

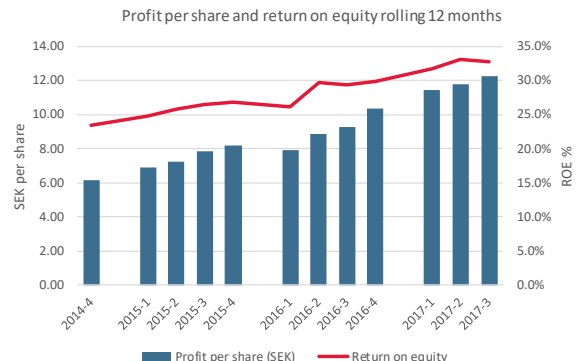
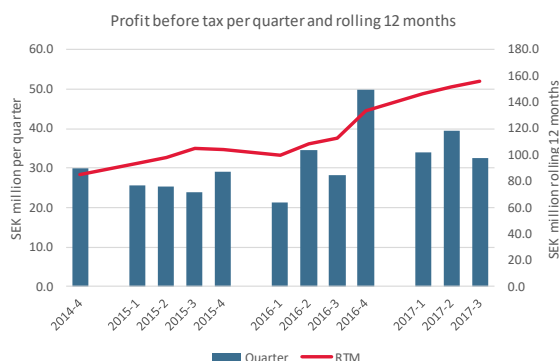
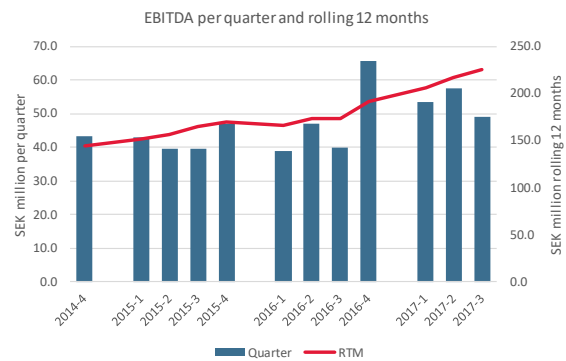
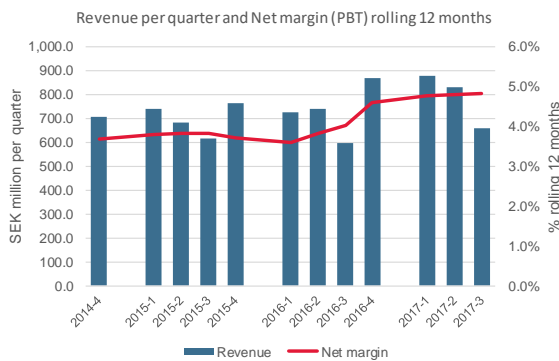
Interim report, January – September 2017

The third quarter in brief

- Revenues increased by 11% to SEK 657 (594) million. Growth in local currencies was 12%. The organic growth equals 1%.
- EBITDA increased by 23% and amounted to SEK 48.9 (39.8) million.
- Profit before tax increased by 15% to SEK 32.6 (28.3) million.
- Profit after tax increased by 20% to SEK 24.8 (20.7) million.
- Profit per share amounted to SEK 2.66 (2.18).

The first nine months in brief

- Revenues increased by 15% to SEK 2,363 (2,054) million. Growth in local currencies was 15%. The organic growth equals 1%.
- EBITDA increased by 27% and amounted to SEK 159.9 (125.7) million.
- Profit before tax increased by 26% to SEK 106.1 (84.0) million. Adjusted for items affecting comparability for the first nine months 2016 (SEK 5.8 million) the increase was 18%.
- Profit after tax increased by 27% to SEK 80.0 (62.9).
- Profit per share amounted to SEK 8.52 (6.64).
- Return on equity over the last 12 months amounted to 32.8% (29.3%).



Report by the CEO of Proact

Five percent target margin reached for the third quarter

I am proud to once again be able to report a positive revenue and profit development. This excellent development means that we are reporting the best revenues and profits for a third quarter in the history of the company, and for a seventh consecutive quarter. The positive development means we are reporting a 5% profit before tax margin for the third quarter, which clearly is very pleasing to see.

Profit before tax for the third quarter amounted to SEK 32.6 million, representing an increase of 15% compared with the corresponding period last year. Service revenues have continued to develop positively during the period and amounted to SEK 261 million, representing an increase of 7%. Service revenues relating to cloud services amounted to SEK 101 million, representing an increase of 12%. System revenues also developed positively and amounted to SEK 394 million, representing an increase of 13%.

This excellent financial trend shows that our specialist expertise and market-leading offering with regard to data centres and cloud services are very much appreciated by both new and existing customers. We have successfully implemented a number of customer projects in the above fields during the quarter. Examples of projects implemented can be found in the section entitled "Events during the quarter".

We are constantly working according to our established strategy and with defined focus areas, in order to meet the company's objectives and financial targets. It is pleasing that we continue to see positive effects of this work in form of good growth, positive financial performance and an increased net margin. We are also working constantly to develop our offering in fields such as security, automation and applications, these fields are of increasing strategic importance to Proact. Making sure business-critical information is secure is extremely important to our customers. Security threats are real and must be taken into account, no matter what they involve, e.g. following various regulations or legal requirements, ensuring protection against mistakes, sabotage or malicious program code. Proact's experience and expertise, along with our various services and solutions in the field, create safety and significant benefits for customers.

Proact's objective is to act as a partner to our customers and offer high-quality services and market-leading technologies. We supply flexible services and solutions which quickly add sustainable, long-term value. Overall, it is clear to me that the initiatives implemented in the various fields continuing to pay off, making us even more competitive. Our ability to help our customers to minimise risks and reduce costs, and also to supply flexible IT services and products, places us in a strong position on the European market, giving us good opportunities for continued positive development in terms of both revenues and profits

Kista, 20 October 2017

Jason Clark
CEO

About Proact

Proact is Europe's leading independent data centre and cloud services provider. By delivering flexible, accessible and secure IT solutions and services, we help companies and authorities reduce risk and costs, whilst increasing agility, productivity and efficiency. We've completed over 5,000 successful projects around the world, have more than 3,500 customers and currently manage in excess of 100 petabytes of information in the cloud.

The Proact Group has more than 800 employees and operates in 15 countries in Europe and in the USA. Proact was founded in 1994, and its parent company Proact IT Group AB (publ) has been listed on Nasdaq Stockholm under the symbol PACT since 1999.

For further information about Proact's activities please visit us at www.proact.eu

Market review

Making sure business-critical information is secure is extremely important. Security threats are real and must be taken into account, no matter what they involve, e.g. following various regulations or legal requirements, or ensuring protection against mistakes, sabotage or malicious program code. Hence information security is a very important part of any business and affects the business decisions made. This fact, in combination with the rapid digitisation taking place in most industries and businesses and the increasing volume of business-critical information, means that the IT infrastructure is becoming increasingly complex and new demands are being made. As a result, more and more companies and organisations are evaluating options for using various services and new fields of technology in order to simplify their IT operations and ensure that their supply of IT services meets the requirements defined by business operations and their customers.

Traditional applications such as ERP, databases, CRM and email are still business-critical, which means that the accessibility and performance of application information are of vital significance. New applications such as the Internet of Things (IoT), Analytics and Big Data are also being implemented, making new demands of business, organisation and IT infrastructure as

the information of this kind is unstructured and hence difficult to analyse. If this unstructured information is handled correctly, there are plenty of opportunities to improve insight into factors such as customer behaviours and purchasing patterns, which in turn means that well-founded decisions can be made with regard to how customer requirements can be met more effectively in future.

The underlying growth of digital business-critical information remains high, and hence more stringent demands are made of IT operations as effective provision of IT is a prerequisite for efficient running of the core business.

In turn, this means that the need for ongoing streamlining, as well as a growing demand for solutions and services in Proact's specialist fields, is indicating major potential for growth for the company. Proact has established methods, processes and services to offer so as to meet demand on the market and provide the most effective support to its customers.

Major events during the quarter

A number of major contracts have been concluded in the past quarter, with enterprises such as DONG Energy and MAN in Denmark, Ekspress Grupp in Estonia, Citadele Bank in Latvia, ABN Amro and Jaarbeurs in the Netherlands, NGI in Norway, Global Exchange and Samsung in Spain, HCL, IBM and Kinnarps in Sweden, Geais Group and TEVA Pharma in Czech Republic, Renk and Erdgas Schwaben in Germany.

Events during the quarter

Proact assists Colly Company with strategic transition to the cloud

Colly Company is part of the Indutrade group, which is listed on the stock exchange. Indutrade is an international industrial group that sells and develops components, systems and services with high-level technical content. With its decentralised structure, Indutrade operates through over 200 subsidiaries, involving more than 5,500 employees in 28 countries on four continents.

Colly Company used to handle most of its IT operations centrally via its own data centre, while at the same time Colly Company also assists other Indutrade group companies with IT services of various kinds. The company has made

the decision to phase out its own IT infrastructure in favour of a gradual transition to various forms of cloud services. The aim of this is to increase flexibility and scalability and supply IT services cost-effectively. The first step was taken a while ago, when the ERP-system was migrated to the cloud.

The cloud service to be supplied by Proact for managing business-critical information will make it possible for Colly Company to utilise various public clouds in parallel (such as AWS and Azure) and also to switch between these without physically having to relocate information. This means that Colly Company will have a flexible and scalable cloud service at its fingertips. The new cloud service allows the changing needs of Colly Company and the

other Indutrade group companies to be met, while also reducing overall costs compared with when Colly Company had its own IT infrastructure.

Norsk Tipping chooses Proact as its digital innovation partner

Norsk Tipping is a state owned gambling company and one of the strongest brands in Norway. The company employs 400 staff and has more than 2 million customers, and its annual revenues amount to almost NOK 8 billion. The company supplies games such as Lotto, Joker, Extra, Vikinglotto, Lin, Tipping and Oddsen.

Norsk Tipping is intending to digitise its IT operations. This digital initiative is part of the attainment of its strategic objectives, which involve becoming even more modern, innovative and customer-oriented.

A framework agreement procurement process was implemented in order to evaluate potential partners, and Proact and another two suppliers were awarded a framework agreement valid for five years. Norsk Tipping estimates that its purchases within the framework for the agreement will total NOK 40-60 million.

Proact was already a selected Norsk Tipping supplier, to supply systems and associated services as well as support services for its existing IT infrastructure. The further trust now shown in Proact thanks to this new framework agreement is not only an indicator of Proact's credibility, but also of its ability to help customers reducing risks, increasing uptime and supplying cost effective services and storage solutions.

Proact enhances storage management for DNB Bankas in Lithuania

DNB is one of the leading Nordic stakeholders in the field of banking, finance and insurance. As one of the three commercial banks in Lithuania, DNB Bankas offers financial services of various kinds to both medium-sized and large enterprises and private individuals. The business activities of DNB Bankas make stringent demands of the IT environment in terms of reliability, uptime and other factors.

Following a thorough evaluation process, Proact was selected as a partner thanks to its extensive expertise and experience in its focus areas as well as DNB Bankas operations on a local level in Lithuania.

Proact will provide extensive support, monitoring services and operation of DNB Bankas storage environment. The various services supplied

by Proact will allow DNB Bankas to meet the demands made of its IT environment in terms of uptime, performance and cost-effectiveness. DNB Bankas will also be able to free up resources to focus on new projects, which will add value for its business operations.

Proact supplies state-of-the-art IT environment to Prosona

The Prosona Group is a Swedish company that develops and supplies the Castor business system and other solutions. This business system is used by most Swedish municipalities for case handling of various kinds. The development work performed by Prosona is a business-critical function that demands significant IT resources.

Prosona's objective was to implement an IT environment that is scalable, flexible and easy to administer. Proact's experience, expertise and suggested solutions resulted in Proact winning the contract to implement a new IT environment.

The new environment is based on the data centre concept, which is a reference architecture in which components such as storage, servers and networks are all integrated with one another. This new environment means that Prosona will have better support for its development work and other operations. It will also provide Prosona with improved uptime and more flexible handling of its systems as the IT environment can easily be scaled up as the needs of the business change.

The contract includes implementation and configuration of the new IT infrastructure, as well as Proact Premium Support, which over time will have a positive effect on Proact's contracted revenues.

Financial overview

Revenues

For the third quarter 2017, total revenues amounted to SEK 657 (594) million, an increase of 11%. The organic growth equals to 1%. Growth in local currencies was 12%.

For the first nine months 2017, total revenues amounted to SEK 2,363 (2,054) million, an increase of 15%. The organic growth equals to 1%. Growth in local currencies was 15%.

Industry segments

Proact has good revenue distribution in respect of its various industry segments. The four biggest industry segments are Trade & Services (24%), Public Sector (19%), Telecoms (15%), Manufacturing Industry (11%) and Bank & Finance (10%).

Business Units

In Nordics total revenues increased during the quarter. System revenues have developed positively at the same time as service revenues were unchanged.

In UK total revenues decreased during the quarter. The decrease was mainly attributable to system revenues, as the market still is cautious. Compared to the same period last year, total service revenues have developed positively.

In West total revenues have developed positively during the quarter. Revenues from both system and services have increased during the period. The positive development is attributable to the acquisition that was made during the first quarter.

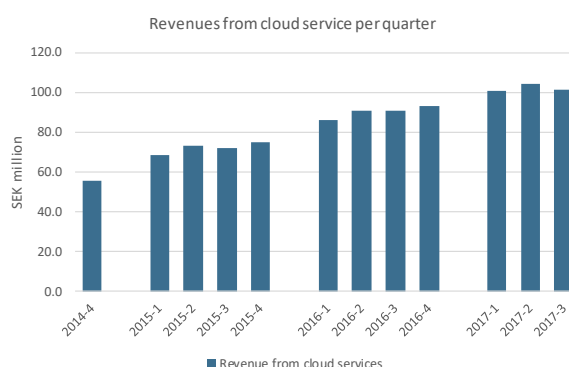
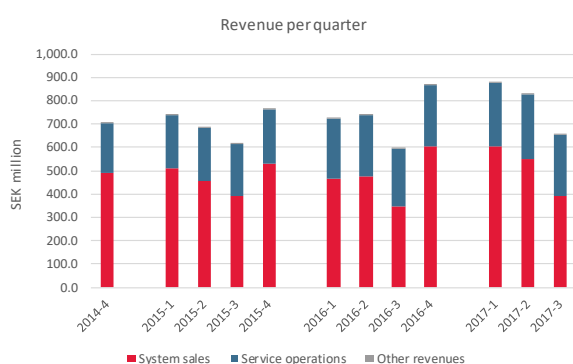
In East total revenues increased during the quarter. The increase is mainly attributable to good development in system revenues.

Future contracted cash flows from Proact Finance amount to SEK 151 (129) million, representing an increase of 17%.

Operating segment

System revenues increased by 13% to SEK 394 (349) million in the third quarter, the organic growth equals to 2%. Service revenues increased by 7% to SEK 261 (244) million during the same period, the organic growth was in line with previous year. Service revenues amount to 40% of total revenues for the quarter.

New contracts relating to cloud services worth SEK 36 million, with terms of three to five years, have been concluded during the quarter. Total revenues from cloud services amounted to SEK 101 (91) million during the quarter, representing an increase of 12% compared with the corresponding period in the previous year. Revenues from cloud services amount to SEK 399 million over a period of 12 consecutive months.



| Revenue per Business Unit | Jul-Sep 2017 | Jul-Sep 2016 | Jan-Sep 2017 | Jan-Sep 2016 | 12 mths Oct-Sep 2016 | Full Year 2016 |
|---------------------------|--------------|--------------|--------------|--------------|----------------------|----------------|
| Nordics | 301 | 276 | 1,163 | 1,105 | 1,703 | 1,645 |
| UK | 125 | 136 | 403 | 474 | 563 | 635 |
| West | 200 | 155 | 721 | 374 | 855 | 509 |
| East | 34 | 31 | 89 | 108 | 130 | 149 |
| Proact Finance | 21 | 15 | 58 | 62 | 69 | 73 |
| Group-wide | -24 | -19 | -71 | -70 | -89 | -89 |
| Total revenue | 657 | 594 | 2,363 | 2,053 | 3,231 | 2,922 |

| Revenue per operating segment | Jul-Sep 2017 | Jul-Sep 2016 | Jan-Sep 2017 | Jan-Sep 2016 | 12 mths Oct-Sep 2016 | Full Year 2016 |
|-------------------------------|--------------|--------------|--------------|--------------|----------------------|----------------|
| System sales | 394 | 349 | 1,544 | 1,292 | 2,149 | 1,896 |
| Services operations | 261 | 244 | 816 | 760 | 1,079 | 1,023 |
| Other revenue | 2 | 1 | 4 | 2 | 4 | 2 |
| Total revenue | 657 | 594 | 2,363 | 2,053 | 3,231 | 2,922 |

Comprehensive income

EBITDA increased during the quarter by 23%, compared with the same period last year, and amounted to SEK 48.9 (39.8) million. Profit before tax increased by 15% to SEK 32.6 (28.3) million.

For the first nine months EBITDA increased by 27% to 159.9 (125.7) million. Profit before tax increased by 26% to SEK 106.1 (84.0) million. Adjusted for items affecting comparability for the nine six months 2016 (SEK 5.8 million) the increase was 18%.

Business Units

In Nordics the result has developed positively during the quarter. This is due to good development within both system and services operations in combination with cost control.

In UK the result has improved compared with the same period last year. The result has improved through stable services operation in combination with lower sales costs.

In West the result has declined during the quarter. This is due to weak development within system sales in Germany. At the same time, the other countries have delivered an improved result or a result in line with previous year.

In East the result has declined during the quarter compared to the same period previous year. This is mainly due to larger system sales transactions with lower margins. At the same time the service operation is in line with previous year.

Proact Finance supports all subsidiaries in the Group with financial services and continues to contribute positively to the Group's result.

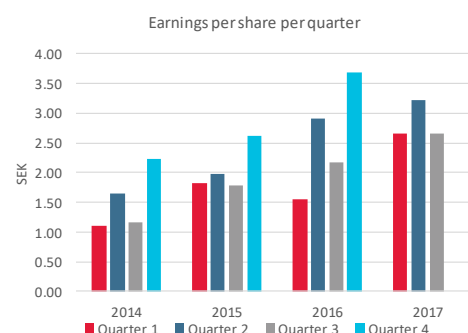
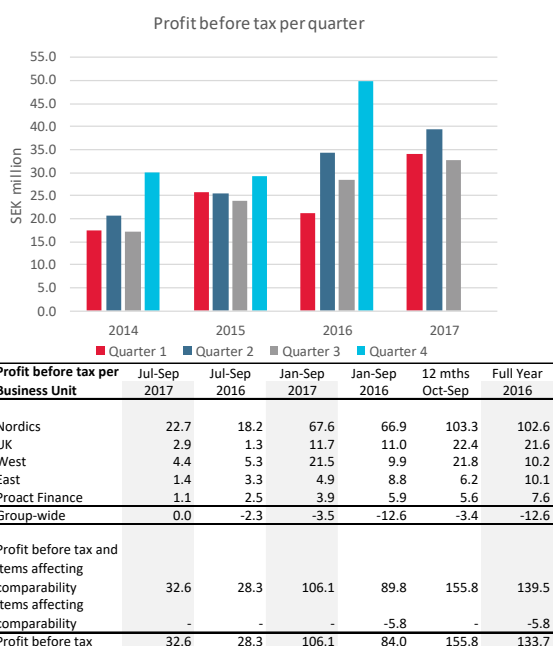
Balance sheet and cash flow

Cash and equivalents amounted to SEK 125 million as at 30 September 2017, compared with SEK 153 million previous year. Of total bank overdraft facilities of SEK 239 million, SEK 82 million has been utilised. Bank loans amounted to SEK 144 million, of which SEK 46 million are due within 12 months. Investments in IT equipment for cloud operations are being financed by means of operational leasing agreements, which means that these investments have no direct impact on the balance sheet.

Cash flow for the quarter was weak due to a few larger payments from customers being postponed. Large part of these has been paid after the ending of the quarter. Cash flow amounted to SEK -62 (25) million for the quarter, of which SEK -111 (62) million from operating activities. For the first nine months cash flow was SEK -88 (-19), of which SEK 21 (56) million was from operating activities. Rolling 12 month cash flow amounted to SEK -27 million.

During the first nine months SEK 53 (48) million has been invested in fixed assets. SEK 50 (42) million has been paid out in cash, at the same time as shares in own custody amounting to SEK 27 million, has been utilised for acquisition of shares in subsidiaries. Change in bank loans and use of overdraft facilities together contributed to the cash flow with SEK 65 million. Buy back of own shares have been made amounting to SEK 20 million. Dividends amounting to SEK 32 million has been paid to the parent company's shareholders.

The Group's equity ratio at the end of the period was 24% (22%). As per year end 2016 the equity ratio was 18%.



| Financial position | Sep 30 2017 | Jun 30 2017 | Sep 30 2016 | Jun 30 2016 |
|------------------------------------|-------------|-------------|-------------|-------------|
| Cash and cash equivalents | 125 | 188 | 153 | 122 |
| Bank overdraft facilities | -82 | -2 | -32 | -40 |
| Liabilities to credit institutions | -150 | -163 | -143 | -152 |
| Contract borrowing | - | - | -37 | -31 |
| Net cash (+)/Net debt (-) | -107 | 23 | -58 | -100 |
| Unutilized bank overdraft facility | 157 | 238 | 137 | 146 |
| Total bank overdraft facility | 239 | 240 | 169 | 186 |

Buy-back of own shares

At the Annual General Meeting held on 9 May 2017, the Board of Directors was authorised to acquire up to 10% of the company's shares by the next Annual General Meeting. As at 30 September 2017, 24,300 shares have been acquired under this authorisation.

During the year, 200,000 shares in the company's own custody have been used for company acquisition. See also note 10.

The company holds 102,969 shares in its own custody as at 30 September 2017, which is equivalent to 1.1% of the total number of shares.

Employees

The company employed 823 (729) people as at 30 September 2017, of which 85 employees was added through the acquisition made in Germany during first quarter.

Parent Company in brief

Parent Company's total revenues for the period amounted to SEK 71.0 (55.7) million. Profit before tax amounted to SEK -0.3 (-10.4) million.

Parent Company's liabilities in a joint group currency account amounted as at 30 September 2017 to SEK 317 (296) million.

At the end of the period, the number of people employed by the parent company totalled 13 (13).

Parent Company's operations have remained unchanged over the period. There have been no significant transactions with related parties.

Events after the balance sheet date

No events of significance to the Group have occurred since the end of the report period.

Risks and uncertainty factors within the enterprise

The company has in the current situation difficulties to assess consequences' of United Kingdom's forthcoming exit from EU. Short term, currency rate effects will affect the group's financial statements. Otherwise no risks or uncertainty factors have altered, by comparison with those commented upon in the last Annual Report issued. For a more detailed description of significant risks and uncertainty factors, please see Proact's annual report for 2016, page 21.

Alternative Performance Measures

The company presents performance measures in the interim report that are not defined under IFRS. The company believes that these performance measures provide useful supplemental information to investors and the company's management. Definitions of performance measures are available in Proact's Annual Report 2016, page 60.

Other information

This interim report has not been audited.

Forthcoming reports

| | |
|--------------|-----------------------------|
| 8 Feb 2018 | Year-end report 2017 |
| 18 Apr 2018 | Interim report Q1 2018 |
| 8 May 2018 | Annual General Meeting 2018 |
| 11 July 2018 | Interim Report Q2 2018 |
| 18 Oct 2018 | Interim Report Q3 2018 |
| 6 Feb 2019 | Year-end Report 2018 |

For further information, please contact:

| | Tel. | Email |
|--------------------|------------------|--|
| Jason Clark, CEO | +44 1246 266 300 | jason.clark@proact.eu |
| Peter Javestad, IR | +46 733 56 67 22 | peter.javestad@proact.eu |
| Jonas Persson, CFO | +46 733 56 66 90 | jonas.persson@proact.eu |

The information in this interim report is such information as Proact IT Group (publ) shall publish in accordance with *lagen om värdepappersmarknad*, the Securities Market Act, and/or *lagen om handel med finansiella instrument*, the Act on Trading in Financial Instruments. This information was submitted for publication at 08:00 (CET) on 20 October 2017.

Kista, 20 October 2017

Proact IT Group AB (publ)

Jason Clark
CEO

Financial reports (SEK million)

Consolidated Statement of Comprehensive Income

| | Jul-Sep 2017 | Jul-Sep 2016 | Jan-Sep 2017 | Jan-Sep 2016 | 12 mths Oct-Sep | Full Year 2016 |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|-------------------|
| System income | 393.7 | 349.1 | 1,543.9 | 1,291.6 | 2,148.6 | 1,896.3 |
| Service income | 261.0 | 244.3 | 815.6 | 759.9 | 1,078.6 | 1,023.0 |
| Other operating income | 1.9 | 0.7 | 3.8 | 2.0 | 4.2 | 2.4 |
| Total income | 656.7 | 594.0 | 2,363.2 | 2,053.5 | 3,231.5 | 2,921.7 |
| Cost of goods and services sold | -493.2 | -442.1 | -1,818.8 | -1,551.2 | -2,481.9 | -2,214.2 |
| Gross profit | 163.5 | 151.9 | 544.4 | 502.3 | 749.6 | 707.5 |
| Sales and marketing expenses | -81.7 | -82.1 | -267.6 | -268.0 | -362.4 | -362.8 |
| Administration expenses | -47.3 | -43.2 | -163.8 | -142.9 | -222.4 | -201.6 |
| Items affecting comparability | - | - | - | -5.8 | -0.0 | -5.8 |
| Operating profit/loss, EBIT | 34.4 | 26.7 | 113.0 | 85.5 | 164.8 | 137.2 |
| Net financial items | -1.9 | 1.6 | -7.0 | -1.5 | -9.0 | -3.5 |
| Profit before tax | 32.6 | 28.3 | 106.1 | 84.0 | 155.8 | 133.7 |
| Income tax | -7.7 | -7.6 | -26.1 | -21.1 | -41.9 | -37.0 |
| Comprehensive income for the period | 24.8 | 20.7 | 80.0 | 62.9 | 113.8 | 96.7 |
| <i>Other comprehensive income</i> | | | | | | |
| <i>Items which may be reversed later in the income statement</i> | | | | | | |
| Change of hedging reserve <i>(net investment in foreign operations)</i> | -0.1 | -0.2 | 0.0 | -1.0 | 0.0 | -0.9 |
| Tax effect of change of reserve <i>(net investment in foreign operations)</i> | 0.0 | 0.0 | -0.0 | 0.2 | -0.0 | 0.2 |
| Translation differences | -2.0 | 6.5 | -3.3 | 10.7 | -4.3 | 9.7 |
| <i>Total items which may be reversed later in the income statement</i> | -2.1 | 6.4 | -3.3 | 10.0 | -4.3 | 9.0 |
| Total comprehensive income for the period | 22.8 | 27.1 | 76.7 | 72.8 | 109.5 | 105.7 |
| <i>Profit attributable to:</i> | | | | | | |
| Shareholders of the Parent company | 24.6 | 20.2 | 79.1 | 61.5 | 113.0 | 95.4 |
| Holdings without a controlling influence | 0.2 | 0.5 | 0.9 | 1.3 | 0.9 | 1.3 |
| <i>Total comprehensive income for the period attributable to:</i> | | | | | | |
| Shareholders of the Parent company | 22.9 | 26.4 | 77.5 | 71.8 | 110.4 | 104.7 |
| Holdings without a controlling influence | -0.2 | 0.6 | -0.8 | 1.0 | -0.9 | 1.0 |

Data per share*

| | Jul-Sep 2017 | Jul-Sep 2016 | Jan-Sep 2017 | Jan-Sep 2016 | 12 mths Oct-Sep | Full Year 2016 |
|---|-----------------|-----------------|-----------------|-----------------|--------------------|-------------------|
| Earnings per share for the period attributable to the shareholders of the parent company, SEK | 2.66 | 2.18 | 8.52 | 6.64 | 12.22 | 10.32 |
| Equity per share attributable to the shareholders of the parent company, SEK | 40.90 | 33.40 | 40.90 | 33.40 | 40.90 | 35.84 |
| Cash flow from operations per share, SEK | -12.02 | 6.71 | 2.29 | 6.01 | 12.96 | 16.69 |
| Number of outstanding shares at end of period | 9,230,917 | 9,215,617 | 9,230,917 | 9,215,617 | 9,230,917 | 9,133,117 |
| Weighted average number of outstanding shares | 9,237,784 | 9,233,450 | 9,279,674 | 9,273,498 | 9,245,816 | 9,247,583 |

* Proact does not have any outstanding warrants, convertible debentures or other instrument that could give rise to dilution.

Consolidated Balance Sheet in Brief

| | Sep 30 2017 | Sep 30 2016 | Dec 31 2016 |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| <u>Fixed assets</u> | | | |
| Goodwill | 378.1 | 316.7 | 322.2 |
| Other intangible fixed assets | 105.4 | 121.2 | 108.8 |
| Tangible fixed assets | 63.8 | 53.1 | 55.2 |
| Other long-term receivables | 51.9 | 57.1 | 53.1 |
| Deferred tax receivables | 17.8 | 21.1 | 15.2 |
| <u>Current assets</u> | | | |
| Inventories | 36.8 | 38.9 | 43.6 |
| Trade and other receivables | 809.0 | 675.1 | 994.2 |
| Cash and cash equivalents | 124.6 | 153.3 | 214.4 |
| Total assets | 1,587.2 | 1,436.4 | 1,806.8 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to the shareholders of the parent company | 377.5 | 307.8 | 327.4 |
| Equity attributable to holdings without a controlling influence | 4.2 | 5.5 | 5.2 |
| Total equity | 381.8 | 313.4 | 332.6 |
| <u>Long-term liabilities</u> | | | |
| Long-term liabilities, interest-bearing | 115.5 | 140.9 | 133.4 |
| Long-term liabilities, non-interest-bearing | 2.2 | 2.4 | 2.0 |
| Deferred tax liabilities | 21.8 | 23.9 | 21.9 |
| <u>Short-term liabilities</u> | | | |
| Short-term liabilities, interest-bearing | 130.5 | 86.5 | 82.2 |
| Short-term liabilities, non-interest-bearing | 935.4 | 869.4 | 1,234.7 |
| Total equity and liabilities | 1,587.2 | 1,436.4 | 1,806.8 |

Consolidated Statement of Changes in Equity

| | Jan-Sep 2017 | Jan-Sep 2016 | Full Year 2016 |
|---|-----------------|-----------------|-------------------|
| At beginning of period | 332.6 | 316.8 | 316.8 |
| Total comprehensive income for the period | 76.7 | 72.8 | 105.7 |
| Dividend | -32.4 | -25.1 | -25.1 |
| Dividend to holdings without a controlling influence | -0.6 | -0.8 | -0.8 |
| Financial liability to holdings without a controlling influence | - | - | - |
| Acquisition from holdings without a controlling influence | -2.0 | -40.3 | -42.4 |
| Share savings and share option programs | 27.4 | - | - |
| Buy-back of own shares | -19.9 | -10.0 | -21.5 |
| At end of period | 381.8 | 313.4 | 332.6 |

Holdings without a controlling influence: Proact Lietuva UAB 26.14% and Proact Estonia AS 15%.

Consolidated Cash Flow Statement in Brief

| | Jul-Sep 2017 | Jul-Sep 2016 | Jan-Sep 2017 | Jan-Sep 2016 | 12 mths Oct-Sep | Full Year 2016 |
|---|-----------------|-----------------|-----------------|-----------------|--------------------|-------------------|
| Cash flow from operating activities before changes in working capital | 60.6 | 42.0 | 114.6 | 116.7 | 170.8 | 172.9 |
| Cash flow from changes in working capital | -171.6 | 20.0 | -93.4 | -61.0 | -51.0 | -18.6 |
| Cash flow from operating activities | -111.0 | 62.0 | 21.2 | 55.7 | 119.8 | 154.3 |
| Cash flow from investing activities | -13.8 | -18.1 | -131.7 | -53.6 | -139.8 | -61.7 |
| Cash flow from financing activities | 63.4 | -19.1 | 22.8 | -21.1 | -6.6 | -50.5 |
| Total cash flow for the period | -61.5 | 24.8 | -87.7 | -18.9 | -26.6 | 42.1 |
| Cash and cash equivalents at beginning of the period | 187.8 | 122.3 | 214.4 | 158.8 | 153.3 | 158.8 |
| Currency translation difference in cash and cash equivalents | -1.7 | 6.1 | -2.1 | 13.4 | -2.0 | 13.5 |
| Cash and cash equivalents at end of the period | 124.6 | 153.3 | 124.6 | 153.3 | 124.6 | 214.4 |

Key Figures

| | Jul-Sep 2017 | Jul-Sep 2016 | Jan-Sep 2017 | Jan-Sep 2016 | 12 mths Oct-Sep | Full Year 2016 |
|---|-----------------|-----------------|-----------------|-----------------|--------------------|-------------------|
| Total revenue, SEK millions | 657 | 594 | 2,363 | 2,053 | 3,231 | 2,922 |
| EBITDA, SEK millions | 48.9 | 39.8 | 159.9 | 125.7 | 225.7 | 191.4 |
| EBITDA margin, % | 7.5 | 6.7 | 6.8 | 6.1 | 7.0 | 6.6 |
| EBITA, SEK millions | 41.4 | 34.0 | 136.8 | 107.2 | 193.5 | 163.9 |
| EBITA margin, % | 6.3 | 5.7 | 5.8 | 5.2 | 6.0 | 5.6 |
| EBIT, SEK millions | 34.4 | 26.7 | 113.0 | 85.5 | 164.8 | 137.2 |
| EBIT marginal, % | 5.2 | 4.5 | 4.8 | 4.2 | 5.1 | 4.7 |
| Profit before tax, SEK millions | 32.6 | 28.3 | 106.1 | 84.0 | 155.8 | 133.7 |
| Net margin, % | 5.0 | 4.8 | 4.5 | 4.1 | 4.8 | 4.6 |
| Profit after tax, SEK millions | 24.8 | 20.7 | 80.0 | 62.9 | 113.8 | 96.7 |
| Profit margin, % | 3.8 | 3.5 | 3.4 | 3.1 | 3.5 | 3.3 |
| Equity ratio, % | 24.1 | 21.8 | 24.1 | 21.8 | 24.1 | 18.4 |
| Capital turnover rate, times | 0.4 | 0.4 | 1.4 | 1.3 | 2.1 | 1.7 |
| Return on equity, % | 6.6 | 6.8 | 22.4 | 20.0 | 32.8 | 29.8 |
| Return on capital employed, % | 6.1 | 5.2 | 20.1 | 17.2 | 29.3 | 27.2 |
| Investments in fixed assets, SEK millions | 10.5 | 15.1 | 127.5 | 53.1 | 134.9 | 60.5 |
| Financial costs included in net financial items, SEK millions | 3.4 | -0.4 | 12.0 | 5.1 | 15.2 | 8.3 |
| Profit before tax per employee, SEK thousands | 40 | 39 | 132 | 116 | 198 | 185 |
| Average number of employees | 823 | 720 | 805 | 724 | 786 | 723 |

For a five-year summary, see Note 8. Definitions of key ratios and figures are set out in the Annual Report 2016.

Amortizations and depreciations included in Consolidated Statement of Comprehensive Income are specified in Note 4.

Key figures Proact reports and monitors the business by are common key figures used by the industry and by companies' listed on Nasdaq Stockholm.

Parent Company's Income Statement and Balance Sheet, in brief

| | Jan-Sep 2017 | Jan-Sep 2016 | Full Year 2016 | | Sep 30 2017 | Sep 30 2016 | Dec 31 2016 |
|-------------------------------------|-----------------|-----------------|-------------------|------------------------------|----------------|----------------|----------------|
| Net sales | 71.0 | 55.7 | 79.1 | ASSETS | | | |
| Cost of goods and services sold | - | - | - | Fixed assets | 668.6 | 668.2 | 642.3 |
| Gross profit | 71.0 | 55.7 | 79.1 | Current assets | 122.4 | 48.3 | 132.8 |
| Administration expenses | -71.8 | -70.0 | -94.2 | Total assets | 790.9 | 716.5 | 775.1 |
| Operating profit | -0.7 | -14.3 | -15.1 | EQUITY AND LIABILITIES | | | |
| Net financial items | 0.4 | 3.9 | 6.7 | Equity | 197.0 | 219.2 | 222.5 |
| Profit after financial items | -0.3 | -10.4 | -8.4 | Long-term liabilities | 107.3 | 119.8 | 112.4 |
| Provisions | - | - | 15.9 | Short-term liabilities | 486.6 | 377.5 | 440.3 |
| Profit before tax | -0.3 | -10.4 | 7.5 | Total equity and liabilities | 790.9 | 716.5 | 775.1 |
| Income tax | -0.2 | 3.1 | 0.0 | | | | |
| Comprehensive income for the period | -0.5 | -7.3 | 7.5 | | | | |

Explanatory information

Note 1. General information

Proact IT Group AB (publ) (co. reg. no. 556494-3446) has its registered office in the municipality of Stockholm. Since July 1999, the Company has been listed on Nasdaq Stockholm and the Small Cap list under the PACT symbol.

Note 2. Accounting policies

The consolidated accounts for the interim report, like the annual report for 2016, have been compiled in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and the Swedish Annual Accounts Act. The Parent Company's accounts have been compiled in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities).

The present interim report has been prepared in accordance with IAS 34, Interim Reporting, and the Swedish Company Accounts Act. The term "IFRS" in this document includes the application of IAS and IFRS, as well as the interpretations of these standards as published by the IASB's Standards Interpretation Committee (SIC) and Internal Reporting Interpretations Committee (IFRIC). The Group applies the same accounting principles as those described in the annual report for 2016. A project has been initiated to determine the effects of introducing a new standard for revenue recognition, IFRS 15 Revenues from Contracts with Customers. The project is structured in three phases: evaluation, conversion and implementation. Currently the Group has finished the evaluation phase and is in conversion phase. The Group has not yet been able to quantify which impact the new standard will have on the consolidated financial statement. The Group will apply the new standard from the financial year 2018.

Financial instruments

Proact's financial instruments consist of derivatives, accounts receivable, cash and cash equivalents, accounts payable, accrued trade creditors and interest-bearing liabilities. Derivatives are valued at fair value at level 2 as defined by IFRS 7, i.e. fair value determined using valuation techniques with observable market data, either directly (as prices) or indirectly (derived to price). All other financial assets have been classified as loans and receivables, which includes accounts receivable and cash and cash equivalents. All other financial liabilities have been classified as other financial liabilities valued at accrued cost, which includes accounts payable, accrued trade creditors and liabilities to credit institutions. Liabilities to credit institutions have variable interest rates, and the reported interest rate is on a par with the current interest rate on liabilities to credit institutions, and other financial assets and liabilities have short terms. On the basis of this, the book values of all financial assets and liabilities are deemed to be a reasonable estimate of their fair values.

Note 3. Revenues per industry

| Revenue per industry | Jul-Sep 2017 | Jul-Sep 2016 | Jan-Sep 2017 | Jan-Sep 2016 | 12 mths Oct-Sep | Full Year 2016 |
|----------------------|-----------------|-----------------|-----------------|-----------------|--------------------|-------------------|
| Telecom | 137 | 124 | 573 | 419 | 768 | 615 |
| Bank and Finance | 106 | 146 | 405 | 444 | 608 | 646 |
| Oil and Energy | 106 | 56 | 344 | 300 | 488 | 444 |
| Manufacturing | 94 | 66 | 248 | 251 | 342 | 345 |
| Media | 57 | 61 | 243 | 209 | 316 | 283 |
| Trading & Services | 15 | 24 | 97 | 117 | 153 | 172 |
| Public sector | 36 | 26 | 91 | 53 | 103 | 65 |
| Other | 106 | 91 | 362 | 260 | 453 | 352 |
| Total revenue | 657 | 594 | 2,363 | 2,053 | 3,231 | 2,922 |

Note 4. Depreciations and write-downs of fixed assets

| | Jul-Sep 2017 | Jul-Sep 2016 | Jan-Sep 2017 | Jan-Sep 2016 | 12 mths Oct-Sep | Full Year 2016 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|--------------------|-------------------|
| Depreciation intangible fixed assets | 7.0 | 7.3 | 23.7 | 21.7 | 28.8 | 26.7 |
| Depreciation tangible fixed assets | 7.5 | 5.8 | 23.1 | 18.5 | 32.1 | 27.5 |
| Total | 14.5 | 13.1 | 46.9 | 40.2 | 60.9 | 54.2 |

Note 5. Income tax

The group's tax expense includes total current tax and deferred tax calculated on the basis of applicable tax rates in the respective countries. The reported tax cost for first nine months 2017 amounts to SEK 26.1 (21.1) million.

Note 6. Transactions with related parties

No transactions between Proact and related parties which have significantly affected the Group's position and profits have taken place during the quarter.

Note 7. Operating segments

| | |
|-----------------|---|
| Nordics: | Sweden, Norway, Finland, USA and Denmark |
| UK: | United Kingdom |
| East: | Estonia, Latvia, Lithuania, Czech Republic and Slovakia |
| West: | Nederländerna, Belgien, Spanien och Tyskland |
| Proact Finance: | Proact's finance company under its own auspices is reported separately as this company supports all geographical regions. |

| Jan-Sep 2017 | Nordics | UK | West | East | Proact Finance | Group-wide | Eliminations | Group |
|---|---------|------|------|------|----------------|------------|--------------|-------|
| Total revenue | 1,163 | 403 | 721 | 89 | 58 | 97 | -167 | 2,363 |
| Profit before tax | 67.6 | 11.7 | 21.5 | 4.9 | 3.9 | -3.5 | - | 106.1 |
| Tax | | | | | | | | -26.1 |
| Comprehensive income for the period | | | | | | | | 80.0 |
| Jan-Sep 2016 | Nordics | UK | West | East | Proact Finance | Group-wide | Eliminations | Group |
| Total revenue | 1,105 | 474 | 374 | 108 | 62 | 43 | -113 | 2,053 |
| Profit before tax and items affecting comparability | 66.9 | 11.0 | 9.9 | 8.8 | 5.9 | -12.6 | - | 89.8 |
| Items affecting comparability | - | - | -0.1 | - | - | -5.7 | - | -5.8 |
| Profit before tax | 66.9 | 11.0 | 9.7 | 8.8 | 5.9 | -18.3 | - | 84.0 |
| Tax | | | | | | | | -21.1 |
| Comprehensive income for the period | | | | | | | | 62.9 |

Note 8. Five-year summary

| | Oct-Sep 2016/2017 | Jan-Dec 2016 | Jan-Dec 2015 | Jan-Dec 2014 | Jan-Dec 2013 |
|--|----------------------|-----------------|-----------------|-----------------|-----------------|
| Total revenue, MSEK | 3,231 | 2,922 | 2,802 | 2,325 | 2,305 |
| EBITDA, MSEK | 225.7 | 191.4 | 169.2 | 144.2 | 128.0 |
| EBITDA margin, % | 7.0 | 6.6 | 6.0 | 6.2 | 5.6 |
| EBITA, MSEK | 193.5 | 163.9 | 140.4 | 109.5 | 82.8 |
| EBITA margin, % | 6.0 | 5.6 | 5.0 | 4.7 | 3.6 |
| EBIT, MSEK | 164.8 | 137.2 | 113.5 | 84.9 | 54.0 |
| EBIT margin, % | 5.1 | 4.7 | 4.1 | 3.7 | 2.3 |
| Profit before tax, MSEK | 155.8 | 133.7 | 104.1 | 85.2 | 43.7 |
| Net margin, % | 4.8 | 4.6 | 3.7 | 3.7 | 1.9 |
| Profit after tax, MSEK | 113.8 | 96.7 | 78.4 | 59.9 | 27.2 |
| Profit margin, % | 3.5 | 3.3 | 2.8 | 2.6 | 1.2 |
| Equity ratio, % | 24.1 | 18.4 | 19.2 | 17.5 | 16.9 |
| Capital turnover rate, times | 2.1 | 1.7 | 1.8 | 1.6 | 1.6 |
| Return on equity, % | 32.8 | 29.8 | 26.8 | 23.4 | 11.6 |
| Return on capital employed, % | 29.3 | 27.2 | 25.6 | 21.3 | 13.8 |
| Dividend to shareholders of the Parent company, MSEK ¹⁾ | 32.4 | 25.1 | 15.6 | 11.2 | 10.2 |
| Investments in fixed assets, MSEK | 134.9 | 60.5 | 150.4 | 69.1 | 54.8 |
| Financial costs included in net financial items, SEK millions | 15.2 | 8.3 | 14.2 | 3.7 | 13.2 |
| Profit before tax per employee, SEK thousands | 198 | 185 | 156 | 132 | 67 |
| Average number of employees | 786 | 723 | 669 | 646 | 649 |
| Earnings per share for the period, SEK ²⁾ | 12.22 | 10.32 | 8.20 | 6.16 | 2.36 |

¹⁾ Relates to the year in which the dividend was executed. For business year 2016 a dividend of SEK 3.50 has been made.

²⁾ Calculated on the basis of the weighted average number of outstanding shares. Proact does not have any outstanding warrants, convertible debentures or other instrument that could give rise to dilution.

Note 9. Events after balance sheet date

No events of significance to the Group have occurred since the end of the report period.

Note 10. Acquired companies' net assets at the time of acquisition

| <i>Amount in SEK million</i> | Jan 2017 |
|---|-------------|
| Intangible fixed assets | 1.9 |
| Tangible fixed assets | 12.3 |
| Trade and other receivables | 61.3 |
| Cash and cash equivalents | 10.6 |
| Long-term liabilities | - |
| Accounts payable and other short-term liabilities | -65.1 |
| Net identifiable assets | 21.1 |
| Goodwill | 59.6 |
| Fair value adjustment acquired intangible assets | 15.4 |
| Deferred tax related to acquired assets | -4.6 |
| Purchase price | 91.5 |
| <i>Deduct:</i> | |
| Acquired cash | -10.6 |
| Deferred payment of part of consideration | -18.0 |
| Own shares used in acquisition | -26.8 |
| Net outflow of cash | 36.1 |

The purchase price allocation analysis is preliminary. The assets in the company have been analysed and the preliminary purchase price analysis above has been updated, though the purchase price allocation analysis has not yet been audited.

The above acquisition pertains that 100 percent of the shares and votes of Teamix GmbH has been acquired. The acquisition was completed January 3, 2017.

For this acquisition the purchase price is higher than the recognised assets of the acquired business, as a result the acquisition analysis gives rise to intangible assets.

The acquisition of Teamix GmbH, a profitable, growing and well-managed company, will accelerate Proact's growth in Germany. Teamix is a well-established company in the German market and has outstanding expertise in various IT technology and service fields. The company has an in-depth knowledge of Proact's focus areas such as datacentres and associated services and aligns well with Proact's core values of integrity, commitment and excellence.