

# Q3

## Interim Report

### July – September 2015

- Sales amounted to SEK 270.6 million (287.4)
- EBIT before non-recurring items was SEK 12.4 million (12.3) and the EBIT operating margin was 4.6% (4.3)
- EBIT was SEK –7.4 million (12.3) and the EBIT operating margin was –2.7% (4.3)
- Net profit after tax for the period was SEK –13.2 million (9.1)
- Earnings per share were SEK –0.07 (0.05)

### January – September 2015

- Sales amounted to SEK 933.7 million (908.8)
- EBIT before non-recurring items was SEK 32.6 million (42.1) and the EBIT operating margin was 3.5% (4.6)
- EBIT was SEK 4.4 million (42.1) and the EBIT operating margin was 0.5% (4.6)
- Net profit after tax for the period was SEK –3,4 million (30.2)
- Earnings per share were SEK –0,02 (0.17)

### Key events

- Goodwill impairment of SEK 19,8 million has been made to adjust the valuation of the earlier acquisition of Netcom Consultants, part of segment International
- The Board has revised down the company's sales target to 5% annual growth over the business cycle
- The Procurement Check was named Swedish IT Security Solution of the year
- Com Hem chose Cybercom for its internal digital collaboration channels
- MTV chose Cybercom's cloud service
- Cybercom participated in the UN meeting at which 17 new global goals were adopted
- Cybercom has been nominated for a number of Swedish design awards during the quarter

### For additional information, please contact:

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**You are welcome to attend a presentation of the report at 09.30 today, Sveavägen 20, Stockholm, or call +46 8 465 013 85 to participate, using conference ID: 933450**

Cybercom is an IT consulting company that assists leading companies and organisations to benefit from the opportunities of the connected world. The company's areas of expertise span the entire ecosystem of communications services. Cybercom's domestic market is the Nordic region, and in addition the company offers global delivery capacity for local and international business. Cybercom was founded in 1995 and has been quoted on the NASDAQ Stockholm exchange since 1999.

## Comments from the CEO

There have been many positive events in Cybercom's operations during the third quarter. Com Hem entrusted us to take care of its internal digital collaboration channels, MTV chose our cloud service and we are enhancing the digital presence of several municipalities. We have growing engagements with the Swedish Enforcement Authority, the Swedish Tax Agency, Assa Abloy, Atlas Copco, Volvo Cars and SAAB. My innovative colleagues in Finland won the Konecranes Hackathon and our The Procurement Check service was named as Swedish IT Security Solution of the year – excellent performance amongst tough competition. In addition, our Sustainability Report and our activity-based office in Stockholm won first-rate design nominations. Together with leaders from several of our clients, I participated in the UN Private Sector Forum to solidify the important cooperation that will guide the world towards the 17 new global goals for economically, socially and environmentally sustainable development until 2030.

Cybercom's sales in the third quarter amounted to SEK 270.6 million (287.4). A decrease of 6%, due to lower sales in Finland and in the operator business in Asia and Africa. EBIT was in line with the previous year and amounted to SEK 12.4 million (12.3) before non-recurring items, which resulted in an increased margin of 4.6% (4.3), despite the negative volume growth. The actions we have taken in Finland have yielded results, but challenges in the Finnish economic environment hamper purchasing in the private sector.

In Sweden, on the other hand, we are seeing strong demand in industry, where our business is growing. Ericsson's cutbacks have not affected us during the quarter, but we are seeing a shift towards low-cost countries, which will affect our commitments in Sweden. Our operations in the Öresund region still face challenges, but with a growing order intake and continued good development in Denmark we foresee an improvement before the end of the year.

A goodwill adjustment of SEK 19.8 million was made during the quarter so that our balance sheet better reflects the actual size of the current operations. The impairment is related to previous acquisition in the international operation, and does not affect cash flow.



In connection with our annual strategic planning, we decided that the company's growth will primarily be organic, with the possibility of small add-on acquisitions and a greater portion of blended delivery. The board has therefore decided to revise down our sales target to 5% annual growth over the business cycle. The other financial targets remain unchanged.

The overall market continues to develop in line with previous quarters. We are seeing good demand in Sweden and Denmark, but with more complex purchasing behaviour that requires more business models. We continue to see good development in our Polish operations, and our blended delivery business is growing. We assist our clients with innovative solutions that drive business transformation, competitive differentiation and enhanced customer experience. Together with our clients, we are developing public services for the connected citizen and secure accessibility for the connected consumer. This area offers fundamental demand and large market potential. I am proud of our client list and I envisage great opportunities for continued good development.

Niklas Flyborg  
President and CEO

## Sales and operating profit

Cybercom Group, million	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	2014	RTM
<b>Sales</b>	<b>270,6</b>	<b>287,4</b>	<b>933,7</b>	<b>908,8</b>	<b>1 262,9</b>	<b>1 287,7</b>
<b>Operating profit/loss, EBIT</b>	<b>-7,4</b>	<b>12,3</b>	<b>4,4</b>	<b>42,1</b>	<b>65,8</b>	<b>28,1</b>
<b>EBIT margin, %</b>	<b>-2,7%</b>	<b>4,3%</b>	<b>0,5%</b>	<b>4,6%</b>	<b>5,2%</b>	<b>2,2%</b>
Adjustment restructuring costs	-	-	8,4	-	-	8,4
Adjustment goodwill impairment loss	19,8	-	19,8	-	-	19,8
EBIT before non-recurring items	12,4	12,3	32,6	42,1	65,8	56,3
EBIT margin before non-recurring items, %	4,6%	4,3%	3,5%	4,6%	5,2%	4,4%
<b>Average number of employees</b>	<b>1 160</b>	<b>1 225</b>	<b>1 185</b>	<b>1 215</b>	<b>1 222</b>	<b>1 172</b>
<b>Segment Sweden, million</b>	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>Jan-Sep 2015</b>	<b>Jan-Sep 2014</b>	<b>2014</b>	<b>RTM</b>
<b>Sales</b>	<b>196,2</b>	<b>194,5</b>	<b>675,2</b>	<b>639,1</b>	<b>890,0</b>	<b>926,1</b>
<b>Operating profit/loss, EBIT</b>	<b>8,8</b>	<b>6,3</b>	<b>29,7</b>	<b>25,6</b>	<b>45,4</b>	<b>49,5</b>
<b>EBIT margin, %</b>	<b>4,5%</b>	<b>3,2%</b>	<b>4,4%</b>	<b>4,0%</b>	<b>5,1%</b>	<b>5,3%</b>
<b>Average number of employees</b>	<b>700</b>	<b>731</b>	<b>718</b>	<b>724</b>	<b>733</b>	<b>700</b>
<b>Segment Finland, million</b>	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>Jan-Sep 2015</b>	<b>Jan-Sep 2014</b>	<b>2014</b>	<b>RTM</b>
<b>Sales</b>	<b>49,1</b>	<b>58,9</b>	<b>169,9</b>	<b>180,1</b>	<b>251,3</b>	<b>239,4</b>
<b>Operating profit/loss, EBIT</b>	<b>3,4</b>	<b>3,1</b>	<b>-2,2</b>	<b>10,5</b>	<b>18,3</b>	<b>5,6</b>
<b>EBIT margin, %</b>	<b>6,9%</b>	<b>5,3%</b>	<b>-1,3%</b>	<b>5,8%</b>	<b>7,3%</b>	<b>2,3%</b>
Adjustment restructuring costs	-	-	8,4	-	-	8,4
EBIT before non-recurring items	3,4	3,1	6,2	10,5	18,3	14,0
EBIT margin before non-recurring items, %	6,9%	5,3%	3,6%	5,8%	7,3%	5,8%
<b>Average number of employees</b>	<b>191</b>	<b>249</b>	<b>209</b>	<b>245</b>	<b>241</b>	<b>215</b>
<b>Segment International, million</b>	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>Jan-Sep 2015</b>	<b>Jan-Sep 2014</b>	<b>2014</b>	<b>RTM</b>
<b>Sales</b>	<b>39,8</b>	<b>45,6</b>	<b>130,4</b>	<b>119,9</b>	<b>164,5</b>	<b>133,8</b>
<b>Operating profit/loss, EBIT</b>	<b>-19,8</b>	<b>3,5</b>	<b>-16,5</b>	<b>7,2</b>	<b>9,3</b>	<b>-14,3</b>
<b>EBIT margin, %</b>	<b>-48,3%</b>	<b>7,8%</b>	<b>-12,6%</b>	<b>6,0%</b>	<b>5,7%</b>	<b>-10,7%</b>
Adjustment goodwill impairment	19,8	-	19,8	-	-	19,8
EBIT before non-recurring items	0,6	3,5	3,3	7,2	9,3	5,5
EBIT margin before non-recurring items, %	1,4%	7,8%	2,6%	6,0%	5,7%	4,1%
<b>Average number of employees</b>	<b>253</b>	<b>227</b>	<b>242</b>	<b>228</b>	<b>230</b>	<b>240</b>

### July – September

Sales amounted to SEK 270.6 million (287.4), which corresponds to negative growth of 5.8%. EBIT was charged with goodwill impairment of SEK 19.8 million and amounted to SEK -7.4 million (12.3), giving an operating margin of -2.7% (4.3). Adjusted for the goodwill impairment, EBIT amounted to SEK 12.4 million (12.3), giving an operating margin of 4.6% (4.3). Currency effects impacted sales by SEK +2.4 million and operating profit by SEK -0.1 million. Adjusted for currency effects, sales growth amounted to 1.0%.

Impairment of goodwill has been made, related to the acquisition of Netcom Consultants 2005, affecting the International segment. The impairment was measured based on the actual size of the current operations. The impairment is not affecting cash flow.

Assignment-specific external expenses are in line with the previous year. Other external expenses decreased by SEK 0.9 million compared to the previous year, with higher marketing-related expenses offset by central cost cutting. Employee benefits expenses are SEK 13.1 million lower than in the previous year, a reduction of 7.2%.

The Swedish operations showed sales level in line with the previous year, while profitability improved to 4.5% (3.2%). Our assignments with clients in the industrial segment and the public sector continue to perform well, with good growth, and higher efficiency and lower overhead costs are contributing to the profit improvement, while we have been seeing successive improvement in southern Sweden since the summer.

The Finland segment showed negative growth of 16.5%, representing a decrease of 9.0% in local currency, but improved its profitability from 5,3% to 6,9%. The Finnish economy remains under pressure, which is impacting the majority of clients outside the public sector, while the public sector itself remains stable. Profits are being positively influenced by higher operating efficiency and reduced overhead.

The International segment showed negative growth, of -12,7%, this quarter compared with the previous year, which corresponds to growth of -16,9% in local currency. The operations in Poland and Denmark are demonstrating continued good growth, which was unfortunately hampered by a very weak quarter in the international Connectivity Management business.

No calendar effect influenced the quarter.

## January – September

Sales amounted to SEK 933.7 million (908.8), corresponding to growth of 2.7%. EBIT was charged with goodwill impairment of SEK 19.8 million in the third quarter in segment International and a restructuring charge in the second quarter of SEK 8.4 million in segment Finland, and amounted to SEK 4,4 million (42.1). This corresponds to an operating margin of 0,5% (4.6). Adjusted for the goodwill impairment and the restructuring charge, EBIT amounted to SEK 32.6 million (42.1), giving an operating margin of 3,5% (4.6). Currency effects impacted sales by SEK +15.2 million and operating profit by SEK -0.1 million. Adjusted for currency effects, sales growth amounted to 1,0%.

The first half of the year was affected by expanding assignment-specific external expenses compared to the previous year, related to the increased use of subcontractors in the public sector in Sweden and Finland and in the Danish operations. Other external expenses increased, related to increased office expenses and foreign exchange losses of SEK 2.0 million, mainly during the first half of the year, as well as higher marketing investment. Measures to reduce central costs started to take effect during the third quarter when compared with the previous year. Depreciation increased related to Cybercom Cloud, one of the group's connectivity assets, and office investments.

The Swedish operations showed 5.6% growth during the period, driven by positive developments among new and existing clients in the industry segment and framework agreements within the public sector. The positive development in the segment is offset by market impacts in the telecom sector in southern Sweden, particularly during the first half. Profitability of the operations has improved, from 4.0% to 4.4%. The actions taken have led to higher efficiency and lower overhead costs, while increased use of subcontractors is affecting the gross margin growth negatively and hampering the impact of growth on profits. The segment was also charged with SEK 2.1 million in foreign exchange losses.

Sales in the Finland segment decreased by 5.7% during the period, mainly during the third quarter. In local currency, the segment shows a decrease of 6.2%. The operations have been negatively affected by the weak economy in Finland, which has led to several existing industrial clients significantly reducing purchases. Action was taken in the second quarter and the office in Turku was closed, resulting in a non-recurring cost of SEK 8.4 million. Even clients in other private sectors are being affected by the weak economy, while the public sector is stable. Price pressure has intensified in industry, and profitability has been hampered somewhat by an increased proportion of subcontractors.

The International segment grew by 11.1% compared with the previous year, representing 21.7% growth in local currency. Profitability was negatively affected by lower volumes in the international Connectivity Management operations, which is only partially offset by favourable development in Poland and the completed transition to a higher proportion of subcontractors in Denmark.

## Other income/expense items, January – September

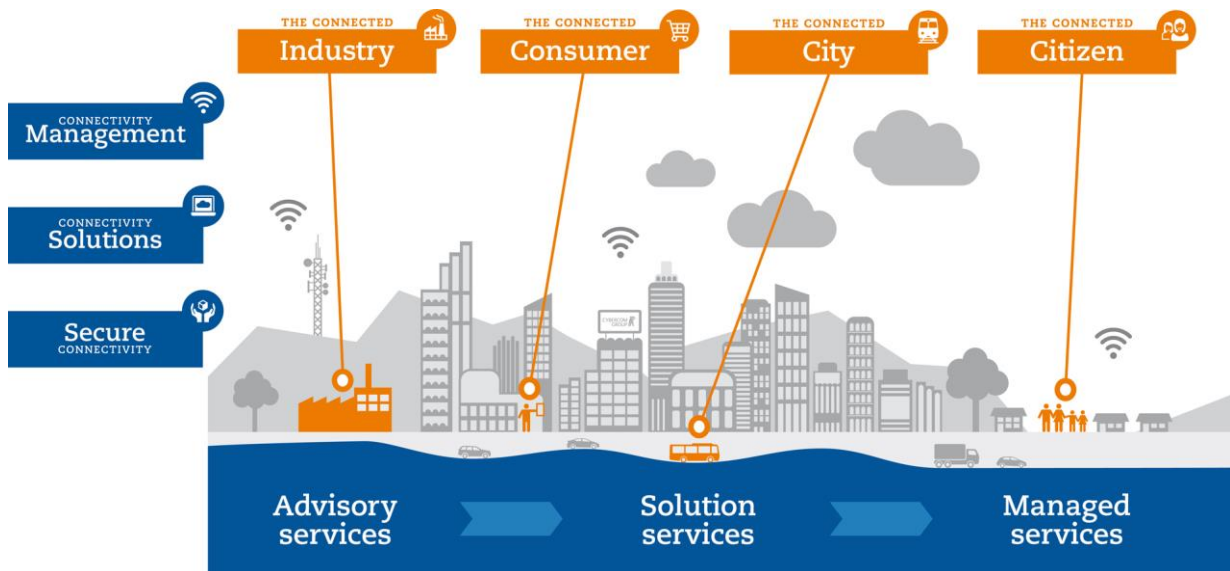
Net financial items amounted to SEK -2.1 million (-2.0). This includes interest expense for bank loans of SEK -0.7 million (-2.3). Net financial items were improved by the reduction in loans, improved liquidity and improved interest rates linked to the company's strong financial position. Pre-tax profit amounted to SEK 2,3 million (40.1), which means a net margin of 0,2% (4.4). Net profit for the period amounted to SEK -3,4 million (30.2) and earnings per share to SEK -0,02 (0.17).

During the period the group's effective tax rate was 243,0% (24.6). Calculation of effective tax rate was affected by goodwill impairment. The tax expense has been calculated using the current tax rates for the parent company and each subsidiary.

## Business and market

Cybercom is an innovative IT consulting company with 20 years of experience in IT and communications technology. The company's consulting services include strategy and advice, testing and quality assurance, security solutions, system development, systems integration, system administration and operation. Our assignments take place both locally and globally.

Today's society is connected. We see a world that can develop towards a more sustainable future through the opportunities provided by technology. New ways to produce and consume goods and services are being created. We are seeing new services, new markets and requirements that are shaping entirely new business models. Cloud services, privacy, mobility, security and sustainability are becoming increasingly important in the operations of the future. This is one of the reasons that Cybercom was invited to the UN in September, when the 17 new global goals for economically, socially and environmentally sustainable development were adopted. Technical solutions play an important role in achieving more sustainable development in the world. Cybercom also participated in important dialogue on anti-corruption and the power of companies to influence development in the right direction.



Cybercom's expertise spans the entire ecosystem of communication in the connected world – Connectivity. We regard Connectivity as a facilitator for increased growth among our clients, while it provides sustainable business through the efficient use of resources, not least via energy savings in areas such as connected industry by using IoT (Internet of Things) solutions.

Cybercom's expertise in IT security is strongly positioned, and demand is increasing as more and more mobile phones, displays, machines and people become connected. Cybercom's business within Secure Connectivity has demonstrated good growth and a good profitability trend during the year. The company's Compliance Portal service has been implemented by large Swedish companies and The Procurement Check service was named Swedish IT Security Solution of the year.



The different perspectives of the connected world are driven by various forces and business logic. Purchasing behaviours are becoming more complex and business models more numerous. Cybercom's principal geographical market is the Nordic region, with established operations in Sweden, Finland and Denmark. The company also has international centres of expertise in Poland, India, Dubai and Singapore that partly support the Nordic business and partly represent their own specialised business.

The percentage growth of the Swedish IT services market is projected to increase for the third consecutive year, and is expected to reach 4.0% in 2015, which is the same growth as in 2008, according to Radar Group. The greatest growth, as much as 25%, is expected in cloud services, and now increasingly in more complex or mission critical solution areas.

The market remains strong in Stockholm, Linköping, Husqvarna and Gothenburg, with increasing demand, especially in the public sector and industry. However, the market in Skåne remained under pressure during the quarter, from changes in the telecom sector and cutbacks by many companies, leading to a local expansion of consultant availability. The traditional consulting industry is facing tough competition from brokers and from the major international offshore companies.

The market climate in Finland remains under intense pressure, resulting in restraint in the Industry segment and declining investment and purchases of consulting. There is stability in the public sector. However, an uncertain economic climate is resulting in more intense competition generally.

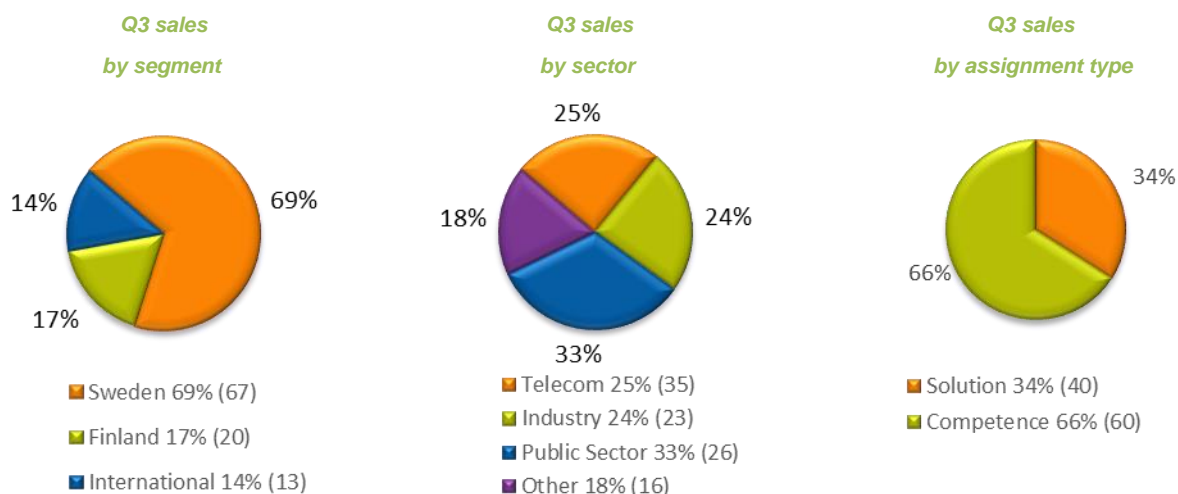
The market for the international Connectivity Management business is largely unchanged, and remains exposed to greater competition from players such as telecom manufacturers. The local Polish market is developing positively, and the proportion of nearshore is increasingly in demand from neighbouring countries. The Danish market is homogenous but favourable for the provision of skills.

## Clients

The World Maritime University, Finn-Power Oy and NEAT Electronics are excellent examples of new clients during the quarter. Com Hem chose Cybercom for its internal digital collaboration channels, and Finland's leading media company MTV chose Cybercom's cloud service for operation and support and for its migration to the Red Hat JBoss Enterprise Application Platform.

Interest in IoT is growing and, together with several clients, Cybercom has developed IoT solutions that were put into production during the quarter. SVP Worldwide, which manufactures Husqvarna Viking sewing machines, has developed and launched a connected sewing machine together with Cybercom, which is an attractive product development in IoT. SKF is another client that has used IoT to develop many different internal and external applications in order to increase the value of its products to end customers. Collecting and analysing data from a product or machine via the cloud helps to considerably reduce lead times. This is about major efficiency gains. Cybercom has a strong position in the industry and public sector. New contracts have been won with the Swedish eHealth Agency and the Swedish Institute for European Policy Studies (SIEPS). Cybercom has also received expanded assignments from the Swedish Police Authority, and from the Swedish International Development Cooperation Agency (SIDA) to develop the Open-Aid solution. In addition, Cybercom's assignment with the Finnish Population Register Centre has expanded. The company's total sales during the quarter were distributed as public sector 33% (26), industry 24% (23) and telecom 25% (35). Sales from framework agreement clients represented 66% (66). The proportion of turnkey assignments amounted to 34% (40) of sales.





Cybercom's vision is to be our clients' most trusted business partner in the connected world. We use key account management to create valuable partnerships and growth with key clients. Our largest clients include Assa Abloy, Ericsson, the Finnish National Board of Education, the Swedish Enforcement Authority, MTV, the Swedish Police Authority, Saab, the Swedish Tax Agency, Sony Mobile, Volvo AB and Volvo Cars. Our ten largest clients accounted for 43% (42) of total sales. The single largest client accounted for 14% (16) of sales. Cybercom's target is to broaden its client base so that the ten largest clients account for no more than 35% of sales, and with no individual client accounting for more than 15% of sales.

## Employees

The number of employees in the group at the end of the period was 1,228 (1,315), of which 17% (17) women. The average number of employees (full-time equivalents) in the group decreased by 2% in the quarter to 1,160 (1,225). Of Cybercom's employees, 81% (84) operate in the Nordic countries and 63% (63) in Sweden.

## Investments

Net investments in intangible assets and property, plant and equipment during the quarter amounted to SEK 3.3 million (8.8). Investments in the quarter relate mainly to ongoing reinvestments in offices and computers.

## Liquidity and financial position

Cash flow from operating activities during the quarter amounted to SEK -6.9 million (3.7). Cash flow before changes in working capital was SEK 13.5 million (16.8). Changes in working capital during the quarter were SEK -20.4 million (-13.1). Group cash and cash equivalents amounted to SEK 12.9 million (7.9) on September 30, 2015. Interest-bearing liabilities amounted to SEK 37.5 million (80.6). Net debt (interest-bearing liabilities less cash and cash equivalents) amounted to SEK 24.6 million (72.3), which gave debt to equity of 3% (8). The unutilised overdraft facility amounts to SEK 100 million.

Equity on September 30, 2015 was SEK 910,9 (894.5), which corresponds to a 76% (73) equity/assets ratio. Equity per share amounted to SEK 5.05 (4.96).

## Financial targets

The board adopted the current long-term financial targets for Cybercom in 2011, with the priority on profitability and debt. The company has developed positively towards these goals since then, with good repayment rates and improved profitability. The company demonstrated good growth in 2014. The board has now reviewed these targets and has decided to lower the growth target for the company from 10% to 5% per year, but the targets are otherwise unchanged.



### **Growth**

Cybercom shall strive to achieve growth of 5% annually over the business cycle.

### **Profitability**

Cybercom shall be one of the more profitable companies among its closest comparable competitors and achieve an EBIT margin of 10%.

### **Acquisition policy**

Organic growth and profitability are the key objectives for Cybercom, but selective acquisitions that create value and contribute to growth will be assessed against this strategy.

### **Debt policy**

Cybercom shall have net debt over time, not exceeding 30% of equity.

### **Dividend policy**

Cybercom shall pay a dividend to its shareholders of at least 30% of net profit, unless there are special considerations relating to the company's financial situation or plans.

## **Outlook**

Key IT trends driving Cybercom's development are the connected society, greater focus on IT and data security, increased need for network capacity, changed corporate delivery models, productisation of IT and an increased proportion of offshore. Cybercom has introduced changes based on the company's strategy, with a focus on the Nordic region as the company's home market, a uniform client offering based on fewer but clearer offerings, and a more balanced client portfolio. Combined with the company's strengthened financial position, these changes mean that Cybercom is well equipped to benefit from these trends, and to continue to develop the business in order to achieve its strategic objectives and financial targets.

Cybercom does not publish forecasts.

## **Risk assessment**

Cybercom is, like other companies, exposed to various kinds of risk in its operations. Among the most notable are risks related to the general financial climate and economy, client contracts and clients' ability to pay, staff recruitment and retention, and various financial risks such as currency risks, credit risks and refinancing risks. These risks also impact the company's valuation of goodwill. In view of these factors having impacted Cybercom during the year, these values will be closely monitored and will continue to be monitored from the development of the latest quarter. Risk management is an integral part of Cybercom's management and the financial risks are described in greater detail in the Annual Report 2014, Note 26. The risks described for the group can also have an indirect effect on the parent company.

In the short and medium terms, the overall global uncertainty and the uncertainty this in turn creates for the business climate are among the more significant risks.

## **Annual general meeting**

Cybercom's annual general meeting 2016 will be held on May 11 in Stockholm. Shareholders wishing to have matters considered at the meeting must submit these to Cybercom by March 23 to be included in the notice. Requests should be addressed to the board and be posted to Legal, Cybercom Group AB (publ) at: Box 7574, 103 93 Stockholm, Sweden.

## **Nomination committee**

Cybercom's nomination committee consists of

- Ulf Gillberg, JCE Group AB (nomination committee chairman)
- Evert Carlsson, Swedbank Robur Fonder
- John Örtengren, representative for minority shareholders
- Hampus Ericsson, JCE Group AB, is chairman of Cybercom and participates in the nomination committee without voting rights





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Shareholders wishing to submit proposals to Cybercom's nomination committee can contact the chairman of the nomination committee, Ulf Gillberg, by e-mail: [ulf.gillberg@jcegroup.se](mailto:ulf.gillberg@jcegroup.se). Please note that proposals must be received by the nomination committee by March 23, 2016.

## Forthcoming reporting dates

Year-end Report, January – December 2015	February 11, 2016
Interim Report, January – March	April 29, 2016
Annual General Meeting 2016	May 11, 2016
Interim Report, January – June 2016	July 15, 2016
Interim Report, July-September 2016	October 26, 2016
Year-end Report, January – December 2016	February 10, 2017

### Forward-looking statements

This report contains statements concerning, among other things, Cybercom's financial position and performance as well as statements on market conditions that may be forward-looking. Cybercom believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions. However, forward-looking statements involve inherent risks and uncertainties and actual results or outcomes may differ materially from those expressed. Forward-looking statements relate only to the date they were made and, other than as required by applicable law, Cybercom undertakes no obligation to update any of them in light of new information or future events.

**Note:** Cybercom Group AB (publ) is required to make the information in this interim report public in compliance with the Swedish Securities Market Act. The information was submitted for publication on October 23, 2015 at 07.30.

Cybercom's annual reports, year-end reports and interim reports are published in Swedish and English. In the event of differences between the English translation and the Swedish original, the Swedish text shall prevail.

Stockholm, October 23, 2015

Niklas Flyborg

President and CEO



# Report on review of interim financial information

## Introduction

We have reviewed the condensed interim financial information (interim report) of Cybercom Group AB (publ), corporate identity number 556544-6522, as of September 30, 2015 and the nine-month period then ended. The Board of Directors and the President are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practises. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance expressed based on an audit.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the Group and in accordance with the Annual Accounts Act for the Parent Company.

Stockholm, October 23, 2015

KPMG AB

Helena Arvidsson Älgne  
Authorised public accountant  
Principal accountant

Hök Olov Forsberg  
Authorised public accountant

## Condensed income statement

Cybercom Group, million	Note	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	2014	RTM
<b>Sales</b>		<b>270,6</b>	<b>287,4</b>	<b>933,7</b>	<b>908,8</b>	<b>1 262,9</b>	<b>1 287,7</b>
<i>Operating expenses</i>							
Assignment-specific external expenses <sup>1)</sup>		-56,0	-59,5	-195,0	-160,1	-232,0	-266,9
Other external expenses		-27,5	-28,4	-88,3	-81,6	-114,4	-121,5
Restructuring costs		-	-	-8,4	-	-	-8,4
Employee benefits expenses		-167,5	-180,6	-596,0	-605,6	-824,3	-814,7
Depreciation and amortisation		-7,1	-6,7	-21,7	-19,4	-26,4	-28,7
Impairment loss intangible fixed assets		-19,8	-	-19,8	-	-	-19,8
<b>Operating profit/loss, EBIT</b>		<b>-7,4</b>	<b>12,3</b>	<b>4,4</b>	<b>42,1</b>	<b>65,8</b>	<b>28,1</b>
Finance income		0,1	1,8	0,7	2,5	3,3	1,5
Finance costs		-0,5	-1,0	-2,8	-4,5	-5,8	-4,1
<b>Profit/loss before tax</b>		<b>-7,9</b>	<b>13,2</b>	<b>2,3</b>	<b>40,1</b>	<b>63,3</b>	<b>25,5</b>
Current tax	4	-3,7	-3,6	-3,7	-7,4	-13,3	-9,6
Deferred tax	4	-1,5	-0,4	-1,9	-2,4	-1,2	-0,6
<b>Period's profit/loss</b>		<b>-13,2</b>	<b>9,1</b>	<b>-3,4</b>	<b>30,2</b>	<b>48,8</b>	<b>15,3</b>

1) Relates to costs for subcontractors as well as recharged costs.

## Earnings per share

Cybercom Group, SEK	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	2014	RTM
Earnings per share	-0,07	0,05	-0,02	0,17	0,27	0,08
Average number of shares	180 439 495	180 439 495	180 439 495	180 439 495	180 439 495	180 439 495

## Statement of comprehensive income

Cybercom Group, million	Q3 2 015	Q3 2 014	Jan-Sep 2015	Jan-Sep 2 014	2 014	RTM
Period's profit/loss	-13,2	9,1	-3,4	30,2	48,8	15,3
<b>Other comprehensive income items that can or has been reclassified to profit or loss</b>						
Translation differences in translating data in foreign operations	4,0	1,9	1,2	8,3	17,2	10,1
<b>Other comprehensive income</b>	<b>4,0</b>	<b>1,9</b>	<b>1,2</b>	<b>8,3</b>	<b>17,2</b>	<b>10,1</b>
<b>Total comprehensive income</b>	<b>9,1</b>	<b>11,0</b>	<b>-2,1</b>	<b>38,5</b>	<b>66,0</b>	<b>25,4</b>



## Condensed statement of changes in equity

Cybercom Group, million	Share capital	Other capital contributions	Translation reserve	Retained earnings	Total equity
Opening balance January 1, 2014	45,1	964,7	-2,1	-151,7	856,0
Period's comprehensive income	-	-	8,3	30,2	38,5
<b>Closing balance September 30, 2014</b>	<b>45,1</b>	<b>964,7</b>	<b>6,2</b>	<b>-121,5</b>	<b>894,5</b>
Opening balance January 1, 2015	45,1	964,7	15,1	-102,9	922,0
Period's comprehensive income	-	-	1,2	-3,4	-2,1
Dividend	-	-	-	-9,0	-9,0
<b>Closing balance September 30, 2015</b>	<b>45,1</b>	<b>964,7</b>	<b>16,3</b>	<b>-335,5</b>	<b>910,9</b>

## Condensed balance sheet

Cybercom Group, million	Note	2015-09-30	2014-09-30	2014-12-31
<u>Assets</u>				
Goodwill		774,1	791,4	795,0
Customer value		14,7	22,8	21,0
Other intangible assets		10,9	12,3	15,1
Property, plant, and equipment		40,2	34,7	35,8
Financial assets		0,1	0,1	0,0
Deferred tax assets		13,5	15,9	16,8
<i>Total non-current assets</i>		<i>853,5</i>	<i>877,1</i>	<i>883,7</i>
Current assets excl. cash and cash equivalents		335,8	335,7	368,4
Cash and cash equivalents		12,9	7,9	13,8
<i>Total current assets</i>		<i>348,7</i>	<i>343,6</i>	<i>382,2</i>
<b>Total assets</b>		<b>1 202,2</b>	<b>1 220,7</b>	<b>1 265,9</b>
<u>Equity and liabilities</u>				
Equity		910,9	894,5	922,0
Non-current liabilities, interest-bearing		1,8	39,0	26,8
Non-current liabilities, non-interest-bearing		8,0	7,5	7,1
<i>Total non-current liabilities</i>		<i>9,8</i>	<i>46,5</i>	<i>33,9</i>
Current liabilities, interest-bearing		35,8	41,2	42,5
Current liabilities, non-interest-bearing		245,7	238,5	267,5
<i>Total current liabilities</i>		<i>281,5</i>	<i>279,7</i>	<i>310,0</i>
<b>Total equity and liabilities</b>		<b>1 202,2</b>	<b>1 220,7</b>	<b>1 265,9</b>
Pledged assets and contingent liabilities	2	See note	See note	See note

The carrying amount is believed to represent a realistic estimate of fair value of all financial assets and financial liabilities. The financial assets and liabilities are attributable to measurement categories 2 and 3. For information on measurement methods, please refer to Note 25 in the 2014 annual report.

## Statements of cash flow

Cybercom Group, million	Not	Q3 2015	Q3 2014	Jan - Sep 2015	Jan - Sep 2014	2014	RTM
Cash flow before changes in working capital		13,5	16,8	38,7	50,7	78,1	66,1
Changes in working capital		-20,4	-13,1	17,4	-20,6	-25,9	12,1
<b>Cash flow from operating activities</b>		<b>-6,9</b>	<b>3,7</b>	<b>56,0</b>	<b>30,1</b>	<b>52,2</b>	<b>78,1</b>
Investments in tangible and intangible fixed assets		-3,3	-8,8	-15,6	-15,8	-23,2	-23,1
Acquisition in subsidiaries/net assets	3	-0,6	-	-0,6	-0,6	-0,6	-0,6
Other items		0,1	-	-0,1	-	0,1	-
<b>Cash flow from investing activities</b>		<b>-3,8</b>	<b>-8,8</b>	<b>-16,3</b>	<b>-16,4</b>	<b>-23,6</b>	<b>-23,6</b>
Dividend paid		-	-	-9,0	-	-	-9,0
Change in other financial liabilities		-10,6	-11,3	-31,8	-31,7	-42,7	-42,8
<b>Cash flow from financing activities</b>		<b>-10,6</b>	<b>-11,3</b>	<b>-40,8</b>	<b>-31,7</b>	<b>-42,7</b>	<b>-51,8</b>
<b>Period's cash flow</b>		<b>-21,3</b>	<b>-16,5</b>	<b>-1,1</b>	<b>-17,9</b>	<b>-14,1</b>	<b>2,7</b>
Cash and cash equivalents at period's start		-31,9	24,0	13,8	23,7	23,7	7,9
Exchange differences in cash and cash equivalents		0,6	0,3	0,2	2,1	4,2	70,0
<b>Cash and cash equivalents at period's end</b>		<b>12,9</b>	<b>7,9</b>	<b>12,9</b>	<b>7,9</b>	<b>13,8</b>	<b>12,9</b>

## Other information

Cybercom Group, million		Q3 2015	Q3 2014	Jan - Sep 2015	Jan - Sep 2014	2014	RTM
<b>Share information</b>							
Earnings per share, SEK		-0,07	0,05	-0,02	0,17	0,27	0,08
Number of shares at period's end		180 439 495	180 439 495	180 439 495	180 439 495	180 439 495	180 439 495
Average number of shares		180 439 495	180 439 495	180 439 495	180 439 495	180 439 495	180 439 495
<b>Financial position</b>							
Equity		910,9	894,5	910,9	894,5	922,0	910,9
Equity/assets ratio, %		76%	73%	76%	73%	73%	76%
Equity/share, SEK		5,05	4,96	5,05	4,96	5,11	5,05
Net investments in tangible and intangible fixed assets		3,3	8,8	15,6	15,8	23,2	23,1
Cash and cash equivalents		12,9	7,9	12,9	7,9	13,8	12,9
Net debt		24,6	72,3	24,6	72,3	55,7	24,6
<b>Employees</b>							
Number of employees at period's end		1 228	1 315	1 228	1 315	1 307	1 228
Of which women at period's end, %		17%	17%	17%	17%	17%	17%
Average number of FTEs		1 160	1 225	1 185	1 215	1 222	1 172
Revenue per average number of FTE, kSEK		233	235	788	748	1 033	1 099
<b>Key figures</b>							
Operating margin (EBITDA), %		7,2%	6,6%	4,9%	6,8%	7,3%	6,0%
Operating margin (EBIT), %		-2,7%	4,3%	0,5%	4,6%	5,2%	2,2%
Net margin (profit/loss before tax), %		-2,9%	4,6%	0,2%	4,4%	5,0%	2,0%

## Operating segments

An operating segment is a part of the group that engages in activities that may generate revenue and incur expenses and for which separate financial information is available. Operating segment results are reviewed by the company's CEO to assess performance and allocate resources to the segment.

Q3 2015 million	Sweden	Finland	International	Group functions and eliminations	Cybercom Group
<b>Sales to external customers</b>	<b>194,2</b>	<b>48,7</b>	<b>28,5</b>	<b>-0,8</b>	<b>270,6</b>
Sales to other segments	2,0	0,5	11,3	-13,8	-
<b>Operating profit/loss, EBITDA</b>	<b>11,1</b>	<b>6,4</b>	<b>1,3</b>	<b>0,7</b>	<b>19,5</b>
Depreciation and amortisation	-2,3	-3,0	-20,5	-1,1	-26,9
<b>Operating profit/loss, EBIT</b>	<b>8,8</b>	<b>3,4</b>	<b>-19,2</b>	<b>-0,4</b>	<b>-7,4</b>
Financial items					-0,5
<b>Profit/loss before tax</b>					<b>-7,9</b>
Average number of employees	700	191	253	15	1 160

Group functions include parent company EBIT of SEK -0,5 million.

Q3 2014 million	Sweden	Finland	International	Group functions and eliminations	Cybercom Group
<b>Intäkter från externa kunder</b>	<b>192,4</b>	<b>58,3</b>	<b>37,5</b>	<b>-0,9</b>	<b>287,4</b>
Intäkter från andra segment	2,1	0,5	8,1	-10,7	-
<b>Segmentens EBITDA</b>	<b>8,7</b>	<b>5,6</b>	<b>4,2</b>	<b>0,5</b>	<b>19,0</b>
Av- och nedskrivningar	-2,4	-2,5	-0,7	-1,1	-6,7
<b>Segmentens EBIT</b>	<b>6,3</b>	<b>3,1</b>	<b>3,5</b>	<b>-0,6</b>	<b>12,3</b>
Finansiella poster					0,8
<b>Resultat före skatt</b>					<b>13,2</b>
Medelantal anställda	715	250	224	18	1 207

Group functions include parent company EBIT of SEK 0,8 million.

Jan - Sep 2015 million	Sweden	Finland	International	Group functions and eliminations	Cybercom Group
<b>Sales to external customers</b>	<b>669,3</b>	<b>168,6</b>	<b>97,6</b>	<b>-1,8</b>	<b>933,7</b>
Sales to other segments	5,9	1,4	32,8	-40,1	-
<b>Operating profit/loss, EBITDA</b>	<b>36,9</b>	<b>6,8</b>	<b>5,5</b>	<b>-3,3</b>	<b>46,0</b>
Depreciation and amortisation	-7,3	-9,0	-22,0	-3,2	-41,5
<b>Operating profit/loss, EBIT</b>	<b>29,7</b>	<b>-2,2</b>	<b>-16,5</b>	<b>-6,5</b>	<b>4,4</b>
Financial items					-2,2
<b>Profit/loss before tax</b>					<b>2,3</b>
Average number of employees	718	209	242	16	1 185

Group functions include parent company EBIT of SEK -4,0 million.

Jan - Sep 2014 million	Sweden	Finland	International	Group functions and eliminations	Cybercom Group
<b>Sales to external customers</b>	<b>634,1</b>	<b>178,7</b>	<b>97,6</b>	<b>-1,6</b>	<b>908,8</b>
Sales to other segments	5,0	1,4	22,4	-28,8	-
<b>Operating profit/loss, EBITDA</b>	<b>32,4</b>	<b>17,9</b>	<b>9,2</b>	<b>2,0</b>	<b>61,4</b>
Depreciation and amortisation	-6,8	-7,4	-2,0	-3,2	-19,4
<b>Operating profit/loss, EBIT</b>	<b>25,6</b>	<b>10,5</b>	<b>7,2</b>	<b>-1,2</b>	<b>42,1</b>
Financial items					-2,0
<b>Profit/loss before tax</b>					<b>40,1</b>
Average number of employees	724	245	228	18	1 215

Group functions include parent company EBIT of SEK 1,4 million.



## Note 1 – Accounting policies

The interim report for the group has been prepared in accordance with IAS 34 Interim Reporting and applicable provisions of the Annual Accounts Act. The interim report for the parent company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act, Interim Reporting. The accounting policies and measurement methods are otherwise unchanged from those applied in the most recent annual report.

## Note 2 – Pledged assets and contingent liabilities

The shares in Cybercom Sweden AB have been pledged as collateral for the obligations within existing loan agreements. The group value of the pledged assets on September 30, 2015 amounted to SEK 871,7 million (840.5). In addition, floating charges in Cybercom Sweden AB of SEK 200.0 million (200.0) have been pledged as collateral for the loan agreement.

## Note 3 – Purchase of net assets

Under the purchase agreement between Teleca and Cybercom for the acquisition of auSystems, Teleca will receive 50% of the tax effect Cybercom benefits from for tax depreciation on the goodwill from transfer of assets included in the acquisition. The final consideration of SEK 0.5 million was paid during the quarter.

## Note 4 – Tax

The difference between tax recognised in the income statement and tax based on the parent company's current tax rate 22% (22).

Cybercom Group, million	Jan - Sept 2015	Jan - Sept 2014	Jan - Dec 2014
<b>Profit/loss before tax in income statement</b>	<b>2,3</b>	<b>40,1</b>	<b>63,3</b>
Tax as per applicable tax rate for parent company	-0,5	-8,8	-13,9
Tax attributable to prior years	-0,2	-1,1	-0,5
Tax at source on foreign dividends	-	-	-1,2
Tax effect of non-deductible costs	-4,7	-	-0,8
Tax effect of tax-exempt revenue	0,0	-0,3	1,0
Tax on standard interest, tax allocation reserves	0,0	0,0	0,0
Tax effect on unrecognised tax asset	-	-	-
Effect of foreign tax rates	-0,2	0,3	0,9
<b>Tax on period's profit/loss as per income statement</b>	<b>-5,6</b>	<b>-5,9</b>	<b>-14,5</b>
Effective tax rate	243,0%	24,6%	22,8%

## Parent company

The operations of the parent company comprise primarily the management of group-wide functions, such as finance, sales, PR and marketing communications, HR, administration and internal systems. At the end of the period 9 (10) people were employed by the parent company. The average number of employees (full-time equivalents) during the period was 9 (10).

During the third quarter, the parent company made an impairment of the value of the shares in its wholly-owned Cybercom Netcom Consultants AB, by SEK 19.8 million, related to the operations in Singapore.

### Condensed income statement - parent company

million	Q3 2015	Q3 2014	Jan - Sep 2015	Jan - Sep 2014	2014
Operating revenue	9,3	10,7	27,9	31,9	36,8
Operating costs	-11,4	-11,4	-36,7	-35,2	-48,0
<b>Operating profit/loss</b>	<b>-2,0</b>	<b>-0,7</b>	<b>-8,8</b>	<b>-3,3</b>	<b>-11,3</b>
Financial items	20,2	7,0	-21,1	7,0	6,8
<b>Profit/loss after financial items</b>	<b>-22,2</b>	<b>6,2</b>	<b>-29,8</b>	<b>3,7</b>	<b>-4,5</b>
Appropriations	-	-	-	-	9,9
Tax on period's profit/loss	-	-0,2	-	-0,4	-1,2
<b>Period's profit/loss</b>	<b>-22,2</b>	<b>6,0</b>	<b>-29,8</b>	<b>3,7</b>	<b>4,2</b>

### Condensed balance sheet - parent company

million	2015-09-30	2014-09-30	2014-12-31
<u>Assets</u>			
Non-current assets	878,1	925,6	921,9
Current assets	17,5	32,7	32,4
<b>Total assets</b>	<b>895,6</b>	<b>958,3</b>	<b>954,3</b>
<u>Equity and liabilities</u>			
Equity	680,7	719,0	719,5
Untaxed reserves	4,7	5,0	4,7
Non-current liabilities	105,6	180,6	170,6
Current liabilities	104,7	53,7	59,5
<b>Total equity and liabilities</b>	<b>895,6</b>	<b>958,3</b>	<b>954,3</b>
Pledged assets and contingent liabilities	650	650	650