

Interim report

Third quarter, July 1–September 30, 2018

- > Net sales totaled SEK 590 m (518)
- > Operating profit amounted to SEK 31 m (27)
- > Operating margin was 5.2% (5.2)
- > Profit after tax was SEK 32 m (17)
- > Earnings per share were SEK 0.30 (0.17)

Accumulated, January 1–September 30, 2018

- > Net sales totaled SEK 2,029 m (1,753)
- > Operating profit amounted to SEK 181 m (157)
- > Profit before non-recurring items SEK 186 m
- > Operating margin was 8.9% (8.9)
- > Profit after tax was SEK 147 m (113)
- > Earnings per share were SEK 1.41 (1.09)
- > Cash and cash equivalents totaled SEK 51 m (59)

Statement by Carl-Magnus Månsson, CEO

In the third quarter of 2018, we continued to grow in a market where the demand for our services remains healthy. Profit and sales posted a year-on-year increase of 14 percent and were up 16 percent for the first nine months. Our trainee program continues to attract talent and during the summer, the largest batch of trainees ever began their careers at Acando, and we are grateful that they have chosen us. At the same time as competition for talent is intensifying and we are proud that at the end of the quarter our employee numbers are at a new high, almost 200 more than at the start of the year and 70 more than at the start of the quarter. Our ability to attract and retain the best employees will be critical for our continued journey, and for continuing to create clear and empathetic environments in which our employees are encouraged to challenge and develop — as professionals and as people.

The world around us is being driven more and more quickly by the opportunities technology provides. At the same time, understanding human behavior and applying that knowledge in our daily operations is key to creating the best solutions. Regulatory requirements and the importance of creating sustainable societal benefit are becoming increasingly important components in many of our assignments. Acando's strategy of being "Technology Driven and Behavior Centric" remains highly relevant, and we continue to deepen and broaden our offering in order to retain that relevance in a rapidly changing world.

We are strengthening our offering by adding new talent and can thereby always capture a stronger and more innovative market position. The acquisition of Alterview makes us not only the leading partner in cloud-based business systems and NetSuite, it also provides us with access to some of the most innovative and fastest growing customers in the digital service-based industry.

We can also see how innovative processes and technology's possibilities require the integration of a design mindset across the entire process. Through the acquisition of Inventas, we have created a full-range technology chain, from sensors and embedded software to award-winning industrial design, and not least, access to advanced analytics skills and industrial system integration. This provides us with a unique position in industrial digitalization and application of the Internet of Things.

We are also looking forward to continued exciting developments in a few of Acando's strategically focused growth areas, such as Retail and Healthcare. We are proud of developing together with new and well-established customers and the confidence invested in us, and we share in their journey in a changeable world. MQ's vision of a more engaging customer experience and Avonova's ambition to create a new type of data-driven healthcare are just a few examples.

Significant events during and after the quarter

Acando signed an agreement with Avonova Företagshälsa for the development of entirely new types of data-driven services in occupational healthcare. Avonova is one of Sweden's leading occupational healthcare companies and continuously develops its services based on new digital possibilities. Over the years, considerable occupational health data has been accumulated and this will now be harnessed as a foundation for innovative business development.

During the quarter, all of the shares in Alterview Net Solution AB were acquired by Acando Sweden. This acquisition reinforces Acando's focus on cloud-based business systems and in partnership with Acando's own operations, is creating the leading partner for implementing NetSuite solutions in northern Europe. The new operations were consolidated into the Acando Group from September 1, 2018.

Trustly Group has chosen Acando as its partner for the implementation of the NetSuite ERP system. The new system will enhance the efficiency of the company's processes and simplify continued international expansion.

Acando has implemented a tailor-made B2B portal for Kronfågel, a subsidiary of Scandi Standard, with the aim of digitalizing communication with broiler breeders and increasing the company's competitiveness in the long term.

Acando supports Nordic push for inclusion — social entrepreneurs receive help from consultants with scaling up their operations. Ashoka, the world leading organization for social entrepreneurship, has chosen ten social entrepreneurs to take part in a four month accelerator program — Hello Nordics. As part of the program the entrepreneurs will get access to consultants from Acando helping them to scale their activities.

Acando has won an assignment to implement a new e-commerce solution for MQ. Seamless and engaging customer experiences, both in store and online, with easier purchasing and returns, and improved service are the goals, and the project forms a key cornerstone in MQ's digital transformation with the aim of contributing to a leading position in the fashion segment.

To meet an increasing global demand and to strengthen its offering within Dynamics, Acando signed a strategic partnership agreement with the tech company Sonata. The partnership enables close collaboration between Dynamics specialists with proven ability to deliver with high quality, speed and precision.

After the end of the period, Acando Norway acquired all of the shares in the design and product development company Inventas AS. Inventas consists of designers and product developers with backgrounds from both industrial design and engineering. Acando is driven by how technology can change society and an increasing number of physical objects are being connected to the internet, where they communicate with each other and process available information. Inventas is the best at designing physical products and with Acando's skills in embedded electronics together with deep knowledge in data processing with cloud-based solutions, AI and digital user interfaces, a complete offering is created. The new operations will be consolidated into the Acando Group from October 1, 2018.

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 2,100 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:

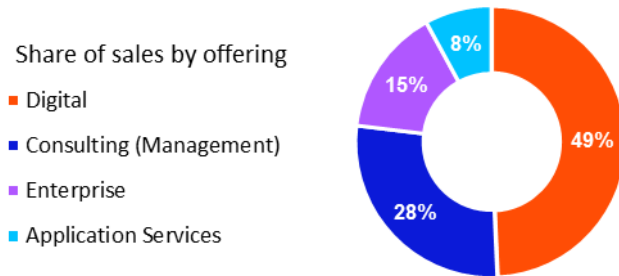
Digital guides customers and realizes solutions linked to digital innovation and transformation. Projects are driven by a combination of digital business understanding and deep technical know-how in solutions based on modern technology and platforms. The area has substantial growth potential and Acando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

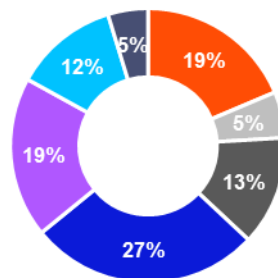
The healthcare segment remains at an early stage of implementing digitalization. Investments are focused on efficient information management, new methods with clear digital components and a greater degree of digital interaction. Acando aims to capture a leading role and has a number of key assignments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

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

Third quarter July–September 2018

Net sales and operating profit before amortization and impairment of intangible assets (EBITA) for Q3 2018 are shown in the table below:

SEKm	Net sales		EBITA		EBITA margin	
	2018	2017	2018	2017	2018	2017
Sweden	325.0	317.4	16.7	21.2	5.1%	6.7%
Norway	128.3	92.2	6.0	3.2	4.7%	3.5%
Germany	138.8	108.7	15.8	10.3	11.4%	9.5%
Group adjustments	-1.8	0.1	-7.3	-7.3	-	-
Total	590.3	518.3	31.2	27.3	5.4%	5.3%
Items affecting comparability						
Total	590.3	518.3	31.2	27.3	5.4%	5.3%

Consolidated net sales for the quarter amounted to SEK 590 m (518). EBITA was SEK 31 m (27), corresponding to an operating margin of 5.4 percent (5.3). In Sweden, the margin was negatively affected by weaker utilization as a result of a high pace of recruitment in August.

Consolidated profit after tax totaled SEK 32 m (17). Earnings per share amounted to SEK 0.30 (0.17) after dilution and SEK 0.30 (0.17) before dilution.

Accumulated, January–September 2018

Net sales and operating profit before amortization and impairment of intangible assets (EBITA) for the first nine months of 2018 are shown in the table below:

SEKm	Net sales		EBITA		EBITA margin	
	2018	2017	2018	2017	2018	2017
Sweden	1,212.7	1,126.1	138.8	125.3	11.4%	11.1%
Norway	413.5	313.6	36.1	20.3	8.7%	6.5%
Germany	406.6	313.1	34.8	32.9	8.6%	10.5%
Group adjustments	-3.6	-0.2	-23.5	-20.6	-	-
Total	2,029.1	1,752.6	186.2	157.8	9.2%	9.0%
Items affecting comparability			-3.4			
Total	2,029.1	1,752.6	182.8	157.8	9.0%	9.0%

Consolidated net sales amounted to SEK 2,029 m (1,753). EBITA was SEK 186 m (158), corresponding to an operating margin of 9.2 percent (9.0) before extraordinary items pertaining to completed acquisitions.

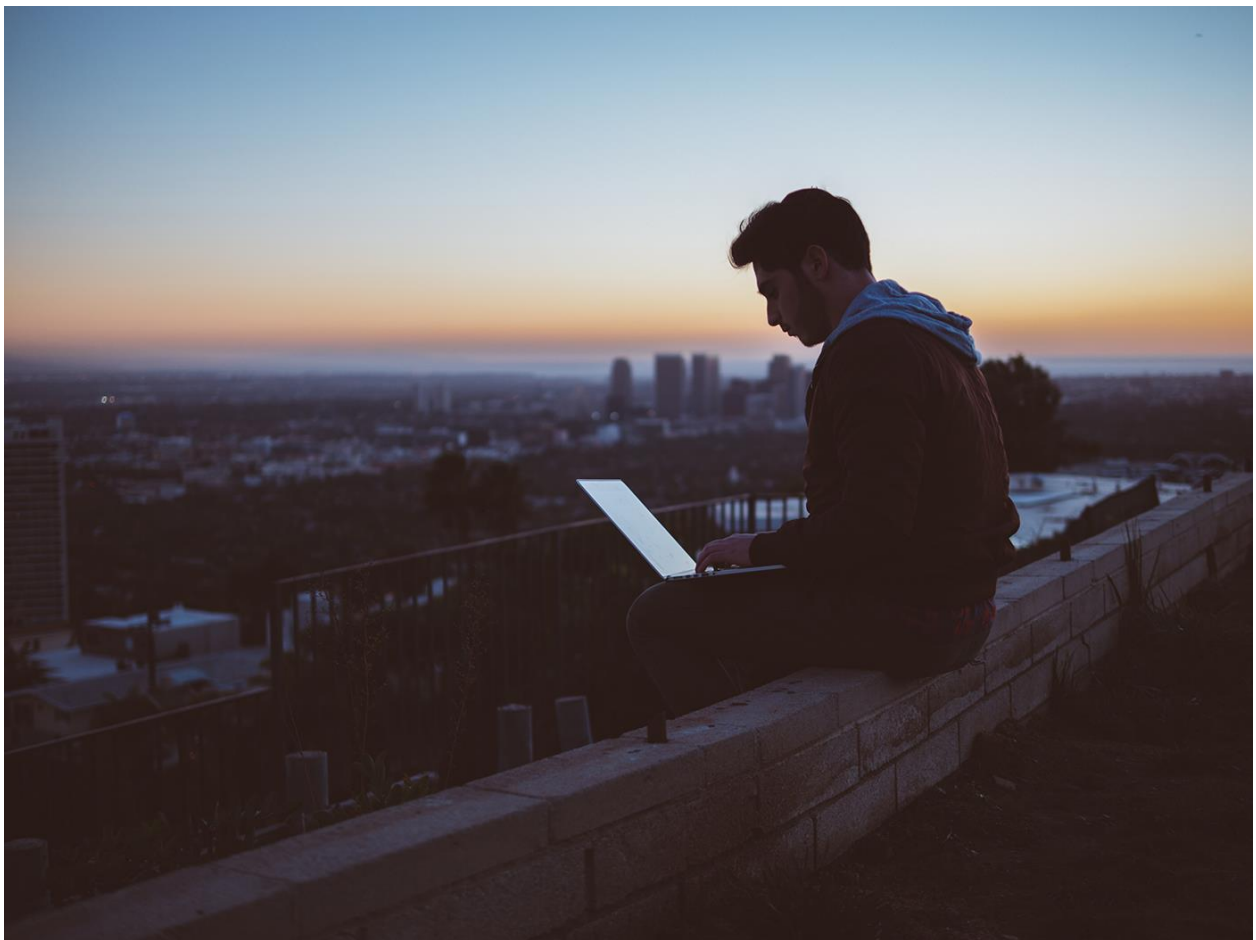
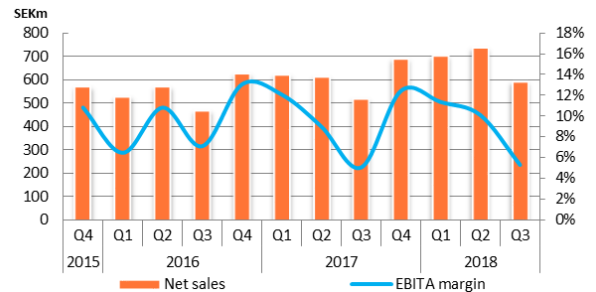
Consolidated profit after tax totaled SEK 147 m (113). Earnings per share amounted to SEK 1.39 (1.08) after dilution and SEK 1.41 (1.09) before dilution.

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 Q1 2018.

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.

In the first nine months of the year, the Swedish operations grew 8 percent and operating profit by 17 percent. Growth continued during the quarter, albeit at a slightly slower pace at the same time as earnings declined slightly year-on-year. In some major metropolitan regions, increasing competition for talent results in higher employee turnover and a consequent need to increase recruitment. Altogether, together with summer effects during the quarter, this resulted in a negative utilization effect that impacted sales and earnings.

To meet this demand, Acando is accelerating its trainee and talent program and creating two concentrations: one toward digital business development and one toward in-depth digital technology content. In August, Acando began its largest program ever, with participants from all geographies in Sweden and Norway.

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 cloud-based platforms. Both major established customers and new customers in traditional industries and new segments have a notable need to understand and realize digital opportunities. Completely new possibilities are being created to enhance the efficiency of and drive new experiences in both consumer-centric businesses and industrial systems.

One example of how traditional information patterns can be replaced by modern digital platforms comprises the tailor-made B2B portal that Acando has implemented for Kronfågel, with the aim of digitalizing communication with broiler breeders and increasing the company's competitiveness in the long term. The breeder portal means an entirely new method of conducting business with suppliers. Moreover, it is a modern digital tool that facilitates communication, increases transparency and creates new possibilities to develop business. The hope is also that the new B2B tool will help with generational change at the farms themselves.

In the retail segment, Acando's investment in the Unified Commerce Alliance (UCA) has resulted in an even clearer position, where Acando's industry expertise combined with implementation experience and technological know-how in terms of the included platforms creates unique preconditions. The solution comprises Microsoft Dynamics 365 and Microsoft Azure, Episerver Commerce, inRiver PIM and Avensia Storefront, which together enable an accelerated and consistent development of customer experiences, both online and in stores. During the quarter, Acando was entrusted together with MQ, with driving an initiative to be able to offer MQ's customers the market's most modern fashion offering and, as part of this, implementing a new e-commerce solution. Seamless and engaging customer experiences, both in store and online, with easier purchasing and returns, and improved service are the goals, and the project forms a key cornerstone in MQ's digital transformation with the aim of contributing to a leading position in the fashion segment. The new e-commerce solution is based on EPI Digital Experience Cloud and InRiver. E-commerce will become an integrated part of MQ's store concept, where "endless stores" have been installed at selected stores — exposing all products on big screens.

Acando's position in modern business system platforms in Sweden is becoming progressively stronger. Today, Acando is a clear leader in SAP and Microsoft-based platforms, and continues to develop both partnerships with platform developers and its own service content. Through the acquisition of Alterview, a third platform pillar was created, enabling Acando to assume a leading position as a supplier of NetSuite-based solutions. NetSuite is a fully cloud-based suite of business systems, adapted to the need for rapid

international expansion and with a high degree of scalability. With a basis in its Swedish operations, all of Acando's geographies will be addressed. One example of a typical customer in this segment is Trustly Group, which has chosen Acando as its partner for the implementation of NetSuite. The new system will enhance the efficiency of the company's processes and simplify continued international expansion. Trustly is a Swedish fintech company that offers online payments in 29 European countries. In recent years, the company has grown considerably and continued international growth is high on the company's agenda. To facilitate this expansion, Trustly has been looking for a flexible ERP system that can streamline business processes and that has the capacity to support a global expansion. With that in mind, Trustly chose NetSuite, and Acando has been tasked with managing the project and ensuring a smooth implementation.

itch — Sweden's largest innovative business design and development studio — continues to develop, winning deals in pure service design, digital strategy and several innovation initiatives in which Acando and Acando's customers are constructing joint innovation hubs. Essentially, Acando's business is based on creating unforgettable user and customer experiences. During the quarter, itch expanded its operations to Malmö. With its expertise in experience-driven design and a focus on closer contact with the end-customer, itch broadens Acando's offering in the region.

Norway

Acando Norway continues to grow; sales increased almost 40 percent and EBIT increased 90 percent year-on-year. In the first nine months, sales rose slightly more than 30 percent and profit increased 78 percent. The market remains healthy and demand is expected to remain unchanged. An increase in 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. Acando has chosen to meet the strong demand through both accelerated recruitment and an expanded sub-consultant business. Extensive experience in the public sector and an efficient matching and bidding process increases the possibilities of locating the right skills for each assignment. Under the name, Acando Liquid Workforce, Acando Norway has established operations with the aim of meeting increased demand for experts and technical competence on a resource basis. The business will use alternative forms of employment and sub-consultant assignments to create a high degree of flexibility and access to qualified expertise.

Acando's Norwegian operations include the Group's investment in advanced technology and embedded systems. The acquisition of Inventas means that Acando is continuing to build a complete value chain for integrated products with links to everything from sensor technology to system integration and AI-based data processing across the entire product development process. In addition to a strong customer initiative in innovation, product and service design, and product development, Inventas creates possibilities for continued expansion in west Norway through offices in Bergen and Stavanger.

The acquisition of September BI in Norway is part of Acando's ambition to be a clear leader in industries driven by a transformative course of events. September BI's expertise in customer data collection and analysis in the retail industry, built on a proprietary Microsoft-based platform, combined with Acando's strong presence in the retail segment will provide positive opportunities for accelerated growth both in Norway and in the Group's other geographies. September BI also fits in as a part of Acando Norway's role in leading the Group's work on advanced information analysis.

Germany

Operations in Germany grew 30 percent year-on-year and earnings were up slightly more than 50 percent. In the first nine months of the year, growth was 30 percent while profit grew only 6 percent due to a weak start to the year. All geographies contributed to the positive growth trend, but northern Germany was most positive. The third quarter is normally strong in Germany, which is linked to the late holiday period and the months July and August with many working days.

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. Automotive, Retail and Banking are three segments in which Acando's position in Germany is strong. Acando continues to win assignments to support operations with digital transformations. One of the leading builders' merchant chains has tasked Acando with implementing solutions for improved e-commerce experiences and analysis of purchasing behavior. Moreover, for the logistics specialist Hermes, Acando has led the introduction of a new cloud-based CRM system aimed at improving customer experiences and the efficiency of the omnichannel solution.

Acando Germany, under its proprietary brand Brickmakers, continues to deliver technologically advanced mobility and customer experience solutions in several areas. Examples include app development for a premium segment automotive industry customer, AR/VR solutions for industrial efficiency and a number of projects linked to improved user experiences in existing solutions. The operations are based in Koblenz, and Brickmakers expanded to Cologne during the quarter.

Acando Germany has a strong position in modern development methodology and has a number of assignments aimed at creating the preconditions for a more agile approach and more flexible implementation of complex development and change projects. The skills are available in all geographies and enable expanded assignments and long customer relationships.

Financial information

Financial position

Acando has a strong financial position, with an equity/assets ratio of 58 percent (64). Consolidated cash and cash equivalents amounted to SEK 51 m (59) at September 30, 2018. In addition, the Group has unutilized overdraft facilities of SEK 180 m (180), of which SEK 82 m (82) was utilized at September 30, 2018.

SEK m	Sep 30, 2018	Sep 30, 2017	Change	Dec 31, 2017
Cash & cash equivalents	51	59	-8	90
Interest-bearing short-term debt	-114	-102	-12	-79
Interest-bearing long-term debt ¹⁾	-83	-28	-55	-30
Net cash	-147	-71	-76	-19
Unutilized overdraft facility	98	98	0	107
Equity/assets ratio	58%	64%	-6%	62%

¹⁾ Interest-bearing debt applies to pension commitments of SEK 30 m (28), long-term acquisition of SEK 52 m and other SEK 1 m.

Any estimated earnouts for completed acquisitions are not included in the calculation above.

Cash flow

During the first nine months of 2018, total cash flow amounted to an outflow of SEK 44 m (outflow: 12). Cash flow from operating activities was SEK 115 m (115) and comprised positive cash flow from operations of SEK 164 m (153) and a negative change in working capital of SEK 48 m (neg: 38).

Cash flow from investment activities amounted to an outflow of SEK 98 m (outflow: 52), of which SEK 73 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 61 m (outflow: 75), of which an outflow of SEK 145 m (outflow: 134) pertained to dividends, an outflow of SEK 19 m (outflow: 13) pertained to the repayment of liabilities, an inflow of SEK 8 m (72) pertained to the utilization of overdraft facilities and an inflow of SEK 96 m pertained to acquisition financing.

SEK m	Jan-Sep 2018	Jan-Sep 2017	Change	Full-year 2017
Cash flow from:				
Operating activities	115	115	0	190
Investment activities	-98	-52	-46	-76
Financing activities	-61	-75	14	-98
Total cash flow	-44	-12	-32	16
Opening cash and cash equivalents	90	72	18	72
Translation difference	5	-1	6	2
Closing cash and cash equivalents	51	59	-8	90

Tax

A tax expense of SEK 48 m (42) was recognized for the first nine months. This recognized tax expense corresponded to a tax rate of 24.6 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.

Investments

The Group's net investment in assets in 2018 was SEK 170 m (89). SEK 19 m pertained to investments in tangible assets and SEK 151 m pertained to investments in intangible assets in the form of company acquisitions.

The share**Share capital and shares**

On September 30, 2018, the number of shares in Acando amounted to 105,857,419 shares, of which 1,163,048 Series B shares and 900,000 Series C shares were treasury shares, comprising 1.95 percent of the total number of shares. These treasury shares are expected to be used for future allotment in ongoing share-savings programs. The number of shares outstanding was 103,794,371.

Authorizations

Acando's Board was authorized by the 2018 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 2019 AGM.

No buy-back of treasury shares or new share issues was implemented on the back of this authorization.

Share-savings programs

At June 30, 2017, Acando had three share-savings programs outstanding. Details of the 2016/2019 and 2017/2020 programs are given in Acando's 2017 annual report on pages 57–58.

The 2018 AGM resolved to implement a new 2018/2021 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 2015, 2016 and 2017 AGMs. Based on the fulfillment of specific performance criteria related to Acando's earnings per share before tax and after dilution for the 2018–2020 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.

Issue concerning share-savings programs

On April 25, on the back of the authorization from the 2017 AGM, the Board resolved to carry out a new share issue and immediately thereafter to buy back 900,000 Series C shares. This was carried out through a private placement for cash of 900,000 Series C shares to the Swedish branch of Danske Bank A/S, Denmark. The subscription price for the shares is SEK 1.3792 per share, which corresponds to its quotient value. Moreover, the Board has decided to immediately buy back all 900,000 Series C shares from the Swedish branch of Danske Bank A/S, Denmark at a price corresponding to the subscription price. The aim of the issue and buy-back of Series C shares is, following conversion to Series B shares, to secure the provision of Series B shares to Group employees participating in the 2017 share-savings program adopted at the AGM on May 4, 2017. The allocation of shares under the 2017 share-savings program will take place in August 2020.

Employees

The number of employees at the end of the quarter was 2,126 (1,941). Of these, 1,201 (1,169) were in Sweden, 504 (410) in Germany, 362 (284) in Norway and 59 (79) in Other countries. The average number of employees during the third quarter of 2018 was 2,091 (1,864).

Parent Company

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

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

Acando's financial targets and dividend policy

Acando's financial targets are divided into four 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.

Assurance by the Board of Directors

The Board of Directors and the President provide their assurance that the interim report for January–September 2018 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 26, 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

Review report

Acando AB (publ.)

Corp. Reg. No. 556272-5092

Introduction

We have reviewed the condensed interim financial information (interim report) of Acando AB (publ) as of September 30, 2018 and the nine-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of the interim financial information 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 the International Standard on Review Engagements ISRE 2410, Review of Interim Report 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, in accordance with IAS 34 and the Annual Accounts Act, regarding the Group, and with the Annual Accounts Act, regarding the Parent Company.

Stockholm, October 26, 2018

KPMG AB

Helena Arvidsson

Authorized Public Accountant

Auditor in Charge

Hök Olov Forsberg

Authorized Public Accountant

Upcoming reporting dates

Reporting dates

Year-end report 2018	February 8, 2019
Annual General Meeting 2019	May 2, 2019
Interim report January–March 2019	May 2, 2019
Interim report January–June 2019	August 16, 2019
Interim report January–September 2019	October 25, 2019

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 October 26, 2018 at 08:00 a.m. (CEST).

www.acando.com

Ticker: ACAN

Additional information

For further information, please contact:

Carl-Magnus Månsson, President and CEO

+46 (0)8 699 70 00

Anneli Lindblom, CFO

+46 (0)8 699 70 00

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 2,100 employees allocated over five countries. Acando had sales of more than SEK 2.4 billion in 2017 and is listed on Nasdaq Stockholm.

Acando AB (publ.)

Vasagatan 16

Box 16061

SE-111 20 STOCKHOLM

Tel: +46 (0)8 699 70 00

Corp. Reg. No. 556272-5092

www.acando.com

CONSOLIDATED INCOME STATEMENT

(SEK m)	Note	Jul - Sep 2018	Jul - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Oct 2017 - Sep 2018	Jan - Dec 2017
Net sales		590	518	2,029	1,753	2,720	2,444
Other operating income		0	1	1	1	2	3
Total income		590	519	2,030	1,754	2,723	2,446
Operating expenses							
Other external expenses		-127	-115	-412	-365	-547	-500
Personnel expenses		-427	-374	-1,420	-1,220	-1,887	-1,686
Depreciation of tangible assets		-5	-4	-15	-11	-19	-15
Amortization of intangible assets		-1	-1	-2	-2	-2	-2
Operating profit		31	27	181	157	268	243
Profit from financial items							
Financial income	8	12	0	16	1	17	2
Financial expenses		-2	-1	-2	-3	-3	-3
Profit after financial items		41	26	195	154	283	243
Taxes on profit for the year		-9	-9	-48	-42	-68	-63
Net profit for the period		32	17	147	113	214	180
Of which, attributable to shareholders of Acando AB (publ.)		32	17	146	113	213	179
Earnings per share							
Before dilution, SEK		0.30	0.17	1.41	1.09	2.05	1.73
After dilution, SEK		0.30	0.17	1.39	1.08	2.01	1.70
Average number of shares before dilution		103,794,371	103,329,895	103,794,371	103,097,657	103,794,371	103,237,000
Average number of shares after dilution		105,672,397	105,027,416	105,693,742	104,717,418	105,684,476	104,919,751
Number of shares outstanding at end of period						0	0
before dilution		103,794,371	103,794,371	103,794,371	103,794,371	103,794,371	103,794,371
Number of shares outstanding at end of period						0	0
after dilution		105,669,572	105,647,414	105,669,572	105,647,414	105,669,572	105,729,085

Treasury shares are not included in the number of shares above. At September 30, 2018, 1,163,048 shares are owned by Acando.

These treasury shares are expected to be used for future allotment in ongoing share-savings programs.

During the second quarter of 2018 an issue and buy-back of 900,000 Series C shares was carried out; these shares have not been admitted to trading.

The shares will be converted to Series B shares for allocation under the 2017 share-savings program for employees at Acando. The allocation of shares will take place in August 2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	Note	Jul - Sep 2018	Jul - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Oct 2017 - Sep 2018	Jan - Dec 2017
Net profit for the period		32	17	147	113	214	180
Other comprehensive income							
Items that will not be reclassified subsequently to profit or loss							
Pension liabilities, actuarial gains on liabilities		-	0	-	0	-2	-2
Income tax pertaining to items in other comprehensive income		-	0	-	0	0	0
Total items that will not be reclassified subsequently to profit or loss		-	0	-	0	-1	-1
Items that may be reclassified subsequently to profit or loss							
Change in accumulated translation differences		-5	1	21	-5	21	-5
Total items that may be reclassified subsequently to profit or loss		-5	1	21	-5	21	-5
Other comprehensive income for the period, net after tax		-5	1	21	-5	20	-7
Comprehensive income for the period		27	18	169	108	234	173
Attributable to:							
Parent Company's shareholders		27	18	168	108	232	172

CONSOLIDATED BALANCE SHEET

(SEK m)	Note	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Non-current assets				
<i>Intangible assets</i>				
Goodwill	4	1,268	1,050	1,101
Other intangible assets		2	4	3
<i>Tangible assets</i>				
Tangible assets		42	34	38
<i>Financial assets</i>				
Deferred tax assets ¹⁾		11	7	8
Other non-current financial assets		12	5	5
Total non-current assets		1,336	1,100	1,155
Current assets				
Accounts receivable		583	517	637
Other receivables		37	8	13
Current tax assets		15	7	3
Prepaid expenses and accrued income		124	94	68
Cash and cash equivalents		51	59	90
Total current assets		811	685	811
Total assets		2,147	1,784	1,966
Equity				
Share capital	5	146	145	145
Other capital contributions		753	753	754
Reserves		-6	-28	-28
Retained earnings including profit for the period		348	275	342
Total equity		1,243	1,146	1,214
Liabilities				
Non-current liabilities	6	165	43	58
Current liabilities	6	739	595	695
Total liabilities		904	638	752
Total equity and liabilities		2,147	1,784	1,966

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		
Opening balance at January 1, 2017		144	739	-22	291	1	1,152
Profit for the period		-	-	-	113	-	113
Other comprehensive income for the period		-	-	-5	0	-	-5
Total comprehensive income for the period		-	-	-5	113	-	108
New share issue		1	14	-	-	-	15
Dividend* paid to Parent Company shareholders		-	-	-	-134	-	-134
Incentive programs		-	-	-	5	-	5
Closing balance at September 30, 2017		145	753	-28	275	1	1,146
Profit for the period		-	-	-	66	1	67
Other comprehensive income for the period		-	-	0	-1	0	-1
Total comprehensive income for the period		-	-	0	64	1	65
Incentive programs		-	-	-	3	-	3
Closing balance at December 31, 2017		145	753	-28	342	2	1,214
Profit for the period		-	-	-	146	1	147
Other comprehensive income for the period		-	-	21	-	0	21
Total comprehensive income for the period		-	-	21	146	1	169
Dividend* paid to Parent Company shareholders		-	-	-	-145	-	-145
New share issue		1	-	-	-	-	1
Repurchase of own shares		-	-	-	-1	-	-1
Aquisition of non-controlling interest		-	-	-	-1	1	-
Incentive programs		-	-	-	6	-	6
Closing balance at September 30, 2018		146	753	-6	348	3	1,243

* Dividends payable on ordinary shares

CONSOLIDATED CASH-FLOW STATEMENT

(SEK m)	Note	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Operating activities				
Profit after financial items		195	155	243
Adjustment for items not included in the cash flow		12	19	21
Income tax paid		-44	-21	-22
Cash flow from operating activities before changes in working capital		164	153	242
Net change in working capital		-48	-38	-52
Cash flow from operating activities		115	115	190
Cash flow from investment activities		-98	-52	-76
Cash flow from financing activities		-61	-75	-98
Cash flow for the period		-44	-12	16
Cash and cash equivalents at the beginning of the period		90	72	72
Exchange-rate differences in cash and cash equivalents		5	-1	1
Cash and cash equivalents at the end of the period		51	59	90

OPERATING SEGMENTS

(SEK m)	Note	Sweden	Germany	Norway	Discontinued Operations	Total	Group adjustment	Group total
Jul - Sep 2018								
Net sales		325	139	128	0	591	-1	590
Operating profit		17	16	6	0	39	-8	31
Financial income								12
Financial expenses								-2
Profit after financial items								41
Taxes								-9
Net profit for the period								32
Jul - Sep 2017								
Net sales		318	109	92	0	519	0	518
Operating profit		21	10	3	0	34	-7	27
Financial income								0
Financial expenses								-1
Profit after financial items								26
Taxes								-9
Net profit for the period								17
Jan - Sep 2018								
Net sales		1,213	407	413	0	2,033	-4	2,029
Operating profit		138	35	36	0	208	-27	181
Financial income								16
Financial expenses								-2
Profit after financial items								195
Taxes								-48
Net profit for the period								147
Jan - Sep 2017								
Net sales		1,126	313	313	0	1,753	0	1,753
Operating profit		124	33	20	0	177	-20	157
Financial income								1
Financial expenses								-3
Profit after financial items								155
Taxes								-42
Net profit for the period								113
Oct 2017 - Sep 2018								
Net sales		1,657	522	545	0	2,724	-3	2,720
Operating profit ¹⁾		204	51	50	0	304	-36	268
Financial income								17
Financial expenses								-3
Profit after financial items								283
Taxes								-68
Net profit for the period								214
Jan - Dec 2017								
Net sales		1,570	429	445	0	2,444	0	2,444
Operating profit		190	49	34	0	273	-29	243
Financial income								2
Financial expenses								-3
Profit after financial items								243
Taxes								-63
Net profit for the period								180

Financial items and tax are not allocated by segment

As license income is not a material amount, it is reported under the net sales category.

(SEKm)	Digital	Consulting	Enterprise	Application Services	Total
Apr - Jun 2018					
Net sales	301	149	92	48	590
Apr - Jun 2017					
Net sales	240	155	75	48	518
Jan - Jun 2018					
Net sales	1,000	560	307	162	2,029
Jan - Jun 2017					
Net sales	790	510	268	185	1,753
Jan - Dec 2017					
Net sales	1,106	715	382	241	2,444

KEY RATIOS

(SEK m)	Note	Jul - Sep 2018	Jul - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Oct 2017 - Sep 2018	Jan - Dec 2017
Result							
Net sales		590	518	2,029	1,753	2,720	2,444
Earnings before depreciation and amortization (EBITDA)		36	31	197	169	289	260
Earnings before amortization of intangible assets (EBITA)		31	27	183	158	270	245
Operating profit (EBIT)		31	27	181	157	268	243
Net profit for the period		32	17	146	113	213	180
Margins							
EBITDA margin, %		6.1	6.0	9.7	9.6	10.6	10.6
EBITA margin, %		5.3	5.3	9.0	9.0	9.9	10.0
Operating margin (EBIT), %		5.2	5.2	8.9	8.9	9.8	10.0
Profit margin, %		6.9	5.1	9.6	8.9	10.4	9.9
Profitability							
Return on capital employed, %		3	2	14	13	21	19
Return on equity, %		3	2	12	10	18	15
Financial position							
Equity/assets ratio, %		58	64	58	64	58	62
Interest coverage ratio, multiple		50	64	94	92	109	111
Net debt in relation to EBITDA, %		0.5	0.3	0.5	0.3	1	0
Per share							
Equity per share, SEK		11.74	10.84	11.74	10.84	11.74	11.46
Cash flow per share, SEK		0.23	0.03	-0.42	-0.12	-0.14	0.15
Earnings per share after dilution, SEK		0.30	0.17	1.39	1.07	2.01	1.71
Employees							
Number of employees at end of the period		2,126	1,941	2,126	1,941	2,126	1,935
Average number of employees		2,091	1,864	2,031	1,818	2,034	1,817
Net sales per employee, SEK thousands		282	278	999	964	1,338	1,345
Investments							
Net investments		107	76	170	89	229	148

Key performance indicators are described on pages 75-76 of Acando's 2017 Annual Report.

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. The definition of performance measures are described in Acando's Annual Report for 2017 on page 75, including the full-year figures for 2017. The components of the performance measures can be found on pages 17–21 or under the heading Financial position on page 111 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.

PARENT COMPANY INCOME STATEMENT

(SEK m)	Note	Jul - Sep 2018	Jul - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Oct 2017 - Sep 2018	Jan - Dec 2017
Net sales		30	23	85	69	112	96
Total income		30	23	86	70	113	96
Operating expenses							
Other external expenses		-17	-12	-50	-38	-65	-53
Personnel expenses		-5	-5	-15	-13	-20	-18
Amortization/deprication and impairment of intangible and tangible assets		0	0	-1	-1	-1	-1
Operating profit		5	3	13	12	17	16
Profit from financial items							
Other interest income and similar items	8	0	0	3	39	3	40
Interest expenses and similar items		-1	0	-2	-1	-2	-3
Profit/loss after financial items		5	3	14	49	18	53
Appropriations		-1	0	-4	0		
Taxes on profit for the year		-1	-1	-3	-3	-2	-2
Net profit/loss for the period		3	2	8	46	7	46

PARENT COMPANY BALANCE SHEET

(SEK m)	Note	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Non-current assets				
<i>Intangible assets</i>				
Other intangible assets		2	3	3
<i>Tangible assets</i>				
Tangible assets		23	19	21
<i>Financial assets</i>				
Financial assets		1,528	1,483	1,486
Total non-current assets		1,553	1,505	1,510
Current assets				
Receivables from Group companies		29	28	28
Accounts receivable		0	0	0
Other receivables		2	0	2
Prepaid expenses and accrued income		14	9	8
Cash and cash equivalents		0	0	1
Total current assets		45	37	38
Total assets		1,598	1,542	1,548
Equity				
Share capital	5	146	145	145
Statutory reserve		110	110	110
Share premium reserve		647	632	647
Retained earnings including profit for the period		29	177	164
Total equity		931	1,064	1,066
Untaxed reserves		10	0	5
Liabilities				
Long-term liabilities		51	0	0
Liabilities to Group companies		416	324	342
Current liabilities		179	154	108
Total liabilities		657	478	477
Total equity and liabilities		1,598	1,542	1,548

Notes

Note 1 Accounting policies and disclosures

The Group's interim 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 2017 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 interim report.

In 2018, the Group started to apply IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers. The transition to IFRS 9 and IFRS 15 have not resulted in any material effects for the Group or the Parent Company. According to IFRS 15, revenue is recognized when customers gain control of services provided, instead of as previously, when risks and benefits transferred to the customer. IFRS 15 is also clearer with regard to identifying the performance obligations of customer contracts. Analysis of the effects of the transition to IFRS 15 found that it had no material impact on the consolidated sales, costs and earnings for 2017, and therefore, the comparative figures for 2017 have not been restated. IFRS 9 uses an impairment model for credit losses that is based on expected credit losses instead of on incurred credit loss events. Other information is stated on page 18, Operation segments.

IFRS 16 standard will replace IAS 17 Lease Agreement with effect for fiscal years beginning January 1, 2019. This means that even for operating leases, assets and liabilities need to be reported, with the associated accounting for depreciation and interest expenses. An investigation is being conducted to evaluate the effects of the new standard credit loss events.

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 assets, impairment testing of goodwill and revenue recognition for fixed-price projects.

For a complete account of the important estimates and assessments affecting the Group, refer to the 2017 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 2017 Annual Report.

Note 4 Goodwill

Compared with December 31, 2017, goodwill increased by a total of SEK 167 m. This comprised for goodwill of SEK 61 m pertaining to an acquisition in the Swedish segment and SEK 27 m pertaining to an acquisition in the Norwegian segment, and goodwill of SEK 63 m pertaining to acquisitions in the German segment. The remainder of the change, of SEK 16 m, pertained to currency effects.

Note 5 Equity

At September 30, 2018, the total number of shares in the company amounted to 105,857,419, of which 900,000 were Series C shares not admitted to trading, 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 the market price as part of the acquisition financing of Transformator Design, one of three acquisitions completed by Acando in 2017. The total number of treasury shares at September 30, 2018 comprised 1,163,048 Series B shares and the 900,000 Series C shares. No buy-backs of treasury shares have taken place in 2018. The C shares is was issued and immediate bought-back in the second quarter

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

Long-term liabilities of SEK 165m include pension liabilities in Sweden of SEK 30 m, long-term portion of acquisition loans of SEK 52 m. Other items are estimated earnouts for completed acquisitions of SEK 61 m and deferred taxes of 21 m.

Current liabilities

Of the current liabilities of SEK 739 m, SEK 114 m represents interest-bearing short-term debt in the form of utilized credit of SEK 82 m and the current portion of acquisition loans of SEK 32 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. Earnouts are measured at fair value.

Note 8 Financial income

Financial income in the Parent Company primarily pertains to dividends from subsidiaries. The Group Financial income includes changes in any additional purchase prices.

Note 9 Acquisitions and discontinuations2018

The acquisition of Anywhere.24 GmbH in the Germany segment was completed on 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. The size of the company means it has no material impact on the Group's financial statements.

During the third quarter, September BI was acquired in the Norway segment. September BI specializes in retail business intelligence and has a great deal of knowledge in business intelligence and chain management. The size of the company means it has no material impact on the Group's financial statements.

During the third quarter, all of the shares in Alterview Net Solution AB were acquired by the Sweden segment. This acquisition reinforces Acando's focus on cloud-based business systems and in partnership with Acando's own operations, is creating the leading partner for implementing NetSuite solutions in northern Europe. The new operations will be consolidated into the Acando Group from September 1. The size of the company means it has no material impact on the Group's financial statements.

2017

In Q4 2017, Acando acquired all of the shares in the Norwegian company Bitvis AS. 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 new operations will be consolidated into the Acando Group from October 1, 2017. The acquired operations have no material impact on the Group's earnings or financial position, and altogether, the acquired operations added sales of SEK 7.6 m in 2017, which corresponded to 1.7 percent of sales in Norway.

In Q3 2017, Acando acquired the two smaller companies Transformator Design and Daytona. 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

Transformer Design, Daytona and Acando, a unique full-service offering for customer experiences is created. 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 added sales of SEK 13.6 m in 2017, which corresponded to 0.9 percent of sales in Sweden.

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 2017 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.

Note 11 Significant events after the end of the period

After the end of the period, Acando Norway acquired all of the shares in the design and product development company Inventas AS. Inventas consists of designers and product developers with backgrounds from both industrial design and engineering. Acando is driven by how technology can change society and an increasing number of physical objects are being connected to the internet, where they communicate with each other and process available information. Inventas is the best at designing physical products and with Acando's skills in embedded electronics together with deep knowledge in data processing with cloud-based solutions, AI and digital user interfaces, a complete offering is created. The new operations will be consolidated into the Acando Group from October 1, 2018. The size of the company means it has no material impact on the Group's financial statements.