

# INTERIM REPORT

## FIRST QUARTER JANUARY 1 - MARCH 31, 2016

- > Net sales of SEK 527 m (557)
- > Operating profit SEK 34 m (46)
- > Operating margin 6.4% (8.3)
- > Operating profit excluding discontinued operations was SEK 38 m, corresponding to an operating margin of 7.2% (8.3)
- > Profit after tax was SEK 24 m (29)
- > Earnings per share were SEK 0.24 (0.28)
- > Cash and cash equivalents totaled SEK 78 m (66)

## Statement by Carl-Magnus Månsson, CEO

In the first quarter of the year, we continued our development into becoming the first choice for digital transformation. We have supplemented our strategy of offering understanding, insight and experience gained from strategic business transformations and solution implementation with new skills in digital design and customer interaction.

2016 started with a continued favorable trend in both Norway and Germany with rising margins and increasing organic growth. However, sales and operating profit in the first quarter were impacted by calendar effects, the influx of new employees during the first part of the quarter in Sweden and a negative earnings impact from the discontinued operations in India in the quarter. A broad customer base in Sweden with an increasing number of digitization-driven projects, strong framework agreement positions in the public sector in Norway and long customer relationships with industrial conglomerates in Germany provide us with an excellent base for continued growth, and we are proud to propose a dividend of SEK 1.20 per share to the AGM, which is our highest dividend to date.

We have noted how the proportion of assignments with clear digital profiles is on the rise. We are winning new assignments to drive digital maturity processes in customers' organizations, to work with customer behavior analysis based on data-driven methods and, not least, to create new opportunities through innovation and the application of digital technology in new contexts. However, we can also see how our own history and experience will play a crucial role in our success. Our ability to understand the overall perspective in terms of change, architecture and realization methods, in combination with long-standing customer relationships and managing customers' unique environments, gives us a decisive position whereby we can offer rapid and sustainable results. New models require the adaptation of basic skills, and our strong positions in areas such as supply chain design, business system optimization and transformation management make us the given choice for the most complex changes. In 2016, we will escalate our access to digital talent through continued recruitment of established specialist skills and digital talent through our trainee program, and in parallel through the acquisition of specific skills areas when opportunities arise.

To continue improving profitability, it is crucial to keep winning project-based deliveries and increase the proportion of packaging in parallel with continuously adapting the cost base. We will focus on our delivery center in Riga while we dispose of our delivery center in India, to thereby better leverage Acando's delivery centers in project assignments and achieve well-integrated and cost-efficient deliveries. Riga is already well-integrated and the focus will be on growth and access to digital talent. Given the structure and duration of projects in the business systems area, for continuity, we will continue to utilize skills from the discontinued operations in India over a transitional period.

Access to innovative environments and venues that create new possibilities is one of our greatest sources of inspiration together with arenas where our employees' talents can be developed to their full potential. We are therefore particularly proud of the collaboration Acando has entered into with GU Ventures, an organization linked to the University of Gothenburg that aims to utilize the benefits of research findings.

## Significant events during and after the quarter

HEM, Halmstads Energi och Miljö AB (Halmstads energy and environment) has chosen Acando Insidan for planning, analysis and control of its business operations. Acando Insidan is based on decision-support tools from Microsoft, complemented with targeting and budgeting/forecasting from Stratsys and BizView, which are two well-established companies in their respective fields. Packaging is particularly well-suited to municipal operations and the public sector, but also works well for the private sector.

Acando and GU Ventures AB have started a new strategic partnership based on a shared interest in developing enterprise in Gothenburg. The aim of the partnership is to promote long-term, viable enterprise in the region.

Acando aims to be the leader in its segment in northern Europe and, as part of focusing all operations to the EU, a decision was taken in the quarter to sell the operations in India to the management of Acando's delivery center in India. The operations are not significant for the Group and Acando estimates that gathering all volumes into one unit will generate economies of scale and that the proximity of outsourcing in Europe contributes actively to increased profitability for these types of deliveries. The sale is conditional on the approval of Acando's Annual General Meeting.

## Business activities

### Introduction

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

## Acando's offering

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

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

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

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

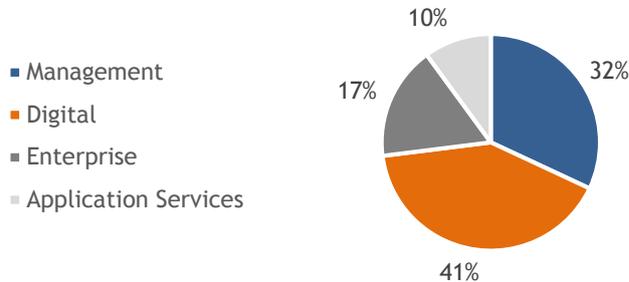
Within **Enterprise** projects are driven based on SAP and Microsoft Dynamics AX business systems. The business systems are key to driving efficiency enhancements and enabling new services. Acando holds an extremely strong position in AX and SAP, with the highest partner status and is one of only a few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

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

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

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

### Shares of sales by offering



## Customers and segments

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

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

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

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

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

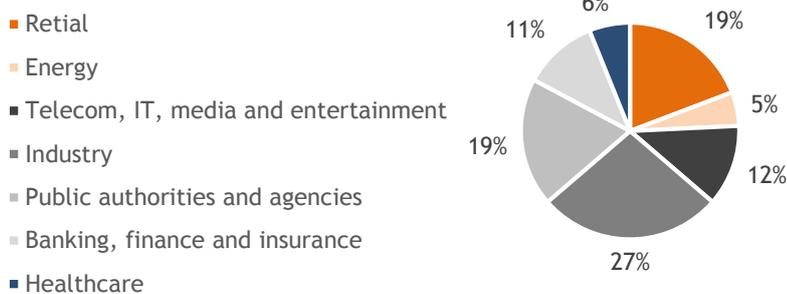
The public sector remains a key growth area and Acando's service portfolio and geographic spread make it well-suited to meet the needs of public authorities, agencies and municipalities. Growth is driven by demands for efficiency,

increased transparency and digital interaction with citizens. Acando's strong position in Norway comprises the base for continued expansion in terms of content and geographical coverage.

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

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

### Share of sales by customer segment



### Market trend in the first quarter

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

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

## Net sales and earnings

### First quarter January - March 2016

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

SEKm	2016 Net sales	2015 Net sales	2016 Operating profit	2015 Operating profit	2016 Operating margin	2015 Operating margin
Sweden	366.4	403.5	28.7	42.6	7.8%	10.6%
Norway	85.5	77.6	8.4	7.1	9.8%	9.1%
Germany	82.2	77.4	6.3	5.3	7.6%	6.9%
Discontinued operations	3.1	-	-3.9	-	-	-
Group adjustments	-10.3	-1.0	-5.5	-8.5	-	-
<b>Total</b>	<b>527.0</b>	<b>557.4</b>	<b>34.0</b>	<b>46.6</b>	<b>6.5%</b>	<b>8.4%</b>

Consolidated net sales for the quarter amounted to SEK 527 m (557). EBITA was SEK 34 m (46), corresponding to a margin of 6.5 percent (8.3).

Earnings were slightly down year-on-year, impacted by calendar effects with Easter occurring in the first quarter this year unlike the corresponding year-earlier period. This had the largest impact in Sweden, which was also negatively impacted by a weak utilization rate at the start of 2016. Norway continues to post healthy earnings and strong growth, in local currency growth was 10.1 percent. Germany reported steady utilization rates and stable earnings for the quarter. The item, Discontinued operations, includes Acando's previous operations in India, which were discontinued as of March 1 contingent on a formal resolution at the AGM; refer to Note 5 on page 24 for more information. The operations in Finland and the delivery center in Latvia are reported together with Sweden, since the customers are mainly located in this geographic region. Previously reported values for other countries have been moved to Sweden for the comparative period in 2015.

Consolidated profit after tax totaled SEK 24 m (29). The discontinuation of Acando's operations in India generated negative earnings of SEK 3.9 m as shown in the above table and goodwill impairment of a further SEK 1 m. Earnings per share after dilution amounted to SEK 0.24 (0.28).

## Profit trend per quarter

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

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

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



## Development of operations by geographic market

### Sweden

Demand remained unchanged in Sweden with healthy market conditions. Slightly softer utilization rates at the start of the year negatively impacted sales and earnings in the quarter, however utilization rates climbed toward the end of the quarter. Geographic areas of Gothenburg and the Mälars Valley trended favorably with increasing profitability and growth. In Gothenburg, a broad customer base and focus on digital solutions generate possibilities for increasing average prices and utilization rates. Operations in the Mälars Valley are denoted by long-standing relationships with the region's largest companies in parallel with the previously announced project with the Swedish Transport Administration positively impacting utilization. The Malmö region also trended positively during the quarter following a weak start driven by rising utilization rates generated by increasing volumes with a major customer in the retail segment in the region.

Demand was mainly driven by digitization and innovation, but also by efficiency enhancements and the creation of sustainable foundations for continued development through more highly scalable and modern platforms. Both major established customers and new customers in both traditional industries and new segments have a notable need to understand and realize digital opportunities. The offerings in the Digital area continue to trend favorably, however variations in project demand in ongoing projects at the start of the year generated a slight negative effect on utilization during the quarter.

Continued packaging of solutions comprises a key component for raising profitability. During the quarter, several projects have been won based on such solutions, for example ACP and Insidan.

Modern solutions are needed to increase efficiency and improve internal and external solutions. Acando Collaboration Platform (ACP) gives organizations the possibility of rapidly implementing such a solution. During the quarter, ten new customers were added. The solution is focused on industrial companies but is well-suited to all sectors, including the public sector, and the first ACP project has been signed with a company in the finance and insurance sector.

HEM, Halmstads Energi och Miljö AB (Halmstads energy and environment) has chosen Acando Insidan for planning, analysis and control of its business operations. Acando Insidan is based on decision-support tools from Microsoft, complemented with targeting and budgeting/forecasting from Stratsys and BizView. Packaging is particularly well-suited to municipal operations and the public sector, but also works well for the private sector.

The analysis of customer-driven data is becoming increasingly important for creating the right conditions for decisions and the development of offerings. During the quarter, Acando won the assignment to lead efforts to implement a new solution for customer-data analysis at a large public transport company as an expansion of a previous assignment in the management of digital transformation. A similar project has also been won at an energy company, where customer-data analysis must be used to improve customer service. A telecoms operator has engaged Acando to manage a digital transformation project aimed at improving customer interaction models. Several assignments in the Digital Strategy and Transformation area are ongoing and the area is recording healthy growth.

A number of supply chain assignments started during the quarter, often as a consequence of changed requirements based on customer behavior or on efficiency requirements. A leading company in the automotive industry has engaged Acando to improve skills related to supply chain streamlining based on SAP SCM. Together with Acando, a service company in the public sector is screening their entire procure to pay process based on Acando's methodology for efficient supply chains. A corresponding analysis was completed during the quarter for one of Sweden's largest industrial companies. One of Acando's retail customers has engaged Acando to enhance category management for efficient purchasing and another customer in the same industry has given Acando the assignment of defining a solution for more efficient stock replenishment. Altogether, this highlights Acando's strong position in the supply chain area and that demand is ultimately driven by changed customer behavior.

Several assignments within the area of operational efficiency enhancement and for creating new conditions for executing strategy were initiated in the quarter. An automotive group is implementing a shared service center establishment with Acando's support. This is an area where Acando has implemented several successful projects in both the public and private sectors. A larger bank has expanded Acando's assignment to manage parts of the transformation program and to create an improved governance framework. In the transportation segment, Acando has won an assignment to improve the tender process for transportation services at a major company. During the quarter, several projects were established within architecture aimed at creating greater flexibility. A service company in facility management has engaged Acando to create a defined and flexible target architecture and, another company in the property sector is implementing a change in strategy in terms of agile IT using Acando's support. Simplifications and efficiency enhancements are conducted consistently in relation to technology and digital expertise, and the need for business understanding, digital insights and an implementation structure is becoming increasingly apparent.

Acando's position in healthcare has been strengthened, and several assignments linked to efficiency enhancements and improvements were expanded in the sector during the quarter. Additional assignments linked to more efficient care processes and collaboration have been initiated. All in all, this is one of Acando's fastest growing areas.

In the Business Systems area, several new assignments were started based on Acando's well-established position in Microsoft Dynamics and SAP. With Acando's assistance, a company in the manufacturing sector is implementing an SAP strategy to increase the level of effect realization from previous implementations. Several of Acando's established SAP customers have given Acando assignments to upgrade or expand SAP implementations, which has driven favorable utilization in the area. A company in the construction sector has engaged Acando to conduct a feasibility study for the implementation of MS Dynamics AX. This is one of several feasibility studies won during the quarter. During the quarter, Acando's SAP operations in Finland were integrated into Acando's Swedish operations to enhance the utilization of skills and economies of scale. Several key agreements were entered into in Finland regarding upgrade projects at two of Acando's customers in parallel with the start of a continuation project in the process industry. Altogether, a slight increase in activity regarding SAP was noted in Finland. In 2016, the business systems market is expected to develop positively, driven by needs for modernization and requirements for more flexible solutions.

Attracting talent is a prerequisite for success and Acando needs to continue recruiting in all areas to succeed. In 2016, the focus has been on creating foundations for growth across the organization. Acando's trainee program, academies and other programs build the company's attractiveness and create the preconditions for growth. Two further rounds of the trainee program were started in the quarter.

## Norway

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

Strong framework agreements with the public sector and continued investment in the modernization and development of civic services led to a favorable position in the Norwegian market. During the quarter, several call-offs were made under framework agreements for additional volumes and for deliveries of project-based solutions.

Growth continues in digital solutions and digital transformations and Acando has established projects in several areas with expected high growth rates. Intelligent transport systems, semantic solutions for large data volumes, smart electricity networks and information integration in healthcare comprise a few such examples. During the quarter, Acando's partnership with Robosoft regarding initiatives for autonomous buses received substantial publicity in Norway. This is an example of how Acando Norway's high-tech innovation portfolio contributes to sustainable solutions for society.

In the digital solutions field, Acando Norway continues to sign agreements for ACP implementation with new customers, at the same time as its position as one of Norway's strongest Microsoft partners has been strengthened with the award of Gold partner in Cloud Productivity.

An agreement was also signed during the quarter with a bank regarding the continuation of solution development for banking systems.

Expansion is also taking place through the newly established Digital Strategy and Transformation consultancy area, which continues to grow at the same time as Acando's trainee program is being expanded internationally starting in Norway in August 2016.

## Germany

Operations in Germany continued to trend positively, with organic growth and rising margins. All geographies continue to contribute positively to development, particularly southern Germany.

The digitization agenda being initiated by several of Acando's customers in Germany is generating entirely new possibilities. Acando's skills and capacity in areas such as cloud-based solutions, mobility, information management and web portals create new potential. Together with the experience gained from major digitization projects and the digital strategy capacity in Sweden, in those sectors where Acando is well represented, conditions are in place to be able to capture a leading position in digital transformation in the German market.

Retail continues to post a strong trend with several new assignments at existing and new customers. Acando won a customer-data analysis project based on SAP Hana at an existing customer in the retail segment. Within the same segment, several assignments linked to digital presence and the internet were initiated with new and existing customers.

A leading automotive manufacturer has also underlined its continued faith in Acando with a contract to work with digital driver interaction, which includes elements of digital design and advanced human-machine integration.

In the CRM area, Acando has entered into an agreement to implement a CRM solution for an organization working with refugee issues on a national basis.

The trend in Germany is primarily driven by continued expansion of assignments with the existing customer base where new areas are being addressed. It is also becoming clear that Acando's strength in internet and mobility creates opportunities for new customers. Demand is stable and is expected to remain unchanged. Through its well-distributed customer base and available expertise, Acando has excellent prerequisites to continue growing organically.

# Financial information

## Financial position

Acando has a strong financial position with an equity/assets ratio of 68 percent (63). Consolidated cash and cash equivalents amounted to SEK 78 m (66) at March 31, 2016. In addition, the Group has unutilized overdraft facilities of SEK 180 m (180), of which SEK 27 m (57) were utilized at March 31, 2016.

SEK m	Mar 31 2016	Mar 31 2015	Change
Cash & cash equivalents	78	66	12
Interest-bearing short-term debt	-27	-57	30
Interest-bearing long-term debt 1)	-48	-32	-16
Net cash	3	-23	26
Unutilized overdraft facility	153	107	46
Equity/assets ratio	68%	63%	5%

1) Interest-bearing debt applies to pension commitments of SEK 22 m and long-term acquisition credit of SEK 26 m.

## Cash flow

SEK m	Jan-Mar 2016	Jan-Mar 2015	Change
<b>Cash flow from:</b>			
Operating activities	-7	35	-42
Investment activities	-2	-13	11
Financing activities	-7	-32	25
<b>Total cash flow</b>	<b>-16</b>	<b>-10</b>	<b>-6</b>
Cash and cash equivalents at the beginning of the period	93	75	18
Translation difference in cash and cash equivalents	1	1	0
<b>Cash and cash equivalents at the end of period</b>	<b>78</b>	<b>66</b>	<b>12</b>

During the first quarter of 2016, the total cash flow was a negative SEK 16 m (neg: 10). Cash flow from operating activities was negative SEK 7 m (positive: 35) and comprised positive cash flow from operations of SEK 32 m (45) and a negative change in working capital of SEK 40 m (neg: 10). Tied-up capital has increased as a consequence of several projects with fixed payment plans in Germany, which had a combined effect of negative SEK 18 m.

Cash flow from investment activities amounted to a negative SEK 2 m (neg: 13) of which negative SEK 1 m pertained to the discontinuation of operations in India. The comparative period included the discontinuation of operations that were insignificant for the Group at a cost of SEK 7 m, the remainder, pertained to investments in customary IT and office equipment

Cash flow from financing activities amounted to a negative SEK 7 m (neg: 32), and pertained to debt amortization.

## Tax

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

In the first quarter of 2016, a change of SEK 23 m (40) was made in the loss carry-forwards in Sweden, the value of the remaining, unutilized loss carry-forwards for Sweden amounted to SEK 92 m (180) at the end of the period. Deferred tax assets amounted to SEK 29 m, or 22 percent of SEK 92 m at March 31, 2016.

## Investments

The Group's net investment in assets in the first quarter of 2016 was SEK 4 m (6). The investments pertained to minor investments in tangible and intangible assets.

# The share

## Share capital and shares

The number of Acando shares totaled 104,407,419 on March 31, 2016, of which 1,542,000 Series B shares were treasury shares representing 1.5 percent of the total number of shares. These treasury shares are expected to be used for future allotment in ongoing share-savings programs.

## Employees

The number of employees at the end of the quarter was 1,598 (1,744). Of these, 1,038 (1,056) were in Sweden, 301 (281) in Germany, 192 (165) in Norway and 67 (242) in Other countries. The average number of employees during the first quarter of 2016 was 1,671 (1,753).

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

## Parent Company

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

The Parent Company's financial position is stated on page 23.

## Acando's financial targets and dividend policy

Acando's financial targets are divided into four parts:

- Growth

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

- Margins

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

- Earnings per share

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

- Indebtedness

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

Acando's dividend policy is as follows:

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

## Outlook

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

Acando does not provide earnings or sales forecasts.

## Risks and uncertainties

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

## Estimates and assessments

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

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

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

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

## Accounting policies

### Group

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

### Parent Company

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

## Review report

This report was not audited.

## Assurance by the Board of Directors

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

Stockholm, April 28, 2016

Acando AB (publ.)

Ulf J Johansson  
*Chairman*

Carl-Magnus Månsson  
*President and CEO*

Caroline af Ugglas  
*Board member*

Magnus Groth  
*Board member*

Birgitta Klasén  
*Board member*

Mats O Paulsson  
*Board member*

Anders Skarin  
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Alf Svedulf  
*Board member*

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### Additional information

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## Upcoming reporting dates

### Reporting dates

Interim report January - June 2016	August 16, 2016
Interim report January - September 2016	October 27, 2016
Year-end report 2016	February 8, 2017

### Note

This is information that Acando AB (publ) is obligated to disclose under the Securities Market Act and/or the Financial Instruments Trading Act. This information was submitted for publication on April 28, 2016.

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

Ticker: ACAN

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

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## CONSOLIDATED INCOME STATEMENT

(SEK m)	Note	Jan - Mar 2016	Jan - Mar 2015	Apr 2015 - Mar 2016	Jan - Dec 2015
Net sales		527	557	2 085	2 115
Other operating income		0	1	4	4
<b>Total income</b>		<b>527</b>	<b>558</b>	<b>2 089</b>	<b>2 120</b>
<b>Operating expenses</b>					
Other external expenses		-120	-132	-507	-519
Personnel expenses		-371	-377	-1 414	-1 420
Items affecting comparability					
Amortization and impairment of intangible assets and depreciation of tangible assets <sup>1)</sup>		-3	-3	-13	-13
<b>Operating profit</b>		<b>34</b>	<b>46</b>	<b>156</b>	<b>168</b>
<b>Profit from financial items</b>					
Financial income		1	1	14	14
Financial expenses		-1	-7	-5	-11
<b>Profit after financial items</b>		<b>34</b>	<b>40</b>	<b>165</b>	<b>171</b>
Taxes on profit for the year		-10	-12	-39	-40
<b>Net profit for the period</b>		<b>24</b>	<b>29</b>	<b>126</b>	<b>131</b>
Of which, attributable to shareholders of Acando AB (publ.)		24	29	126	131
<b>Earnings per share</b>					
Before dilution, SEK		0,24	0,28	1,23	1,27
After dilution, SEK		0,24	0,28	1,23	1,27
Average number of shares before dilution		102 865 419	102 865 419	102 865 419	102 865 419
Average number of shares after dilution		102 865 419	102 865 419	102 865 419	102 865 419
Number of shares outstanding at end of period		0	0	0	0
before dilution		102 865 419	102 865 419	102 865 419	102 865 419
Number of shares outstanding at end of period		0	0	0	0
after dilution		102 865 419	102 865 419	102 865 419	102 865 419

Treasury shares are not included in the number of shares above. At December 31, 2016, 1,542,000 shares are owned by Acando.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	Note	Jan - Mar 2016	Jan - Mar 2015	Apr 2015 - Mar 2016	Jan - Dec 2015
<b>Net profit for the period</b>		<b>24</b>	<b>29</b>	<b>126</b>	<b>131</b>
Other comprehensive income					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Pension liabilities, actuarial gains on liabilities		0	-	5	5
Income tax pertaining to items in other comprehensive income		0	-	-1	-1
<b>Total items that will not be reclassified subsequently to profit</b>		<b>0</b>	<b>-</b>	<b>4</b>	<b>4</b>
<b>Items that may be reclassified subsequently to profit or loss</b>					
Change in accumulated translation differences		4	2	-13	-15
<b>Total items that may be reclassified subsequently to profit or</b>		<b>4</b>	<b>2</b>	<b>-13</b>	<b>-15</b>
<b>Other comprehensive income for the period, net after tax</b>		<b>4</b>	<b>2</b>	<b>-9</b>	<b>-11</b>
<b>Total comprehensive income for the period</b>		<b>28</b>	<b>30</b>	<b>117</b>	<b>120</b>
<b>Total comprehensive income attributable to:</b>					
Parent Company's shareholders		28	30	117	120

## CONSOLIDATED BALANCE SHEET

(SEK m)	Note	31 Mar 2016	31 Mar 2015	31 Dec 2015
<b>Non-current assets</b>				
<i>Intangible assets</i>				
Goodwill	1	971	942	969
Other intangible assets		4	4	4
<i>Tangible assets</i>				
Tangible assets		18	19	19
<i>Financial assets</i>				
Deferred tax assets <sup>1)</sup>		23	43	28
Other non-current financial assets		11	8	12
<b>Total non-current assets</b>		<b>1,026</b>	<b>1,016</b>	<b>1,031</b>
<b>Current assets</b>				
Accounts receivable		441	488	446
Other receivables		11	11	5
Current tax assets		2	21	3
Prepaid expenses and accrued income		70	130	49
Cash and cash equivalents		78	66	93
<b>Total current assets</b>		<b>602</b>	<b>715</b>	<b>596</b>
<b>Total assets</b>		<b>1,628</b>	<b>1,731</b>	<b>1,627</b>
<b>Equity</b>				
Share capital	2	144	144	144
Other capital contributions		740	740	740
Reserves		-37	-23	-40
Retained earnings including profit for the period		259	235	235
<b>Total equity</b>		<b>1,106</b>	<b>1,095</b>	<b>1,078</b>
<b>Liabilities</b>				
Non-current liabilities	3	55	63	63
Current liabilities	3	466	574	486
<b>Total liabilities</b>		<b>521</b>	<b>637</b>	<b>548</b>
<b>Total equity and liabilities</b>		<b>1,628</b>	<b>1,731</b>	<b>1,627</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEK m)	Note	Attributable to Parent company shareholders				Total
		Share capital	Other capital contr.	Reserves	Retained earnings	
<b>Opening balance at January 1, 2015</b>		<b>144</b>	<b>739</b>	<b>-25</b>	<b>205</b>	<b>1 063</b>
Profit for the period		-	-	-	29	29
Other comprehensive income for the period		-	-	2	-	2
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>2</b>	<b>29</b>	<b>31</b>
Incentive programs		-	-	-	1	1
Closing balance at March 31, 2015		144	739	-23	235	1 095
Profit for the period		-	-	-	102	102
Other comprehensive income for the period		-	-	-17	4	-13
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-17</b>	<b>106</b>	<b>89</b>
Dividend paid to Parent Company shareholders		-	-	-	-103	-103
Incentive programs		-	-	-	1	1
New share issue		-	-	-	-	-
Issue expenses		-	-	-	-3	-3
<b>Closing balance at December 31, 2015</b>		<b>144</b>	<b>739</b>	<b>-40</b>	<b>235</b>	<b>1 078</b>
Profit for the period		-	-	-	24	24
Other comprehensive income for the period		-	-	4	-	4
Total comprehensive income for the period		-	-	4	24	28
Incentive programs		-	-	-	0	0
<b>Closing balance at March 31, 2016</b>		<b>144</b>	<b>739</b>	<b>-37</b>	<b>259</b>	<b>1 106</b>

## CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	Note	Jan -Mar 2016	Jan - Mar 2015	Jan-Dec 2015
<b>Operating activities</b>				
Profit after financial items		34	44	10
Adjustment for items not included in the cash flow		1	69	53
Income tax paid		-2	-16	-15
<b>Cash flow from operating activities before changes in working capital</b>		<b>32</b>	<b>97</b>	<b>48</b>
Net change in working capital		-40	-13	-58
<b>Cash flow from operating activities</b>		<b>-7</b>	<b>84</b>	<b>-10</b>
<b>Cash flow from investment activities</b>		<b>-2</b>	<b>-16</b>	<b>-9</b>
<b>Cash flow from financing activities</b>		<b>-7</b>	<b>-100</b>	<b>-45</b>
<b>Cash flow for the period</b>		<b>-16</b>	<b>-32</b>	<b>-64</b>
Cash and cash equivalents at the beginning of the period		93	99	99
Exchange-rate differences in cash and cash equivalents		1	9	6
<b>Cash and cash equivalents at the end of the period</b>		<b>78</b>	<b>76</b>	<b>41</b>

## OPERATING SEGMENTS

(SEK m)	Note	Sweden	Germany	Norway	Discontinued Operations	Total	Group adjustment	Group total
<b>Jan - Mar 2016</b>								
Net sales		367	82	85	3	538	-10	527
Operating profit		0	0	0	0	0	0	34
Financial income								1
Financial expenses								-1
Profit after financial items								34
Taxes								-10
Net profit for the period								24
								0
<b>Jan - Mar 2015</b>								
Net sales		365	77	78	38	558	-1	557
Operating profit		43	5	7	-1	54	-8	46
Financial income								1
Financial expenses								-7
Profit after financial items								40
Taxes								-12
Net profit for the period								29
								0
<b>Apr - Mar 2016</b>								
Net sales		1 342	331	321	123	2 118	-32	2 085
Operating profit		88	25	28	-4	137	-15	156
Financial income								14
Financial expenses								-5
Profit after financial items								165
Taxes								-39
Net profit for the period								126
								0
<b>Jan - Dec 2015</b>								
Net sales		1 340	326	314	158	2 138	-23	2 115
Operating profit		131	30	35	-5	191	-23	168
Financial income								14
Financial expenses								-11
Profit after financial items								171
Taxes								-40
Net profit for the period								131

## KEY RATIOS

(SEK m)	Note	Jan - Mar 2016	Jan - Mar 2015	Apr 2015 - Mar 2016	Jan - Dec 2015
<b>Result</b>					
Net sales		527	557	2 085	2 115
Operating profit (EBIT)		34	46	156	168
Net profit for the period		24	29	126	131
<b>Margins</b>					
Operating margin (EBIT), %		6,4	8,3	7,5	7,9
Profit margin, %		6,4	7,2	7,9	8,1
<b>Profitability</b>					
Return on capital employed, %		3	3	14	15
Return on equity, %		2	3	11	12
<b>Financial position</b>					
Equity/assets ratio, %		68	63	68	66
Interest coverage ratio, multiple		48	46	66	64
<b>Per share</b>					
Equity per share, SEK		10,75	10,64	10,75	10,48
Cash flow per share, SEK		-0,15	-0,10	0,16	0,16
Earnings per share after dilution, SEK		0,24	0,28	1,23	1,27
<b>Employees</b>					
Number of employees at end of the period		1 564	1 744	1 564	1 743
Average number of employees		1 654	1 753	1 654	1 733
Net sales per employee, SEK thousands		319	318	1 260	1 221
<b>Net investments</b>	5	<b>4</b>	<b>6</b>	<b>54</b>	<b>56</b>

## PARENT COMPANY INCOME STATEMENT

(SEK m)	Note	Jan - Mar 2016	Jan - Mar 2015	Apr 2015 - Mar 2016	Jan - Dec 2015
Net sales		18	16	82	79
<b>Total income</b>		<b>18</b>	<b>16</b>	<b>82</b>	<b>79</b>
<b>Operating expenses</b>					
Other external expenses		-12	-12	-47	-47
Personnel expenses		-4	-2	-14	-12
Amortization and impairment of intangible assets and depreciation of tangible assets		-2	-2	-8	-8
<b>Operating profit</b>		<b>1</b>	<b>0</b>	<b>13</b>	<b>13</b>
<b>Profit from financial items</b>					
Other interest income and similar items	4	1	-5	42	37
Interest expenses and similar items	4	0	0	-4	-4
<b>Profit after financial items</b>		<b>1</b>	<b>-5</b>	<b>52</b>	<b>46</b>
Taxes on profit for the year		0	0	0	0
<b>Net profit for the period</b>		<b>1</b>	<b>-5</b>	<b>52</b>	<b>46</b>

Net profit for the period corresponds to comprehensive income for the period.

## PARENT COMPANY BALANCE SHEET

(SEK m)	Note	31 Mar 2016	31 Mar 2015	31 Dec 2015
<b>Non-current assets</b>				
<i>Intangible assets</i>				
Other intangible assets		3	4	4
<i>Tangible assets</i>				
Tangible assets		11	12	11
<i>Financial assets</i>				
Financial assets		1 393	1 368	1 394
<b>Total non-current assets</b>		<b>1 408</b>	<b>1 384</b>	<b>1 408</b>
<b>Current assets</b>				
Receivables from Group companies		34	41	30
Accounts receivable		0	1	0
Other receivables		0	0	0
Prepaid expenses and accrued income		10	13	3
Cash and cash equivalents		29	15	27
<b>Total current assets</b>		<b>73</b>	<b>71</b>	<b>60</b>
<b>Total assets</b>		<b>1 481</b>	<b>1 455</b>	<b>1 468</b>
		0	0	0
<b>Equity</b>		0	0	0
Share capital	2	144	144	144
Statutory reserve		110	110	110
Share premium reserve		632	632	632
Retained earnings including profit for the period		316	369	315
<b>Total equity</b>		<b>1 202</b>	<b>1 255</b>	<b>1 201</b>
<b>Liabilities</b>				
Long-term liabilities		26	6	33
Liabilities to Group companies		189	104	162
Current liabilities		64	89	73
<b>Total liabilities</b>		<b>278</b>	<b>199</b>	<b>267</b>
<b>Total equity and liabilities</b>		<b>1 480</b>	<b>1 454</b>	<b>1 468</b>

**Notes****Note 1 Goodwill**

Compared with March 31, 2015, goodwill increased by a total of SEK 29 m. Of which SEK 33 m pertained to adjustment following confirmation of the acquisition calculation for Connecta, which was performed at the end of 2015. In conjunction with the first quarter decision to discontinue operations in India, Acando carried out a goodwill impairment of SEK 1 m, the remainder of the change was due to currency effects.

**Note 2 Equity**

At March 31, 2016, the total number of shares in the company amounted to 104,407,419, of which 100,767,429 were Series B shares and 3,639,990 were Series A shares. No buy-backs have taken place in 2016. The total number of treasury shares thus amounted to 1,542,000 Series B shares as of March 31, 2016.

**Note 3 Long-term liabilities**Long-term liabilities

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

Current liabilities

Of the current liabilities of SEK 466 m, SEK 27 m represents interest-bearing short-term debt.

**Note 4 Financial income and financial expenses**

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

**Note 5 Acquisitions and discontinuations**India - 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 the first quarter. The buyer is the management of the Indian company who are acquiring the holding company through companies and, under the agreement, operations were transferred to the buyer as of March 1, 2016. For clarity, the outcome for the January - February 2016 period was recognized as the results of discontinued operations in the segment notes and in the table on page 6. Acando estimates that gathering all volumes into one unit in Latvia will generate economies of scale and that the proximity of outsourcing in Europe contributes actively to increased profitability for these types of deliveries. The sale is conditional on the approval of Acando's Annual General Meeting. Should the AGM not resolve in favor of the sale, the agreement will be declared null and void and operations will return to Acando's ownership. The operations are not significant for Acando.

**Note 6 Significant events after the end of the period**

No significant events occurred after the end of the period.

## Definitions

### Capital employed

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

### Cash flow per share

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

### Debt/EBITDA ratio

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

### Earnings per share

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

### Equity/assets ratio

Equity on the closing date divided by total assets.

### Equity per share

Equity on the balance-sheet date divided by the number of shares at year-end after dilution with outstanding

warrants, share-savings programs and convertible rights. Treasury shares are excluded.

### Interest-coverage ratio

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

### Operating margin

Operating profit divided by net sales.

### Profit margin

Profit before tax divided by net sales.

### Project assignments

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

### Return on equity

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

### Return on capital employed

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

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