b>-5</b>	<b>177</b>	<b>1</b>	<b>173</b>
New share issue		1	14	-	-	-	15
Dividend* paid to Parent Company shareholders		-	-	-	-134	-	-134
Incentive programs		-	-	-	8	-	8
<b>Closing balance at December 31, 2017</b>		<b>145</b>	<b>753</b>	<b>-28</b>	<b>342</b>	<b>2</b>	<b>1 214</b>

\* Dividends payable on ordinary shares

## CONSOLIDATED CASH-FLOW STATEMENT

(SEK m)	Note	Oct - Dec 2017	Jan - Dec 2016
<b>Operating activities</b>			
Profit after financial items		243	230
Adjustment for items not included in the cash flow		21	-15
Income tax paid		-22	-17
<b>Cash flow from operating activities before changes in working capital</b>		<b>242</b>	<b>197</b>
Net change in working capital		-54	-73
<b>Cash flow from operating activities</b>		<b>188</b>	<b>124</b>
<b>Cash flow from investment activities</b>		<b>-76</b>	<b>-14</b>
<b>Cash flow from financing activities</b>		<b>-96</b>	<b>-140</b>
<b>Cash flow for the period</b>		<b>16</b>	<b>-30</b>
Cash and cash equivalents at the beginning of the period		72	93
Exchange-rate differences in cash and cash equivalents		1	9
<b>Cash and cash equivalents at the end of the period</b>		<b>90</b>	<b>72</b>

## OPERATING SEGMENTS

(SEK m)	Note	Sweden	Germany	Norway	Discontinued Operations	Total	Group adjustment	Group total
<b>Oct-Dec 2017</b>								
Net sales		444	116	131	0	692	0	691
Operating profit		66	16	13	0	95	-8	87
Financial income								1
Financial expenses								-1
<b>Profit after financial items</b>								<b>88</b>
Taxes								-21
<b>Net profit for the period</b>								<b>67</b>
<b>Oct-Dec 2016</b>								
Net sales		419	109	108	0	636	-3	633
Operating profit		60	18	13	0	91	-9	82
Financial income								1
Financial expenses								-1
<b>Profit after financial items</b>								<b>81</b>
Taxes								-15
<b>Net profit for the period</b>								<b>67</b>
<b>Jan - Dec 2017</b>								
Net sales		1 570	429	445	0	2 444	0	2 444
Operating profit		190	49	34	0	272	-28	243
Financial income								2
Financial expenses								-3
<b>Profit after financial items</b>								<b>243</b>
Taxes								-63
<b>Net profit for the period</b>								<b>180</b>
<b>Jan - Dec 2016</b>								
Net sales		1 486	372	362	3	2 223	-16	2 206
Operating profit		164	43	35	-4	238	-28	210
Financial income								22
Financial expenses								-3
<b>Profit after financial items</b>								<b>231</b>
Taxes								-50
<b>Net profit for the period</b>								<b>180</b>

Financial items and tax are not allocated by segment

## KEY RATIOS

(SEK m)	Note	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016
<b>Result</b>					
Net sales		691	633	2,444	2,206
Earnings before depreciation and amortization (EBITDA)		91	86	260	224
Earnings before amortization of intangible assets (EBITA)		87	82	245	212
Operating profit (EBIT)		87	82	243	210
Net profit for the period		66	67	179	180
<b>Margins</b>					
EBITDA margin, %		13.2	13.6	10.6	10.2
EBITA margin, %		12.6	13.0	10.0	9.6
Operating margin (EBIT), %		12.5	12.9	10.0	9.5
Profit margin, %		12.7	12.8	9.9	10.4
<b>Profitability</b>					
Return on capital employed, %		7	7	19	20
Return on equity, %		6	6	15	16
<b>Financial position</b>					
Equity/assets ratio, %		62	68	62	68
Interest coverage ratio, multiple		173	195	111	82
Net debt in relation to EBITDA, %		0.1	0.0	0.1	0.0
<b>Per share</b>					
Equity per share, SEK		11.46	11.02	11.46	11.02
Cash flow per share, SEK		0.27	0.06	0.15	-0.29
Earnings per share after dilution, SEK		0.63	0.64	1.69	1.72
<b>Employees</b>					
Number of employees at end of the period		1,935	1,698	1,935	1,698
Average number of employees		1,938	1,679	1,817	1,721
Net sales per employee, SEK thousands		357	377	1,345	1,282
<b>Investments</b>					
Net investments		59	9	148	33

Key performance indicators are described on page 75 of Acando's 2016 Annual Report.

## PARENT COMPANY INCOME STATEMENT

(SEK m)	Note	Oct - Dec 2017	Oct - Dec 2016	Jan - Dec 2017	Jan - Dec 2016
Net sales		27	25	96	90
<b>Total income</b>		<b>27</b>	<b>25</b>	<b>96</b>	<b>91</b>
<b>Operating expenses</b>					
Other external expenses		-15	-14	-53	-46
Personnel expenses		-5	-5	-18	-22
Amortization/depreciation and impairment of intangible and tangible assets		0	0	-1	-1
<b>Operating profit</b>		<b>5</b>	<b>4</b>	<b>16</b>	<b>13</b>
<b>Profit from financial items</b>					
Other interest income and similar items	8	-2	22	37	44
Interest expenses and similar items		1	-1	0	-2
<b>Profit/loss after financial items</b>		<b>4</b>	<b>25</b>	<b>53</b>	<b>55</b>
<b>Appropriations</b>		<b>-5</b>	<b>0</b>	<b>-5</b>	<b>0</b>
Taxes on profit for the year		0	-1	-2	-5
<b>Net profit/loss for the period</b>		<b>-1</b>	<b>24</b>	<b>46</b>	<b>50</b>

## PARENT COMPANY BALANCE SHEET

(SEK m)	Note	Dec 31, 2017	Dec 31, 2016
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Other intangible assets		3	3
<i>Tangible assets</i>			
Tangible assets		21	10
<i>Financial assets</i>			
Financial assets		1,486	1,405
<b>Total non-current assets</b>		<b>1,510</b>	<b>1,417</b>
<b>Current assets</b>			
Receivables from Group companies		28	14
Accounts receivable		0	0
Other receivables		2	0
Prepaid expenses and accrued income		8	3
Cash and cash equivalents		1	0
<b>Total current assets</b>		<b>38</b>	<b>17</b>
<b>Total assets</b>		<b>1,548</b>	<b>1,434</b>
<b>Equity</b>			
Share capital	5	145	144
Statutory reserve		124	110
Share premium reserve		632	632
Retained earnings including profit for the period		164	245
<b>Total equity</b>		<b>1,066</b>	<b>1,131</b>
<b>Untaxed reserves</b>		<b>5</b>	<b>0</b>
<b>Liabilities</b>			
Long-term liabilities		0	6
Liabilities to Group companies		342	242
Current liabilities		135	56
<b>Total liabilities</b>		<b>477</b>	<b>304</b>
<b>Total equity and liabilities</b>		<b>1,548</b>	<b>1,434</b>

## Notes

### Note 1 Accounting policies and disclosures

The Group's year-end report was prepared in accordance with IAS 34 Interim Reporting and, for the Parent Company, RFR 2. In all other respects, the accounting policies applied correspond with that stated in the 2016 Annual Report. Disclosures pursuant to Paragraph 16A of IAS 34 appear in the financial statements and their accompanying notes, and in other parts of this year-end report.

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

### Note 2 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 2016 Annual Report.

### Note 3 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 2016 Annual Report.

**Note 4 Goodwill**

Compared with December 31, 2016, goodwill increased by a total of SEK 115 m. Of this amount SEK 51 m pertained to an acquisition in Q4 in the Norway segment and the preliminary estimate for goodwill of SEK 70 m pertained to Q3 2017 acquisitions in the Sweden segment. The remainder of the change, a negative SEK 6 m pertained to currency effects.

**Note 5 Equity**

At December 31, 2017, the total number of shares in the company amounted to 104,957,419, of which 101,317,429 were Series B shares and 3,639,990 were Series A shares. In 2017, 550,000 Series B shares were issued at a market price of SEK 27.30 as part of the acquisition financing of Transformator Design, one of three acquisitions completed by Acando during the year. Treasury shares decreased by 378,952 shares to 1,163,048 Series B shares on September 31, 2017, when the outcome of two share-savings programs for key personnel in Acando were settled with treasury shares. No buy-backs of treasury shares have taken place in 2017.

**Note 6 Liabilities*****Long-term liabilities***

Long-term liabilities of SEK 58 m include pension liabilities in Sweden of SEK 30 m and deferred tax of SEK 15 m.

***Current liabilities***

Of the current liabilities of SEK 695 m, SEK 79 m represents interest-bearing short-term debt in the form of utilized credit of SEK 73 m and the current portion of acquisition loans of SEK 6 m.

**Note 7 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. Additional earnouts are measured at fair value.

**Note 8 Financial income**

The purchase consideration for the redemption of minority shares pertaining to the acquisition of Connecta in 2014 was settled through arbitration in 2016. 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 was

reversed in full in Q1 2016 with a positive impact on 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 9 Acquisitions and discontinuations**

#### 2017

In Q4 2017, Acando acquired all of the shares in the Norwegian company Bitvis AS. The acquired operations have no material impact on the Group's earnings or financial position, and altogether, the acquired operations have added sales of SEK 7.6 m, which corresponds to 1.7 percent of sales in Norway.

The company provides highly specialized development services to a broad spectrum of customers, from start-ups to major companies in the electronics industry. Through the acquisition, Acando strengthens its digital transformation offering. Everything related to Industry 4.0 requires deep technological know-how, and the acquisition of Bitvis forms a key step in assisting our clients within IoT, embedded software and FPGA (programmable digital logic). The combination of Acando's expertise in management consulting, advanced analytics, machine learning and AI will create a unique technology environment in the Norwegian market. The new operations will be consolidated into the Acando Group from October 1, 2017.

In Q3 2017, Acando acquired the two smaller companies Transformator Design and Daytona. The new operations will be consolidated into the Acando Group from September 1, 2017. The acquired operations have no material impact on the Group's earnings or financial position, and altogether, the acquired operations have added sales of SEK 13.6 m, which corresponds to 0.9 percent of sales in Sweden.

The objective of the transaction is, together with Acando's own operations, to create offerings within strategy, design, technology, innovation, change management and communication. In segments that focus on consumers and users, such as the service sector, banking/finance, retailing and the public sector, there is a clear focus on user experience across all channels, both digital and physical. By compiling capabilities from Transformator Design, Daytona and Acando, a unique full-service offering for customer experiences is created.

#### 2016

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 Q1 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.

In Q4 2016, Acando in Germany acquired a majority holding in the company Brickmakers GmbH. The size of the company means it has no material impact on the Group's financial statements.

### **Note 10 Related-party transactions**

Transactions with related parties are based on established commercial terms for the industry and are entered into under normal commercial terms.

Refer to Note 9 in Acando's 2016 Annual Report for information about salaries and other benefits, expenses and commitments in terms of pensions and similar benefits for the Board, the CEO and other senior executives.

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

#### **Note 11 Significant events after the end of the period**

The acquisition of Anywhere.24 GmbH in the Germany segment was completed in December 2017 and will be consolidated from January 1, 2018. Anywhere.24 GmbH is a company specialized in Microsoft's Dynamics 365 CRM solution and offers cloud-based solutions. Anywhere.24 is headquartered in Munich and employs 60 staff.

## Matching alternative performance measures

Certain financial metrics presented by Acando in the year-end 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. The definition of performance measures are described in Acando's Annual Report for 2016 on page 75, including the full-year figures for 2016. The components of the performance measures can be found on pages 16–20 or under the heading Financial position on page 11 of this report.

## Other definitions

### **Average number of employees**

The total number of employees at the start of the period plus the total at the end of the period divided by two.

### **Net sales per employee**

Net sales for the period divided by the average number of employees.

### **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.