

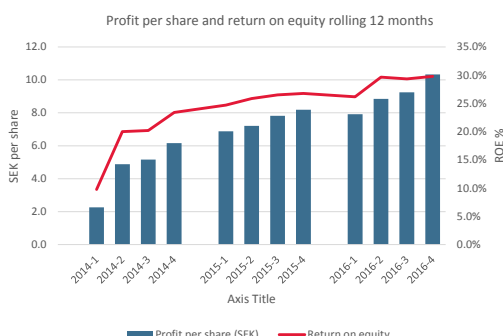
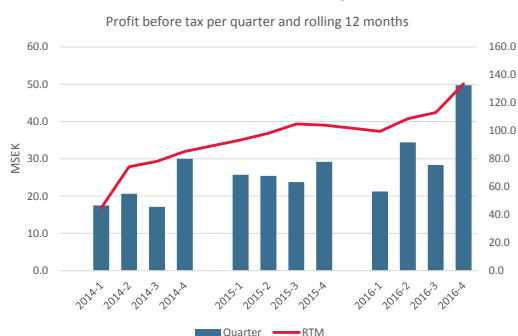
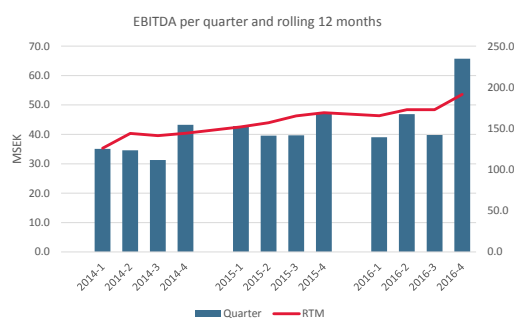
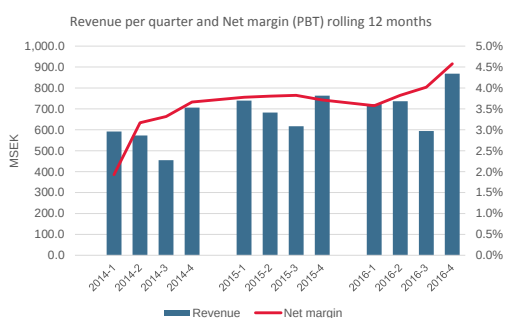
## Year-end report 2016

### The fourth quarter in brief

- In local currencies revenues increased by 14%. Translated to SEK revenues increased by 14% to SEK 868 (763) million.
- EBITDA increased by 39% and amounted to SEK 65.7 (47.1) million.
- Profit before tax increased by 70% to SEK 49.7 (29.2) million.
- Profit after tax increased by 33% to SEK 33.8 (25.5) million.
- Profit per share amounted to SEK 3.69 (2.61).

### 2016 in brief

- In local currencies revenues increased by 7%. Translated to SEK revenues increased by 4% to SEK 2,922 (2,802) million.
- EBITDA increased by 13% to SEK 191.4 (169.2) million.
- Profit before tax increased by 28% to SEK 133.7 (104.1) million. Profit before tax amounted to SEK 139.5 (112.3) million adjusted for items affecting comparability, representing an increase by 24%.
- Profit after tax increased by 23% to SEK 96.7 (78.4) million.
- Profit per share amounted to SEK 10.32 (8.20).
- Items affecting comparability, expenses attributable to the change of Group President, have adversely affected the operating profit in the sum of SEK 5.8 (8.3) million.
- Return on equity over the last 12 months amounted to 29.8% (26.8%).
- The Board of Directors proposes that the Annual General Meeting should elect to pay a dividend of SEK 3.50 (2.70) per share.



## Report by the CEO of Proact

### Five percent target margin exceeded for fourth quarter, 70 percent quarter on quarter increase in PBT

I am delighted to announce a fourth consecutive record quarter for Proact and a very positive revenue and earnings trend. This excellent development means we are reporting a 5.7% profit before tax margin for the fourth quarter, which clearly exceeds the company target margin of 5%.

Profit before tax for the quarter amounted to SEK 49.7 million, representing an increase of 70% compared with the corresponding period last year. Service revenues have continued to develop positively during the period and amounted to SEK 263 million, representing an increase of 12%. Service revenues relating to cloud services amounted to SEK 93 million, representing an increase of 25%. System revenues also developed positively and amounted to SEK 605 million, representing an increase of 15%. Total revenues increased by 14% to SEK 868 million in the fourth quarter.

This positive trend has primarily been achieved by constantly working to the established strategy and defined focus areas. Among other things, this involves ensuring good cost control, regular improvement and streamlining in respect of the services operation, taking the necessary measures in countries failing to meet set financial targets, and increasing the emphasis on sales and marketing within the company. This excellent trend also shows that our specialist expertise and market-leading offering with regard to datacentres 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".

Another part of the strategy involves growth through acquisitions where feasible. In early January this year, Proact acquired all of the shares of Teamix GmbH. 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. This acquisition will also augment Proact's existing networking and security portfolio. Teamix also has a corporate culture that aligns well with Proact's core values of integrity, commitment and excellence. The company has 85 employees and annual turnover of approximately EUR 35 million. This acquisition will give Proact expertise and strength in one of the core European markets, which in turn means that we will further reinforce benefits for existing and new customers.

Overall, it is clear to me that the initiatives implemented in various business areas are 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, 9 February 2017

Jason Clark  
CEO

#### About Proact

Proact is Europe's leading independent datacentre and cloud services provider. Proact supplies business benefits by helping companies and authorities to reduce risk and costs, and above all to supply them with flexible, accessible and secure IT services. Proact's cloud service operations manage 70 petabytes of information. Proact has completed more than 3,500 successful projects all over the world to date.

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](http://www.proact.eu)

## Market review

The rapid digitisation taking place in the majority of industries means that IT and its activities are even more strategically important nowadays as IT is at the very heart of business. In turn, this means that the underlying growth in digital business-critical information is still high. The combination of rapid digitisation and the increasing volume of business-critical information means that IT infrastructure is becoming increasingly complex and new demands are being made.

All companies and authorities are dependent on access to information of various kinds to allow their operations to work, and accessibility and security are even more important for business-critical information in particular. Shortcomings in security procedures and uptime can lead to disruptions within the business, with disastrous consequences. As a result, more and more companies and authorities 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.

One clear market trend is that more and more customers are wanting to offer IT as a service, where users themselves order and consume different types of IT service based on the needs

of each individual user. To facilitate the supply of IT as a service, companies and authorities are implementing a combination of private and public cloud services, known as hybrid clouds, to an ever-increasing extent. The aim of this is to automate internal IT processes and hence offer cost-effective, flexible IT services to both internal and external users. Another market trend we are seeing is the continued growth of the data centre concept – a combination of storage, servers and networks – while at the same time new fields of technology for management of business-critical information are being implemented. One example of a new field of technology undergoing excellent growth is Flash, where information is stored on a memory chip instead of a traditional hard disk. This technology provides improved integration with various types of application and is more cost-effective compared with traditional hard disks.

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 Fingerprint Cards, MAN Turbo and STIL in Denmark, Joki ICT and Medbit in Finland, LMT and Rietumo Banka in Latvia, Infosys and Lasaulec in the Netherlands, HEMIT and Matiq in Norway, Cortefiel and Securitas Direct in Spain, Rabobank/Zanaco in the United Kingdom, Acando, Arbetsförmedlingen and Vattenfall in Sweden, ON Semiconductor, Ostrava City and Privatbanka in the Czech Republic.

## Events during the quarter

### Efficient IT for Gant thanks to Proact solution

Gant is an "American sportswear" brand with European sophistication, offering modern, high quality clothing for men, women and children. Gant-branded watches, footwear, glasses and home furnishings, for instance, are also manufactured under license. The brand was founded in the US in 1949 and has since gone on to develop in Europe. It now has a presence in 70 countries with over 170 stores.

Proact has been entrusted with the task of supplying a new IT infrastructure and providing associated consultancy and support services. The aim of this is to meet Gant's stringent require-

ments in terms of scalability, uptime and performance. Another stringent demand is that the IT infrastructure should be cost-effective.

This new IT infrastructure means that Gant will have better support for its business and users, helping to make the business less vulnerable. The new infrastructure is based on the datacentre concept, which is a reference architecture in which components such as storage, servers and networks are all integrated with one another. This concept is providing Gant with a redundant, reliable IT environment, as well as making internal systems administration considerably simpler and more cost-effective.

The contract includes implementation and configuration of the new IT infrastructure, as well as

Proact Premium Support, which will have a positive impact on Proact's contracted revenues.

#### **Proact trusted again by Exonet**

Exonet is a European supplier of high quality custom hosting services. Exonet focuses mainly on supporting Internet-based companies with business-critical applications. The existing IT infrastructure no longer met the needs and demands of the company in terms of uptime and performance, and so alternative solutions were evaluated.

Proact was entrusted with the task of carrying out a pilot study as previous cooperation between Exonet and Proact had worked well, and Exonet was pleased with Proact's specialist expertise. The aim of the pilot study was to identify the needs and demands imposed on the IT infrastructure from both an IT and a business perspective. A new IT infrastructure was designed on the basis of the outcome of the pilot study.

The new IT infrastructure is providing Exonet with an IT environment suitable to meet business needs both now and in the future, while also enhancing performance and reliability. It will also be easier to offer Exonet's customers different hosting service types thanks to new automation options.

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

#### **NHS Lanarkshire chooses a Proact cloud service**

NHS Lanarkshire provides medical services and improving the health of more than 650,000 residents in North and South Lanarkshire. NHS Lanarkshire's health facilities include hospitals and clinics employing more than 12,000 people.

Proact has been entrusted with the task of supplying a cloud service in order to support the implementation of TrakCare software, which is a national patient information system designed to facilitate coordination of medical care among different hospitals in different regions.

Proact will be administering and fully responsible for operation of the new infrastructure, which is based on the datacentre concept; a reference architecture in which components such as storage, servers and networks are all integrated with one another.

This cloud service, which is being supplied from Proact's Network Operations Centre in Scotland, includes services such as incident management, change management, service improvements, updates and reporting. Choosing a private cloud service from Proact will allow NHS Lanarkshire's IT department to focus on developing innovative new IT services, and at the same time Proact will be supplying services for managing the business critical IT infrastructure for the TrakCare patient information system. This contract will have a positive impact on Proact's contracted revenues.

## Financial overview

### Revenues

Over the fourth quarter of 2016, total revenues amounted to SEK 868 (763) million, an increase of 14%. Also adjusted for currency effects the increase was 14%.

Revenues for full year 2016 amounted to SEK 2,922 (2,802) million, an increase of 4%. Adjusted for currency effects, revenues increased by 7%.

### Industry segments

Proact has good revenue distribution in respect of its various industry segments. The four biggest industry segments are Public Sector (22%), Trade & Services (21%), Telecoms (15%) and Manufacturing Industry (12%).

### Business Units

In Nordics the system sales increased during the quarter. The increased system revenues were mainly related to some major deals closed in Sweden and US. In addition the total service revenues increased during the fourth quarter.

In the UK total revenue has increased during the quarter. Both system- and services revenues have developed positively.

In West total revenues developed positively. System revenues increased compared to the corresponding period last year, while service revenues declined. The decrease in service revenues is mainly attributable to the consulting business.

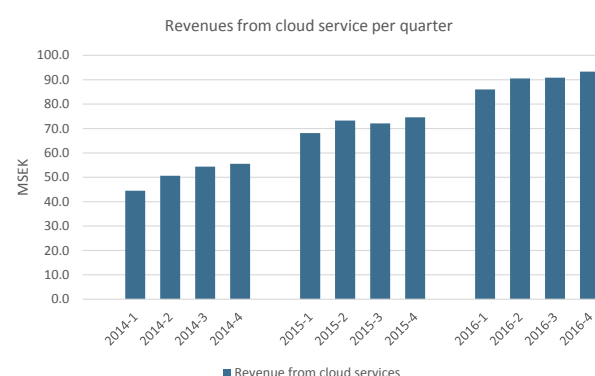
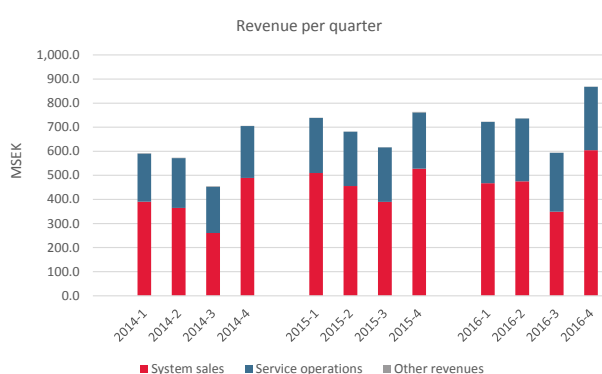
In East total revenues declined. The decrease is attributable to lower system sales due to a cautious market. However the overall service revenues have evolved in a positive way.

Future contracted cash flows from Proact Finance amount to SEK 119 (145) million, representing a decrease of 18%.

### Operating segment

System revenues increased by 15% to SEK 605 (528) million in the fourth quarter. Also adjusted for currency effects, system revenues increased by 15%. Service revenues increased by 12% to SEK 263 (234) million during the same period. When adjusted for currency effects, service revenues increased by 14%. Service revenues amount to 30% of total revenues for the quarter.

New contracts relating to cloud services worth SEK 30 million, with terms of three to five years, have been concluded during the quarter. Total revenues from cloud services amounted to SEK 93 (75) million during the quarter, representing an increase of 25% compared with the corresponding period in the previous year. Revenues from cloud services amount to SEK 361 million over a period of 12 consecutive months.



| Revenue per Business Unit | Oct-Dec 2016 | Oct-Dec 2015 | Full Year 2016 | Full Year 2015 |
|---------------------------|--------------|--------------|----------------|----------------|
| Nordics                   | 541          | 433          | 1,645          | 1,598          |
| UK                        | 160          | 156          | 635            | 643            |
| West                      | 134          | 127          | 509            | 448            |
| East                      | 41           | 54           | 149            | 140            |
| Proact Finance            | 11           | 38           | 73             | 95             |
| Group-wide                | -19          | -44          | -89            | -123           |
| Total revenue             | 868          | 763          | 2,922          | 2,802          |

| Revenue per operating segment | Oct-Dec 2016 | Oct-Dec 2015 | Full Year 2016 | Full Year 2015 |
|-------------------------------|--------------|--------------|----------------|----------------|
| System sales                  | 605          | 528          | 1,896          | 1,884          |
| Services operations           | 263          | 234          | 1,023          | 914            |
| Other revenue                 | 0            | 2            | 2              | 4              |
| Total revenue                 | 868          | 763          | 2,922          | 2,802          |

## Comprehensive income

EBITDA increased during the quarter by 39% and amounted to SEK 65.7 (47.1) million. Profit before tax increased by 70% to SEK 49.7 (29.2) million.

EBITDA for full year 2016 increased by 13% to SEK 191.4 (169.2) million. Profit before tax increased by 28% to SEK 133.7 (104.1) million. Adjusted for items affecting comparability, profit before tax increased by 24% to SEK 139.5 (112.3) million.

## Business Units

In Nordics the profitability continued to develop positively during the quarter. All countries have contributed to the good earnings trend. In addition, both the system and service operation generated a better result compared to the corresponding period last year.

In the UK the overall profitability has developed positively during the quarter. Both the system and service operation generated a better result compared to the corresponding period last year.

In West the profitability has developed negatively during the quarter. This is mainly due to weak earnings and profitability in Belgium, compared with the corresponding period last year. In addition, the quarter was negatively affected by costs associated to the acquisition of Teamix in Germany.

In East the profitability has developed negatively compared to the corresponding period last year. This is mainly due to lower system sales which have negatively affected overall earnings and profitability.

Proact Finance continues to show a stable development regarding both earnings and profitability.

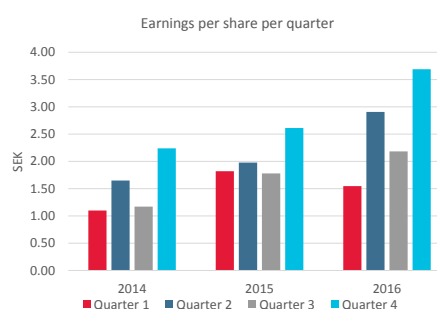
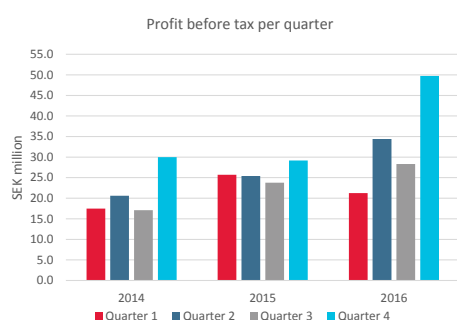
## Balance sheet and cash flow

Cash and equivalents amounted to SEK 214 million as at 31 December 2016, compared with SEK 159 million previous year. Of total bank overdraft facilities of SEK 180 million, SEK 29 million has been utilised. Bank loans amounted to SEK 135 million, of which SEK 31 million are due within 12 months. Contract borrowing is being used to finance Proact's finance company. 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 amounted to SEK 61 (90) million for the quarter, of which SEK 99 (150) million from operating activities. Cash flow amounted to SEK 42 (28) million for full year 2016 of which SEK 154 (183) million from operating activities.

For full year 2016, SEK 59 (79) million has been invested in fixed assets, and SEK 44 (68) million has been paid out as additional purchase prices and acquisition of further shares in subsidiaries. Change in bank loans and use of overdraft facilities together contributed to cash flow with SEK 30 million. Buy back of own shares amounting to SEK 22 million have been made and dividends amounting to SEK 25 million have been paid to the parent company's shareholders.

The Group's equity ratio at the end of the period was 18% (19%).



| Profit before tax per Business Unit                 | Oct-Dec 2016 | Oct-Dec 2015 | Full Year 2016 | Full Year 2015 |
|-----------------------------------------------------|--------------|--------------|----------------|----------------|
| Nordics                                             | 35.7         | 20.9         | 102.6          | 88.4           |
| UK                                                  | 10.6         | 6.9          | 21.6           | 15.3           |
| West                                                | 0.3          | 8.3          | 10.2           | 11.6           |
| East                                                | 1.3          | 5.0          | 10.1           | 7.6            |
| Proact Finance                                      | 1.7          | 1.5          | 7.6            | 5.1            |
| Group-wide                                          | 0.1          | -5.1         | -12.6          | -15.5          |
| Profit before tax and items affecting comparability | 49.7         | 37.5         | 139.5          | 112.3          |
| Items affecting comparability                       | -            | -8.3         | -5.8           | -8.3           |
| Profit before tax                                   | 49.7         | 29.2         | 133.7          | 104.1          |

| Financial position                 | Dec 31 2016 | Sep 30 2016 | Dec 31 2015 | Sep 30 2015 |
|------------------------------------|-------------|-------------|-------------|-------------|
| Cash and cash equivalents          | 214         | 153         | 159         | 77          |
| Bank overdraft facilities          | -29         | -32         | -2          | -26         |
| Liabilities to credit institutions | -143        | -143        | -140        | -101        |
| Contract borrowing                 | -30         | -37         | -22         | -22         |
| Net debt                           | 13          | -58         | -6          | -72         |
| Unutilized bank overdraft facility | 151         | 137         | 171         | 145         |
| Total bank overdraft facility      | 180         | 169         | 173         | 172         |



## Buy-back of own shares

At the Annual General Meeting held on 2 May 2016, the Board of Directors was authorised to acquire up to 10% of the company's shares by the next Annual General Meeting. As at 31 December 2016, 160,625 shares have been acquired under this authorisation.

The company holds 200,769 shares in its own custody as at 31 December 2016, which is equivalent to 2.2% of the total number of shares.

## Employees

The company employed 718 (743) people as at 31 December 2016.

## Parent Company in brief

Parent Company's total revenues for the period amounted to SEK 79.1 (73.3) million. Profit before tax amounted to SEK 7.5 (22.8) million.

Parent Company's liabilities in a joint group currency account amounted as at 31 December 2016 to SEK 345 (290) million.

At the end of the period, the number of people employed by the parent company totalled 19 (18).

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

On 3 January 2017, Proact acquired Teamix GmbH via its own shares (200,000 shares) and cash. The total purchase price was EUR 9 million, which corresponds to a P/E ratio of 8. The acquisition is strategically important to Proact and will accelerate further growth in the German market. For detailed information see note 10.

## Proposed appropriations of profits

The Board will propose a dividend of SEK 3.50 (2.70) per share to the Annual General Meeting for the 2016 business year.

## Risks and uncertainty factors within the enterprise

The company has in the current situation difficulties to assess consequences of United Kingdom's possible 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 2015, page 19.

## 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 2015, page 57.

## Annual General Meeting

The Annual General Meeting will take place at 6 pm on 9 May 2017 at Scandic Victoria Tower, Kista. The work of the Nominations Committee prior to the Annual General Meeting has not yet been completed. For further information, please see the company's website at [www.proact.se](http://www.proact.se).

## Other information

This interim report has not been audited.

## Forthcoming reports

|             |                             |
|-------------|-----------------------------|
| 21 Apr 2017 | Interim Report Q1 2017      |
| 9 May 2017  | Annual General Meeting 2017 |
| 12 Jul 2017 | Interim Report Q2 2017      |
| 20 Oct 2017 | Interim Report Q3 2017      |
| 8 Feb 2018  | Year-end report 2017        |

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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 9 February 2017.

Kista, 9 February 2017

**Proact IT Group AB (publ)**

Jason Clark  
CEO



## Financial reports (SEK million)

### Consolidated Statement of Comprehensive Income

|                                                                           | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full Year<br>2016 | Full Year<br>2015 |
|---------------------------------------------------------------------------|-----------------|-----------------|-------------------|-------------------|
| System income                                                             | 604.7           | 527.7           | 1,896.3           | 1,883.6           |
| Service income                                                            | 263.1           | 234.0           | 1,023.0           | 914.1             |
| Other operating income                                                    | 0.5             | 1.8             | 2.4               | 4.0               |
| Total income                                                              | 868.2           | 763.4           | 2,921.7           | 2,801.7           |
| Cost of goods and services sold                                           | -663.0          | -575.5          | -2,214.2          | -2,127.2          |
| Gross profit                                                              | 205.2           | 187.9           | 707.5             | 674.4             |
| Sales and marketing expenses                                              | -94.8           | -100.5          | -362.8            | -369.9            |
| Administration expenses                                                   | -58.7           | -45.5           | -201.6            | -182.7            |
| Items affecting comparability                                             | -0.0            | -8.3            | -5.8              | -8.3              |
| Operating profit/loss, EBIT                                               | 51.7            | 33.6            | 137.2             | 113.5             |
| Net financial items                                                       | -2.0            | -4.4            | -3.5              | -9.5              |
| Profit before tax                                                         | 49.7            | 29.2            | 133.7             | 104.1             |
| Income tax                                                                | -15.9           | -3.7            | -37.0             | -25.6             |
| Comprehensive income for the period                                       | 33.8            | 25.5            | 96.7              | 78.4              |
| <i>Other comprehensive income</i>                                         |                 |                 |                   |                   |
| <i>Items which may be reversed later in the income statement</i>          |                 |                 |                   |                   |
| Change of hedging reserve<br>(net investment in foreign operations)       | 0.0             | -0.3            | -0.9              | 0.2               |
| Tax effect of change of reserve<br>(net investment in foreign operations) | -0.0            | 0.1             | 0.2               | -0.1              |
| Translation differences                                                   | -1.0            | -7.5            | 9.7               | -10.7             |
| Total items which may be reversed later in the income statement           | -1.0            | -7.7            | 9.0               | -10.5             |
| Total comprehensive income for the period                                 | 32.8            | 17.8            | 105.7             | 67.9              |
| <i>Profit attributable to:</i>                                            |                 |                 |                   |                   |
| Shareholders of the Parent company                                        | 33.9            | 24.1            | 95.4              | 75.3              |
| Holdings without a controlling influence                                  | -0.0            | 1.5             | 1.3               | 3.1               |
| <i>Total comprehensive income for the period attributable to:</i>         |                 |                 |                   |                   |
| Shareholders of the Parent company                                        | 32.9            | 14.1            | 104.7             | 65.3              |
| Holdings without a controlling influence                                  | -0.1            | 3.7             | 1.0               | 2.6               |

### Data per share\*

|                                                                                               | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full Year<br>2016 | Full Year<br>2015 |
|-----------------------------------------------------------------------------------------------|-----------------|-----------------|-------------------|-------------------|
| Earnings per share for the period attributable to the shareholders of the parent company, SEK | 3.69            | 2.61            | 10.32             | 8.20              |
| Equity per share attributable to the shareholders of the parent company, SEK                  | 35.85           | 32.87           | 35.85             | 32.87             |
| Cash flow from operations per share, SEK                                                      | 10.75           | 16.31           | 16.69             | 19.88             |
| Number of outstanding shares at end of period                                                 | 9,133,117       | 9,293,742       | 9,133,117         | 9,293,742         |
| Weighted average number of outstanding shares                                                 | 9,170,400       | 9,205,839       | 9,247,583         | 9,192,876         |

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

## Consolidated Balance Sheet in Brief

|                                                                 | Dec 31<br>2016 | Dec 31<br>2015 |
|-----------------------------------------------------------------|----------------|----------------|
| <b>ASSETS</b>                                                   |                |                |
| <u>Fixed assets</u>                                             |                |                |
| Goodwill                                                        | 322.2          | 334.3          |
| Other intangible fixed assets                                   | 108.8          | 121.6          |
| Tangible fixed assets                                           | 55.2           | 54.2           |
| Other long-term receivables                                     | 53.1           | 96.0           |
| Deferred tax receivables                                        | 15.2           | 15.0           |
| <u>Current assets</u>                                           |                |                |
| Inventories                                                     | 43.6           | 12.3           |
| Trade and other receivables                                     | 994.2          | 858.5          |
| Cash and cash equivalents                                       | 214.4          | 158.8          |
| <b>Total assets</b>                                             | <b>1,806.8</b> | <b>1,650.7</b> |
| <b>EQUITY AND LIABILITIES</b>                                   |                |                |
| Equity attributable to the shareholders of the parent company   | 327.4          | 305.5          |
| Equity attributable to holdings without a controlling influence | 5.2            | 11.3           |
| <b>Total equity</b>                                             | <b>332.6</b>   | <b>316.8</b>   |
| <u>Long-term liabilities</u>                                    |                |                |
| Long-term liabilities, interest-bearing                         | 133.4          | 122.9          |
| Long-term liabilities, non-interest-bearing                     | 2.0            | 1.3            |
| Deferred tax liabilities                                        | 21.9           | 23.4           |
| <u>Short-term liabilities</u>                                   |                |                |
| Short-term liabilities, interest-bearing                        | 82.2           | 56.4           |
| Short-term liabilities, non-interest-bearing                    | 1,234.7        | 1,130.0        |
| <b>Total equity and liabilities</b>                             | <b>1,806.8</b> | <b>1,650.7</b> |

## Consolidated Statement of Changes in Equity

|                                                                 | Full Year<br>2016 | Full Year<br>2015 |
|-----------------------------------------------------------------|-------------------|-------------------|
| At beginning of period                                          | 316.8             | 269.3             |
| Total comprehensive income for the period                       | 105.7             | 67.9              |
| Dividend                                                        | -25.1             | -15.6             |
| Dividend to holdings without a controlling influence            | -0.8              | -1.8              |
| Financial liability to holdings without a controlling influence | -                 | 0.0               |
| Acquisition from holdings without a controlling influence       | -42.4             | -17.0             |
| Share savings and share option programs                         | -                 | 14.0              |
| Buy-back of own shares                                          | -21.5             | -                 |
| <b>At end of period</b>                                         | <b>332.6</b>      | <b>316.8</b>      |

Holdings without a controlling influence: Proact Latvia Ltd 7.5%, Proact Lietuva UAB 26.14% and Proact Estonia AS 15%.

## Consolidated Cash Flow Statement in Brief

|                                                                       | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full Year<br>2016 | Full Year<br>2015 |
|-----------------------------------------------------------------------|-----------------|-----------------|-------------------|-------------------|
| Cash flow from operating activities before changes in working capital | 56.2            | 41.3            | 172.9             | 155.1             |
| Cash flow from changes in working capital                             | 42.4            | 108.9           | -18.6             | 27.7              |
| Cash flow from operating activities                                   | 98.6            | 150.2           | 154.3             | 182.8             |
| Cash flow from investing activities                                   | -8.1            | -74.7           | -61.7             | -129.9            |
| Cash flow from financing activities                                   | -29.4           | 14.9            | -50.5             | -25.2             |
| Total cash flow for the period                                        | 61.1            | 90.3            | 42.1              | 27.7              |
| Cash and cash equivalents at beginning of the period                  | 153.3           | 76.5            | 158.8             | 142.9             |
| Currency translation difference in cash and cash equivalents          | 0.1             | -8.0            | 13.5              | -11.8             |
| Cash and cash equivalents at end of the period                        | 214.4           | 158.8           | 214.4             | 158.8             |

## Key Figures

|                                                               | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full Year<br>2016 | Full Year<br>2015 |
|---------------------------------------------------------------|-----------------|-----------------|-------------------|-------------------|
| Total revenue, SEK millions                                   | 868             | 763             | 2,922             | 2,802             |
| EBITDA, SEK millions                                          | 65.7            | 47.1            | 191.4             | 169.2             |
| EBITDA margin, %                                              | 7.6             | 6.2             | 6.6               | 6.0               |
| EBITA, SEK millions                                           | 56.8            | 40.8            | 163.9             | 140.4             |
| EBITA margin, %                                               | 6.5             | 5.3             | 5.6               | 5.0               |
| EBIT, SEK millions                                            | 51.7            | 33.6            | 137.2             | 113.5             |
| EBIT marginal, %                                              | 6.0             | 4.4             | 4.7               | 4.1               |
| Profit before tax, SEK millions                               | 49.7            | 29.2            | 133.7             | 104.1             |
| Net margin, %                                                 | 5.7             | 3.8             | 4.6               | 3.7               |
| Profit after tax, SEK millions                                | 33.8            | 25.5            | 96.7              | 78.4              |
| Profit margin, %                                              | 3.9             | 3.3             | 3.3               | 2.8               |
| Equity ratio, %                                               | 18.4            | 19.2            | 18.4              | 19.2              |
| Capital turnover rate, times                                  | 0.5             | 0.5             | 1.7               | 1.8               |
| Return on equity, %                                           | 10.5            | 8.4             | 29.8              | 26.8              |
| Return on capital employed, %                                 | 9.7             | 7.4             | 27.2              | 25.6              |
| Investments in fixed assets, SEK millions                     | 7.4             | 89.1            | 60.5              | 150.4             |
| Financial costs included in net financial items, SEK millions | 3.2             | 5.8             | 8.3               | 14.2              |
| Profit before tax per employee, SEK thousands                 | 69              | 42              | 185               | 156               |
| Average number of employees                                   | 720             | 697             | 723               | 669               |

For a five-year summary, see Note 8. Definitions of key ratios and figures are set out in the Annual Report 2015.

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

|                                     | Full Year<br>2016 | Full Year<br>2015 |
|-------------------------------------|-------------------|-------------------|
| Net sales                           | 79.1              | 73.3              |
| Cost of goods and services sold     | -                 | -                 |
| Gross profit                        | 79.1              | 73.3              |
| Administration expenses             | -94.2             | -77.1             |
| Operating profit                    | -15.1             | -3.8              |
| Net financial items                 | 6.7               | 20.6              |
| Profit after financial items        | -8.4              | 16.8              |
| Provisions                          | 15.9              | 6.0               |
| Profit before tax                   | 7.5               | 22.8              |
| Income tax                          | 0.0               | -0.2              |
| Comprehensive income for the period | 7.5               | 22.6              |

|                               | Dec 31<br>2016 | Dec 31<br>2015 |
|-------------------------------|----------------|----------------|
| <b>ASSETS</b>                 |                |                |
| Fixed assets                  | 642.3          | 640.8          |
| Current assets                | 132.8          | 102.0          |
| Total assets                  | 775.1          | 742.8          |
| <b>EQUITY AND LIABILITIES</b> |                |                |
| Equity                        | 222.5          | 261.6          |
| Long-term liabilities         | 112.4          | 114.4          |
| Short-term liabilities        | 440.3          | 366.8          |
| Total equity and liabilities  | 775.1          | 742.8          |

## 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 2014, 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 2015. 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 is in the evaluation phase which includes a detailed investigation of contracts and identification of revenue effects. The Group has not yet been able to quantify which impact the new standard will have on the consolidated financial statement. It is preliminary decided that 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  | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full Year<br>2016 | Full Year<br>2015 |
|-----------------------|-----------------|-----------------|-------------------|-------------------|
| Offentlig sektor      | 203             | 181             | 646               | 652               |
| Handel & Tjänster     | 196             | 165             | 615               | 617               |
| Telekom               | 144             | 117             | 444               | 435               |
| Tillverkande industri | 94              | 116             | 345               | 370               |
| Bank, finans          | 74              | 75              | 283               | 260               |
| Olja, energi          | 55              | 29              | 172               | 167               |
| Media                 | 12              | 19              | 65                | 95                |
| Övrigt                | 91              | 61              | 352               | 206               |
| Totala intäkter       | 868             | 763             | 2,922             | 2,802             |

### Note 4. Depreciations and write-downs of fixed assets

|                                      | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full Year<br>2016 | Full Year<br>2015 |
|--------------------------------------|-----------------|-----------------|-------------------|-------------------|
| Depreciation intangible fixed assets | 5.0             | 7.1             | 26.7              | 26.9              |
| Depreciation tangible fixed assets   | 9.0             | 6.3             | 27.5              | 28.8              |
| Total                                | 14.0            | 13.5            | 54.2              | 55.7              |

### 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 revised tax cost for first nine months 2016 amounts to SEK 37.0 (25.6) 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-Dec 2016                                        | Nordics | UK   | West | East | Proact Finance | Group-wide | Eliminations | Group |
|-----------------------------------------------------|---------|------|------|------|----------------|------------|--------------|-------|
| Total revenue                                       | 1,645   | 635  | 509  | 149  | 73             | 121        | -210         | 2,922 |
| Profit before tax and items affecting comparability | 102.6   | 21.6 | 10.2 | 10.1 | 7.6            | -12.6      | -            | 139.5 |
| Items affecting comparability                       | -       | -    | -0.1 | -    | -              | -5.7       | -            | -5.8  |
| Profit before tax                                   | 102.6   | 21.6 | 10.0 | 10.1 | 7.6            | -18.3      | -            | 133.7 |
| Tax                                                 |         |      |      |      |                |            |              | -37.0 |
| Comprehensive income for the period                 |         |      |      |      |                |            |              | 96.7  |
| Jan-Dec 2015                                        | Nordics | UK   | West | East | Proact Finance | Group-wide | Eliminations | Group |
| Total revenue                                       | 1,598   | 643  | 448  | 140  | 95             | 129        | -252         | 2,802 |
| Profit before tax and items affecting comparability | 88.4    | 15.3 | 11.6 | 7.6  | 5.1            | -15.5      | -            | 112.3 |
| Items affecting comparability                       | -       | -    | -    | -    | -              | -8.3       | -            | -8.3  |
| Profit before tax                                   | 88.4    | 15.3 | 11.6 | 7.6  | 5.1            | -23.8      | -            | 104.1 |
| Tax                                                 |         |      |      |      |                |            |              | -25.6 |
| Comprehensive income for the period                 |         |      |      |      |                |            |              | 78.4  |

## Note 8. Five-year summary

|                                                                    | Jan-Dec 2016 | Jan-Dec 2015 | Jan-Dec 2014 | Jan-Dec 2013 | Jan-Dec 2012 |
|--------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total revenue, MSEK                                                | 2,922        | 2,802        | 2,325        | 2,305        | 2,433        |
| EBITDA, MSEK                                                       | 191.4        | 169.2        | 144.2        | 128.0        | 144.5        |
| EBITDA margin, %                                                   | 6.6          | 6.0          | 6.2          | 5.6          | 5.9          |
| EBITA, MSEK                                                        | 163.9        | 140.4        | 109.5        | 82.8         | 93.1         |
| EBITA margin, %                                                    | 5.6          | 5.0          | 4.7          | 3.6          | 3.8          |
| EBIT, MSEK                                                         | 137.2        | 113.5        | 84.9         | 54.0         | 70.7         |
| EBIT margin, %                                                     | 4.7          | 4.1          | 3.7          | 2.3          | 2.9          |
| Profit before tax, MSEK                                            | 133.7        | 104.1        | 85.2         | 43.7         | 61.0         |
| Net margin, %                                                      | 4.6          | 3.7          | 3.7          | 1.9          | 2.5          |
| Profit after tax, MSEK                                             | 96.7         | 78.4         | 59.9         | 27.2         | 41.8         |
| Profit margin, %                                                   | 3.3          | 2.8          | 2.6          | 1.2          | 1.7          |
| Equity ratio, %                                                    | 18.4         | 19.2         | 17.5         | 16.9         | 15.3         |
| Capital turnover rate, times                                       | 1.7          | 1.8          | 1.6          | 1.6          | 1.6          |
| Return on equity, %                                                | 29.8         | 26.8         | 23.4         | 11.6         | 18.9         |
| Return on capital employed, %                                      | 27.2         | 25.6         | 21.3         | 13.8         | 17.4         |
| Dividend to shareholders of the Parent company, MSEK <sup>1)</sup> | 25.1         | 15.6         | 11.2         | 10.2         | 9.3          |
| Investments in fixed assets, MSEK                                  | 60.5         | 150.4        | 69.1         | 54.8         | 62.0         |
| Financial costs included in net financial items, SEK millions      | 8.3          | 14.2         | 3.7          | 13.2         | 12.3         |
| Profit before tax per employee, SEK thousands                      | 185          | 156          | 132          | 67           | 92           |
| Average number of employees                                        | 723          | 669          | 646          | 649          | 660          |
| Earnings per share for the period, SEK <sup>2)</sup>               | 10.32        | 8.20         | 6.16         | 2.36         | 3.96         |

<sup>1)</sup> Relates to the year in which the dividend was executed. The Board of Directors and Managing Director will propose a dividend of SEK 3.50 per share to the Annual General Meeting for the 2016 business year, totalling SEK 32.7 million.

<sup>2)</sup> 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

On January 3 2017, Proact acquired Teamix GmbH via its own shares and cash. The total purchase price was EUR 9 million, which corresponds to a P/E ratio of 8.

## Note 10. Acquisitions after balance sheet date

| Acquired companies's net assets at time of acquisition  |  | Jan   |
|---------------------------------------------------------|--|-------|
| Amount in SEK million                                   |  | 2017  |
| Intangible fixed assets                                 |  | 0.7   |
| Tangible fixed assets                                   |  | 13.5  |
| Trade and other receivables                             |  | 63.0  |
| Cash and cash equivalents                               |  | 10.6  |
| Cash and cash equivalents                               |  | -16.6 |
| Accounts payable and other short-term liabilities       |  | -47.8 |
| Net identifiable assets                                 |  | 23.4  |
| Goodwill                                                |  | 46.8  |
| Fair value adjustment acquired intangible assets        |  | 28.5  |
| Deferred tax related to acquired assets                 |  | -8.5  |
| Purchase price incl. estimated additional consideration |  | 90.2  |
| Deduct:                                                 |  |       |
| Acquired cash                                           |  | -10.6 |
| Estimated additional consideration                      |  | -18.0 |
| Own shares used in acquisition                          |  | -26.8 |
| Net outflow of cash                                     |  | 34.8  |

The acquisition analysis is preliminary. It is based on a not yet audited balance sheet and the assets in the company have not been analysed definitively.

The above acquisition pertains that 100 percent of the shares 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.