ework®


# Annual Report 2012

# Reshaping consulting

eWork Scandinavia AB is a complete consulting provider with over 3,000 consultants on assignment within the fields of IT, telecoms, technology, and business development. eWork provides an objective selection of specialists from the largest consultant network on the market, which brings clients better pricing, quality and time efficiency. eWork has framework agreements with more than 130 clients among the Nordic region's leading companies active in most sectors. The Company's share is listed on NASDAQ OMX Stockholm.

**CONTENTS**



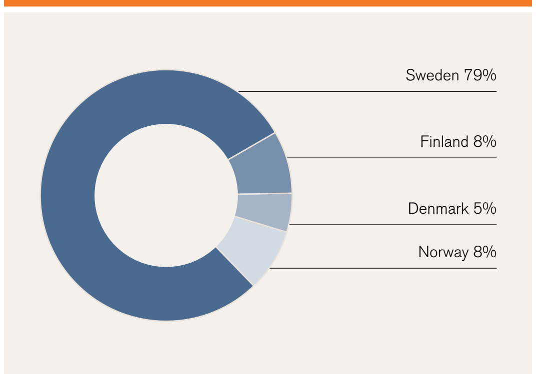
# The year in brief 2012

- eWork strengthened its positioning as one of the leading consulting providers in the Nordics, with sales increasing robustly, +35 percent to SEK 3.5 billion.
- Demand for eWork's services was good despite feared uncertainty on the market and that demand on the consulting market generally levelled off.
- eWork successfully secured positioning as an efficient provider of outsourcing for clients' operational consultant purchasing functions.
- The sales mix contained a higher share of outsourcing and takeover contracts than previously, but standard contracts with consultant appointments on demand grew in the year.
- Healthy sales growth in Sweden and Norway and a number of new, major framework agreements. Stable in Finland, with a weak market in recovery. Denmark stable despite a poor market, and well positioned through new, key framework agreements.
- New group management appointed, including operational business managers.
- The Board of Directors has decided to propose a dividend of SEK 2.50 (1.85) per share to the AGM.

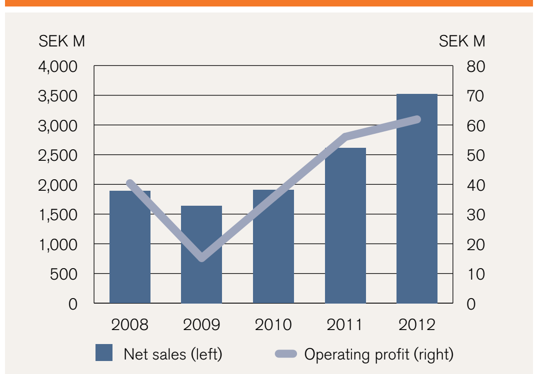
**KEY RATIOS**

| SEK M | 2012 | 2011 |
|---|---|---|
| Net sales | 3,525.1 | 2,611.8 |
| Operating profit | 61.9 | 56.0 |
| Profit before tax | 62.3 | 56.7 |
| Profit after tax | 46.7 | 41.6 |
| Cash flow, operating activities | 65.6 | 36.7 |
| Operating margin, % | 1.8 | 2.2 |
| Equity/assets ratio, % | 12.4 | 15.2 |
| Earnings per share before dilution (SEK) | 2.75 | 2.49 |
| Earnings per share after dilution (SEK) | 2.74 | 2.48 |
| Max number of consultants on assignment | 3,150 | 2,369 |
| Average number of employees | 150 | 131 |
| Sales per employee (SEK thousand) | 23,500 | 19,938 |

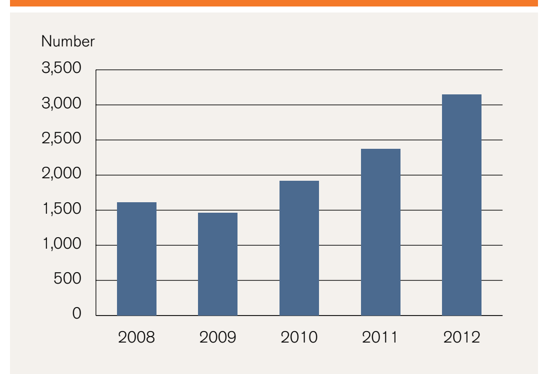
**Sales breakdown**




**Net sales and operating profit**




**Max. no. of consultants on assignment**



# CEO's statement

In many respects, 2012 was a new record year for eWork. We delivered SEK 3.5 billion-worth of consulting services, and for the first time, reported an individual quarter with over SEK 1 billion of sales, 3,150 consultants on assignment and order intake of over SEK 1.5 billion. This meant we advanced our positioning as one of the leading consultant providers in the Nordics.

eWork's success continued in 2012. The market uncertainty widely discussed in the year had no noticeable negative impact on our operations. However, market progress does not present a homogeneous picture. There are regional variations, and demand is also varying between different specialisms. The latter, especially, has proven a major problem because there are several specialist consulting firms with the wrong skills mix. But this did not affect eWork. In fact, the technology transition and rapid shifts between different skills segments presented us with a business opportunity, as flexibility is built into our business model.

While our business performed positively, to some extent, its character did alter in the year. Previously, it was dominated by individual consultant appointments and a consolidating role. This remains a core business, but volume business is also becoming a bigger part of our operation. In the year, we successfully established a presence as an attractive partner for outsourcing clients' operational consultant purchasing functions. We started the year by commencing a large-scale undertaking for Sony Mobile Communications. We have demonstrated that with our assistance, this client has rapidly achieved concrete results in the form of clear savings and quality improvements.

This type of deal makes eWork an operational and tactical purchasing support for the client. Volumes are substantial, the customer value clear, and these assignments take the form of long-term partnerships, which makes them attractive to clients and ourselves. Client interest in this type of undertaking has accelerated in early 2013. We've been driving this development with our strong, market-leading position.

> We have demonstrated that with our assistance, this client has rapidly achieved concrete results in the form of clear savings.

Inherently, volume business has a lower gross margin, which explains the lower operating margin year on year. The fact that this outsourcing business requires substantial initial investment, which doesn't pay back until later, is another contributor to this. In return, the entry barriers to new players are high.

> I see good opportunities for eWork's innovative business model to keep taking substantial market shares.

We've done a lot of work on rationalising our delivery process and are investing in developing a new version of our IT support, which we will be bringing into production in 2013. The aim is to satisfy client needs better, while simultaneously increasing our productivity. We're heading in the right direction, as is apparent in our personnel expenses reducing as a share of net sales. We still have more to do here.

We are continuing to prioritise business development to rationalise our business and sharpen our competitiveness. We're also conducting focused initiatives to broaden and strengthen eWork in segments where so far, our business model is not as well established, such as technology consulting. This work is being done even more effectively with our new business-oriented Group management team, which took up position in October.

One challenge that remains a priority is to increase business volumes on our smaller markets, advance our market positioning and achieve economies of scale. Our efforts paid off clearly in Norway in the year, where our business grew by 69 percent. In Denmark, we're continuing to address a fragmented market, which was also affected by poor economic conditions. The same consolidation trend as in the rest of the Nordics has yet to become apparent here, but eWork is well positioned to lead such progress for the longer term, and accordingly, we have strengthened our sales management in Denmark further. Finland also enjoys the prospect of more positive progress, after we extended our skills portfolio in the year, simultaneous with the market gradually normalising.

Fairly weak progress is expected on the consulting market in 2013, but I see good opportunities for eWork's innovative business model to keep taking market shares. We have control of our demand indicators and good scope to act if any rapid changes occur. After our initiatives and positive order growth in 2012, we have good prospects of continued growth.

Stockholm, Sweden, March 2013

Claes Ruthberg
*President and CEO*

# Business concept, goals and strategy

eWork's business concept is to cost-efficiently provide the client with consultants who have the right specialist competence for each need, and to manage the related administration, quality assurance and follow-up. Simultaneously, eWork will offer consultants attractive, stimulating and lucrative assignments.

### eWork's business model

- eWork is a full-range consulting provider in IT, telecom, technology, and business development.
- eWork does not employ any consultants directly, but utilises a unique business model and offers an independent selection of experienced, competent and specialist consultants on a competitive and quality-assured basis.
- eWork is the contract counterparty with the client and consultant. eWork invoices the client the agreed fee, and the consultant invoices eWork, receiving payment once the client has settled its invoice.
- eWork is an expert in consultant purchasing, and ultimately, can serve as the client's operational purchasing function, a more flexible form of managed service provider, or MSP.
- eWork is the innovator that finds new ways to streamline the client's consultant management.

### Goals

eWork's overall goal is to be the most effective consulting provider in IT, telecom, technology, and business development. Internally, eWork's growth goal has been formulated 5-5-15: targeting SEK 5 billion of sales with a 5 percent operating margin in 2015. This is an expression of its internal ambition to achieve high growth and efficiency. Consistently, this goal has been used internally, rather than as a forecast. Largely, results are dependent on the actual sales mix and how eWork's offering develops over time. Since this goal was formulated in 2010, eWork's offering has increasingly evolved into a volume business.

eWork has successfully established itself as an attractive partner for outsourcing clients' operational consultant purchasing function. This differs somewhat from standard contracts, which were predominant when the goal was formulated. Standard contracts remain one of eWork's core activities, but the volume business of outsourcing undertakings represents a growing share of the sales mix. This volume business offers lower operating margins than standard contracts, but offers substantial volume growth and economies of scale, while simultaneously being a long-term undertaking.

> "eWork has successfully established itself as an attractive partner for large-scale outsourcing of clients' consultant delivery.

### The following operational goals have been set for 2013:

- Growth in subsidiaries
- Profitability performance at mature sites
- Stronger offering and positioning in outsourcing
- Rationalisation


# eWork's growth strategy

### *Geographical market strategy*

eWork's home market is the Nordic region. eWork sees good opportunities of taking market share in existing markets, primarily in Finland, Denmark and Norway. Accordingly, geographical expansion will focus on growth in the Nordic region through continued marketing efforts. For assignments outside the Nordic region, eWork offers its clients consultants based in the Nordics and from the international consultant market. To date, eWork has started consultant deliveries in more than 20 countries. eWork will consider more foreign start-ups on an ongoing basis, which will mainly come onto the agenda once current clients need more permanent presences on other markets.

### *Client strategy*

eWork is endeavouring to deepen and extend its collaboration with clients. The firm has long-term client relations, and works on a goal-oriented footing to play a strategic role with the client, with growing responsibilities for the client's consultant delivery. Typically, eWork's role evolves from delivering individual consultants in the first phase, to more strategic involvement in the client's consultant delivery. In some cases, eWork is the only consulting provider intermediating consultants that do not have framework agreements with the client themselves. In its purest form, the client grants eWork full responsibility for satisfying all its consulting needs.

### *Continuous rationalisation*

An important part of the value eWork brings is to benefit from economies of scale in consultant management. eWork should gradually be able to deliver a growing number of specialists to assignments without eWork's own staffing and overheads growing at the same pace. This requires eWork developing and refining effective systems and processes continuously, internally and with the client. A major process re-engineering and operational IT support initiative was conducted in 2012. This is how eWork creates clear customer value and secures a key competitive advantage.

### *Consultant strategy*

eWork's delivery capability is an important competitive factor. Rather than employing consultants, eWork's consultant strategy is to build and enhance a network of consultants for the long term, and conduct objective, competitive tendering processes for each assignment. With its independence, eWork can serve as an attractive partner on anything from specialists in major global consulting firms to the many consultants that have chosen to operate through small-scale consulting organisations, or as sole proprietorships. Through greater internationalisation of its database and a more extensive foreign contact network, eWork is now able to offer consultants from some 40 countries. eWork offers its consultants attractive, lucrative and stimulating assignments, plus advantages like invoicing and administration, advance payments and other benefits.

### *New skills segments*

Initially, eWork focused mainly on IT and telecoms consultants. eWork works continuously on expanding its circle of consultants in existing and new specialisms, while progressively enhancing its knowledge of its consultants. eWork currently provides technology and business development consultants. Its market share in these two segments is growing. In future, this offering may be supplemented by other skills segments suitable for eWork's business model.

# Offering

eWork is a full-range consulting provider in IT, telecom, technology, and business development. With access to the entire consulting market, eWork delivers over 3,000 consultants on assignment throughout the Nordic region and globally.

### The biggest selection of specialists on the market

eWork does not have any permanently employed consultants, but collaborates with a large consultant network, all of which are specialists in their segments. By exposing the whole market to competition, maintaining an objective selection process and effective administration, eWork can operate and streamline clients' consultant delivery.

Through eWork, consultant purchasers get fast and efficient access to specialist consultants with long-term experience in their skills segment. Consulting management is a complex and time-consuming process, and individual appraisal of each consultant is also complex and time-consuming for the consultant purchaser. The same applies to individualised negotiation and preparing contracts, and this is where eWork can add value. eWork is a specialist in finding the right consultant for the assignment, negotiating the right price and taking care of all the necessary administration and follow-up.

eWork's consultant network was in high growth in 2012, and now has over 60,000 specialists, extending from sole proprietorships to consultants working for large firms. Accordingly, eWork has access to an extensive selection of consultants. As its network is constantly expanding, eWork is accumulating a wealth of experience on the consultants who have been selected for assignments. Knowledge of individual consultants' expertise and accomplishments means eWork soon knows whether a consultant is suitable for a new assignment as the old one ends. An average of 500 new consultants register with eWork each month. Competence Managers also search on specific assignments, which also extends the network of qualified candidates.

## A delivery model offering multiple benefits


### *Price*

eWork delivers consultants at a 10 percent lower price compared to when the client procures the consultants. eWork creates transparency and comparability, and is thus able to offer competitive pricing on an objective footing. The client gets the consultant it wants for the best market price.

### *Quality*

eWork regularly conducts quality surveys with its clients, and achieved an overall score of 4.6 for consultant quality in the year on a five-point scale.

eWork makes objective selection from the consultants available on the market. This enables eWork to put the client's interest first, and the client can be sure of getting the right consultant for its needs promptly. Because eWork does not permanently employ any consultants that must always be kept on assignment, it can always make an impartial selection, and thus put the client's needs first.

As a specialist in consultant procurement and delivery, eWork offers tried-and-tested, systematic processes for searching, matching and quality measurement. eWork's quality process has eight stages, which assures the quality of consultant delivery.

### *Time*

eWork's internal surveys indicate that on average, clients save 45 percent of the time they spend on purchasing and managing consulting services. eWork focuses exclusively on procuring and delivering consulting services, saving the client a lot of work and administration. Instead, the client benefits from eWork's economies of scale, securing lower costs for these processes.

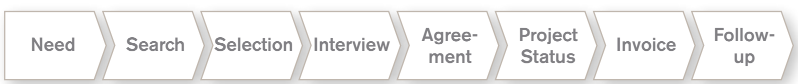
“eWork’s expertise is delivering consultants, and always ensures it offers the client access to the right consultant at the best price through an objective selection process.

### Quality-assuring the delivery process

eWork always takes full responsibility toward the client, which also includes complete responsibility for quality assurance and following up delivery. eWork maintains an ongoing dialogue with the client to identify its needs. Because eWork does not permanently employ any consultants, its selection process is objective to find the right competence at the best price.

A professional and committed contact point and team help the client find the right consultant and guarantees quality end to end in eWork’s delivery. eWork’s quality assurance process covers eight stages, including a follow-up with the client and consultant after the assignment concludes.

**Quality-assuring eWork’s delivery process – the eight stages**




### A delivery organization for complex needs

The delivery organisation has a local presence at selected locations. eWork has offices in the capital cities in Nordic countries and another three cities in Sweden. eWork has also demonstrated that its business model enables it to collaborate with clients on international undertakings.

eWork agrees on measurable targets and KPIs with clients, which eWork follows up on. These are often drawn up when an undertaking starts with the aim of ensuring the client games a measurable, positive outcome.

## eWork helped us move into the mobile world! Patrik Lindeberg, Precise Biometrics

In autumn 2010, Precise Biometrics was on the verge of a technology transition, migrating from previously having developed IT security and entry system products into the mobile world. Its aim was to produce an integrated fingerprint and smartcard reader for the iPhone.

“I like eWork’s business model. They have a large network of skilled consultants, and their service is also cost-efficient,” comments Patrik Lindeberg of Precise Biometrics.

The requirement specification stipulated an individual with extensive experience of developing mobile hardware. Precise Biometrics had a long and demanding list of requirements for the person they wanted, and finding someone who could match all their needs and standards was hard.

“eWork helped us find the competence we didn’t have in-house, and also secured cover during parental leave.  Our collaboration has worked really well. eWork has accelerated the process of obtaining candidates,” concludes Patrik.

> “With competitive consulting fees and hourly rates, eWork is an attractive alternative for the consultant purchaser and consultants.”
>
> CHARLOTTE STJERNGREN
> JOURNALIST ON SWEDISH BUSINESS WEEKLY *VECKANS AFFÄRER*

### Specialists for every need

In simple terms, eWork's offering is: the right consultant at the best market price. eWork's innovative business model and constantly growing network of consultants means eWork is not just a consultant provider, but also a strategic partner with the best delivery capability on the market.

eWork offers clients the opportunity to consolidate its base of providers and streamline the administration of existing and new consultants. An objective assessment is conducted for each enquiry and small-scale consulting firms get the same opportunity to compete for assignments as their larger counterparts.

After eWork has specified the assignment jointly with the client, as well as the profile of the consultant(s), the company, government agency or organisation needs, eWork presents proposals for suitable consultants from its consultant network. Candidates are judged on the necessary professional skills, experience in a particular area of expertise or industry, language skills, and not least, appropriate personal qualities.

### The client's operational consultant purchasing function

Every client's situation is unique, and eWork has tailored its offering to match the client's environment, level of maturity and specific needs. eWork has developed a portfolio of competitive offerings for clients that want to outsource all their consultant delivery.

Here, eWork plays the role of the client's outsourced operational purchasing function, responsible for managing and developing the client's complete consultant delivery.

This service gives the client an overview, a lower overall cost and better prospects for focusing on its core business, simultaneous with improving quality. The client benefits from eWork's economies of scale, experience and knowledge and gains access to a system specially designed for fast and cost effective consultant management. eWork has successfully demonstrated that this service reduces purchasing prices with retained delivery quality, simultaneous with saving time internally.

| PROFITABLE, STIMULATING ASSIGNMENTS FOR eWORK'S CONSULTANTS | | | | |
|---|---|---|---|---|
| **eWork SelfBilling** | **eWork eSigning** | **eWork PayExpress** | **eWork Family** | **eWork Service Center** |
| ■ Electronic invoice management | ■ Electronic contract management | ■ Finance solution for the consultant<br>■ Low costs | ■ Business services<br>■ Insurance cover<br>■ Consultant School<br>■ Networking events<br>■ Discounts | ■ Single point of contact for assignment admin. |

*eWork's offering to consultants*

## eWork's consultant offering

eWork is offering consultants the possibility of securing interesting, profitable and stimulating assignments. This is the foundation of consultants' business relationships with eWork, but eWork also offers its consultants other benefits.

### *130 framework agreements*

eWork has over 130 framework agreements in place, many with the leading corporations and government agencies in the Nordics. eWork receives some 400 enquiries each month. These are attractive assignments, which are difficult for consultants to secure themselves.

### *Positive, close contact with clients*

eWork has created positive contacts with many of its clients, who realise that eWork provides good consultants. Accordingly, eWork enjoys a lead over many of its competitors. A CV branded with eWork's logo means the consultant has been checked and quality assured – a seal of quality for many clients.

### *Consultant support functions*

eWork manages the complete sourcing process, and supports consultants on applications and interviews. On assignments, eWork debits a low percentage rate for its work, future administration and ongoing support. eWork also provides the majority of supplementary services.

### *eWork SelfBilling*

eWork SelfBilling is an electronic invoicing system that facilitates administration for the consultant, speeds up the invoicing process, saving time and costs.

### *eWork eSigning*

Electronic contract signing, enabling the tripartite relationship created through agreements on each assignment to be signed electronically and remotely by all parties, via the Internet or mobile phones.

### *eWork PayExpress*

Consultants gain faster payment of invoices for a low cost using eWork PayExpress. In this way, eWork helps create better liquidity for consulting firms when many clients are applying longer payment terms. eWork normally applies the same payment terms for consultants that clients have for eWork.

### *eWork Family*

The eWork Family concept brings consultants offerings such as training, privileged access to products and business services, such as accounting and insurance. The concept also offers its consultants a Consultant School, designed to develop a number of skills consultants need to enhance their prospects of securing assignments.

### *Dedicated Service Center manages all enquiries*

eWork's Service Center manages enquiries relating to tax, consulting agreements, time sheets, invoicing, expenses and payment.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# Market

Since start-up, eWork has led progress that has reshaped the Nordic consulting market. eWork's innovative business and delivery model has enabled a fragmented, opaque market to consolidate, rationalize and become transparent to clients and consultants. Now, eWork is the market leader in the consultant broker segment, and one of the leading consultant providers on the consulting market.

eWork values the Nordic consulting market at some SEK 150 billion, of which eWork's addressable market represents some SEK 60 billion. This estimate is based on eWork's data capture and analysis from published sources, and is supported by modelling conducted by IDC on assignment from eWork.

Consulting providers with consultant brokerage as a delivery model emerged in the 2000s and have taken an increasing share of the consulting market, especially in IT. This model is also in high growth in the technology consulting and business development segments.

Segments where this model has been successful feature a high degree of specialisation, large numbers of consultants and suppliers, of widely varying sizes, and many clients that prefer to enter large-scale framework agreements.

Clients include end users, i.e. clients that manage their own projects, and consultant integrators (such as CGI, IBM, HP and Tieto), who need to bring specialists or resources onto projects or undertakings they are managing with end customers.

### Consolidation trend driving demand

The market eWork and other consultant brokers have created as primarily arisen by clients becoming less willing to purchase consulting services direct from multiple consulting firms. Instead, this purchasing is co-ordinated and exposed to competition through consultant brokers, who consolidate and rationalize a fragmented market through framework agreements with clients.

A framework agreement with eWork consolidates clients' consulting purchasing in several ways. The client has fewer contract counterparties as new consultants are progressively appointed via eWork instead of individually, without reducing their chances of accessing the right specialist.

Sometimes clients also want to select a consultant to appoint themselves, but still opt to contract this consultant via a consultant broker (known as a specific selection). Often, the client already has an ongoing consultant delivery, but opts to transfer the contractual relationship to the consultant broker (takeover contract).

The purest consolidation is achieved in straight outsourcing of consultant purchasing functions, where all the client's consulting needs are satisfied by eWork. Here, the consultant broker becomes the operational and tactical purchasing support for the client. eWork successfully developed this type of business on the market in 2012.

### Requirements for flexibility driving demand

Cyclical fluctuations are rapid and often surprising. The demand for consultants and competence transitions mean that the need for consulting services varies and shifts rapidly between different specialisms, as is corroborated by various consulting reports produced in the past year. In trend terms, clients are also endeavouring to appoint a higher share of consultants instead of permanent employees to enable rapid realignment of their labour forces.

These conditions raise the demand for the rapid mobility of consulting providers, which is built into the consultant broker model. When consulting firms with permanently employed consultants risk of being committed with a base of consultants with inappropriate skills that are hard to sell, this requirement for flexibility represents a business opportunity for eWork.

## Jukka Linna,
## Staffing Manager at Tieto

This is how Jukka Linna, Staffing Manager of Tieto, describes the collaboration with eWork:

"Tieto always needs experts for its customer projects. That's when it's important for us to find competent people promptly and at a competitive price. We also often need specialist know-how in a specific segment.

eWork gives us all this. We have been partnering with eWork so long that they have got to know our needs, and also learnt to satisfy them well. eWork conducts assignments quickly, efficiently, and is friendly and professional. eWork operates flexibly in the midst of all the hurry and stress, and focuses on finding the right experts for our customer projects. It feels like we're part of the same team, even though we're two different companies.

If I were to describe eWork in one word, it would be 'quality.' A quality that strengthens our trust in eWork, and that our close collaboration will continue."

### Market progress

eWork judges that the Nordic IT consulting market was fairly static, with overall growth of some 1 percent in 2012 on 2011. Accordingly, it is fair to conclude that the significant uncertainty regarding market conditions discussed right through the year Had no major impact on eWork's growth prospects. There were geographical differences and variations between specialisms.

eWork judges that the consultant broker market continued to grow. This is where eWork has its standard contracts, where the client wants a new consultant for a specific need on an objective, competitive footing. Thus the demand for new standard contracts grew, but did level off in the year, achieving only faint growth in the second half-year. eWork primarily views this as an effect of poor economic conditions. This especially applies in Sweden, which is eWork's most mature market.

### Outsourcing of consultant purchasing is a major growth segment

For eWork, restrained growth of standard contracts was offset by growth created through volume business, with clients outsourcing their complete consultant services purchasing functions, where eWork can realise concrete improvements in terms of price, time and quality. This is a new element on the consultant broker market.

In the year, growth for this type of business fully compensated for the slowing growth of standard contracts in the broker segment.

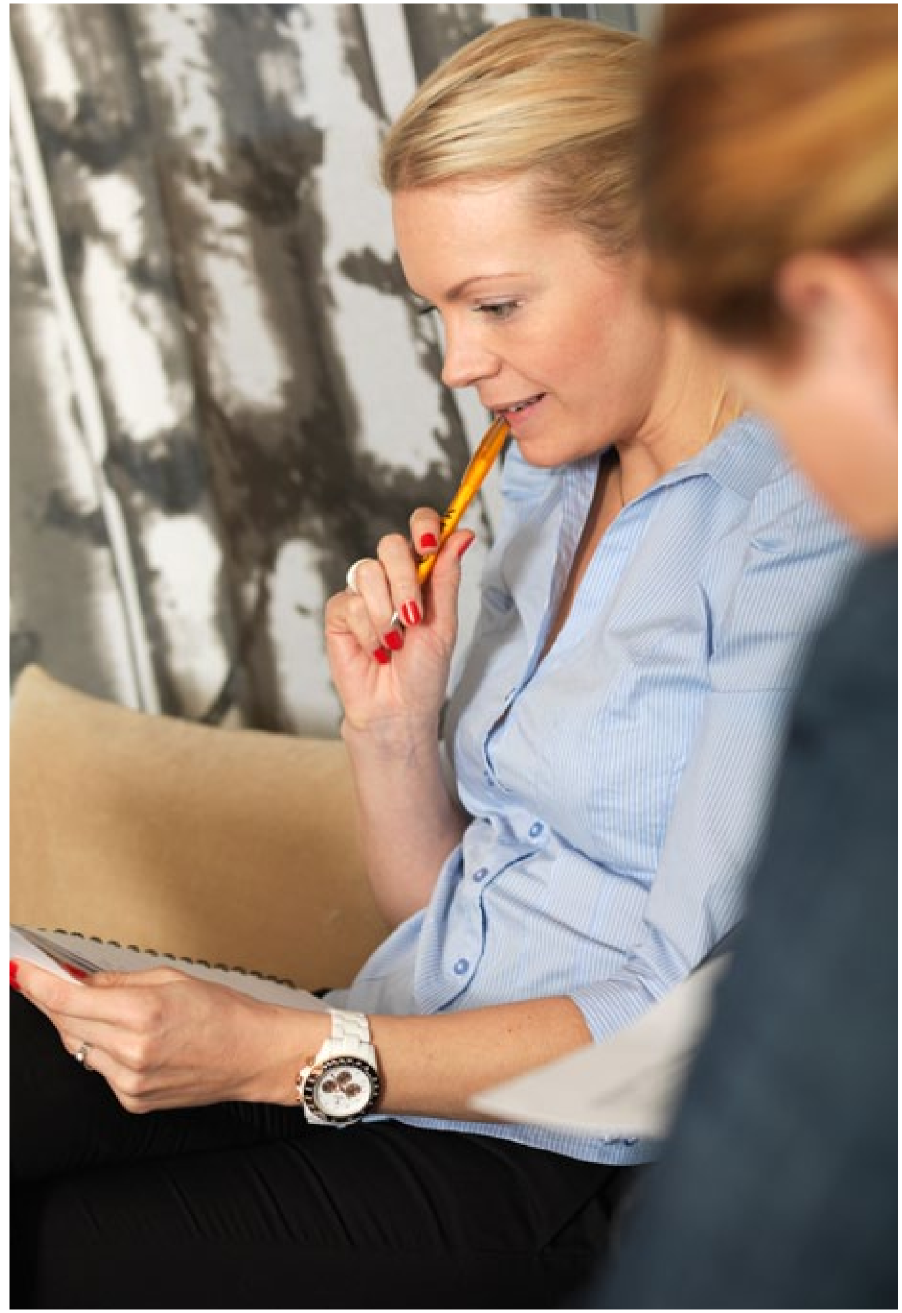
These structured consultant tendering processes involve clients utilising the consultant broker's capability to expose consulting purchasing to competition. If the required competence is available on other geographical markets, the consultant broker can help cross geographical borders and locate the competence on competitive terms.

### eWork advancing its position on the market

In the consultant broker segment, eWork is the Nordic market leader. eWork's share of this market varies between the Nordic countries, which relates to the timing of eWork's start-up on each market and market maturity. eWork judges that its market share grew in the year in the Nordic region overall.

eWork's market share in Sweden is some 40 percent, where it is significantly larger than its closest competitors. Its market share in Finland is some 30 percent. In Norway, eWork's market share is some 20 percent, after high growth in 2012. This market is fragmented, although a clear consolidation trend was apparent in the year. In Norway, eWork has a small number of competitors that are pure-play consulting brokers. On the fragmented Danish market, eWork's market share is around 5 percent. This market is clearly exhibiting the conditions for a similar consolidation trend as established on eWork's other markets. eWork is well positioned to lead a consolidation trend in Denmark too.

All market shares stated are eWork estimates, supported by market estimates sourced from IDC.



# Operations

With an innovative delivery model, eWork has secured status as one of the leading consulting providers in IT, telecom, technology, and business development in the Nordic region. eWork further consolidated its leadership of consultant brokers in the Nordic region in the year.

eWork's revenues are the product of the number of consulting hours worked and their price. Gross margins are determined by the arrangement fee debited per consulting hour. eWork is a contract counterparty to clients and consultants and deals with all the administration relating to consulting assignments. This model enables eWork to offer clients a wide selection of specialist consultants, an objective selection procedure and unique, proprietary processes for matching, administration and follow-up.

## Framework agreements – the key to large-scale assignments

Primarily, eWork's clients are large corporations, government agencies and other organisations that formalise their consulting purchasing in framework agreements, formalising commercial terms, services and undertakings.

One clear trend that has sustained for many years is clients entering fewer, but larger, framework agreements with their suppliers. In these cases, the framework agreement is a prerequisite for business, but not a guarantee. To create business within these agreements, eWork maintains a continuous dialogue with its clients on their consulting needs and prospects of developing and rationalising consultant management.

When eWork started up, consultants were usually requested and provided individually. Over time, clients have become accustomed to, and become comfortable with, eWork's delivery model and are deciding to place a higher share with eWork. This trend accentuated in the year.

In 2012, eWork signed several framework agreements with new clients, and the scope of collaborations with existing clients expanded. eWork has a total of over 130 framework agreements in place.

## Strategic processes for growth and competitiveness

eWork's competitiveness and growth strategy rests on five strategic, value-creating processes that represent significant structural capital for eWork.

### *Sales and market communication*

eWork's growth has been client driven since its inception and creates value. Work on advancing market penetration of eWork's business model is continuing. This is achieved by eWork continuing to expand its base of framework agreements and increase its involvement with existing clients. eWork's sales capability is based on the expertise of a consultant, accumulated knowledge of the client's situations and needs, and systems that allow the client's needs to be translated into a delivery quickly and efficiently.

Direct communication with clients and consultants is an important component of eWork's market communication. Newsletters, networking meetings and other events are central components of this part of the process.

### *A large and flexible consultant network*

eWork's network of over 60,000 consultants is expanding progressively and offers a unique competitive edge. eWork basically has access to the whole market. Meanwhile, eWork is increasing its knowledge of the consultants in its network, while constantly enhancing its database, notably through experience garnered in those assignments conducted by eWork consultants.

The consulting market is becoming faster moving. Rapid technology transitions and changes on client markets means that the demand for consultants can change very quickly between different specialisms. The combination of a broad selection, well-considered systematisation of consultant profiles and an effective, objective selection process means that clients can expect to secure the specialist required for their current needs promptly.

### *Client-driven business development*

eWork's offering has migrated from its pioneering phase and is now well proven. With its efficient brokerage model and strong network of specialists, eWork has become a full-range consultant provider in the market.

eWork is continuing to develop its offering in close dialogue with clients. In the year, eWork was also able to demonstrate that the Company now has the capacity to take on large-scale outsourcing of clients' operational purchasing functions for consultant delivery. This is a volume business, involving a partly new role for eWork, with more, exciting development opportunities.

### *Delivery process and IT*

Proprietary delivery processes and IT support are important tools for being able to satisfy client needs promptly and cost-efficiently. eWork has built effective search and matching systems that support its work on selecting the right consultants for a specific assignment from its consultant database.

eWork's IT systems are scalable and a key resource to enable continued growth. An initiative to enhance eWork's IT system, to satisfy the standards set by its large-scale outsourcing assignments it has, was conducted in the year. The enhanced IT system will be brought into production progressively in 2013, while enhancement work continues.

Consultants can easily monitor the administrative parts of their eWork assignments using functionality like eWork SelfBilling and eSigning. eWork offers consultant purchasers Internet-based tools that easily enable them to follow up on the KPIs on consulting assignments.

### *Leadership*

Leadership is important for maintaining and developing eWork's entrepreneurial spirit. This is encapsulated in eWork's values: professional, eager and alert. eWork invests in its leaders through incentive schemes and continuing skills development. eWork endeavours to achieve short decision-paths and a leadership with a clear business focus. Operational business managers were brought into the Group management team in the year, conferring eWork's senior management with a close client business focus.

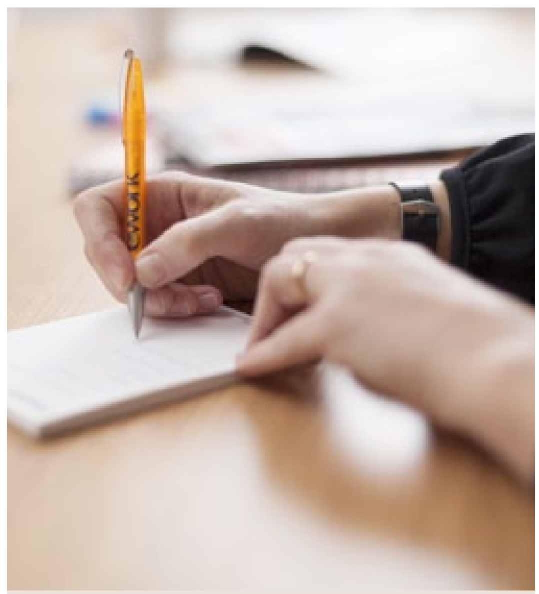
## eWork's Consultant of the Quarter Joakim Carlsson, Concilio Design

eWork nurtures its relationships with consultants, and is keen to highlight positive role models. Accordingly, each quarter, eWork names its Consultant of the Quarter. This year, one of the people recognized in this way was Joakim Carlsson of Concilio Design, who is a consultant with SEB.

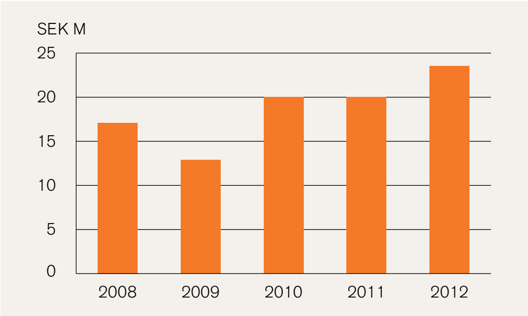
Congratulations on this award. Why do you think you were chosen?
"Well, there are a lot of skilled consultants at eWork, but I hope and believe that my experience from previous projects have been appreciated. The fact that I'm also determined to deliver on time, with quality, may also have been a contributor."

Can you offer any advice to other consultants on how to make clients satisfied?
"After many years in the sector, I know that qualities like competence, humility, egalitarianism and passion are really appreciated when you work on projects. Being really interested in other people is also a prerequisite if you work as a consultant."

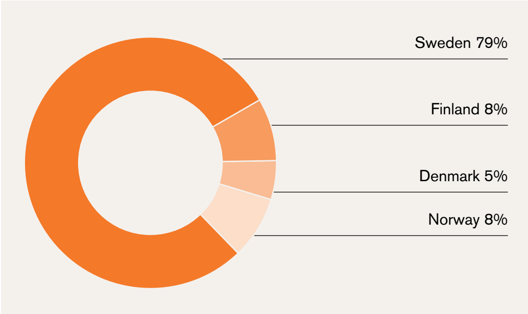
Would you choose eWork as a partner on future assignments?
"Sure. eWork has good prospects with attractive clients. eWork also has superb contract and invoice management systems, which mean I can focus on my work."



## Revenue per employee




## Sales share




### Development of operations

The Group's order intake increased by 21 percent to SEK 4,415 M (3,643). Growth is largely explained by new outsourcing assignments and takeover contracts. Standard contracts also saw some growth. The number of consultants on assignment continued to rise, and at most, was 3,150 (2,369). Net sales per employee increased SEK 23.5 M (20.0).

Work on streamlining eWork's delivery organization, increasing its transaction frequency and accelerating delivery on client enquiries continued. Business development work continued in the year, to satisfy new standards set by new volume and outsourcing assignments. IT support particularly was enhanced, to achieve greater internal efficiency, but also to support eWork's clients. Through investments, operations gained better prospects for scalability and continued growth with profitability.

### Business in four Nordic countries

eWork has operations with offices in Sweden, Finland, Denmark and Norway. eWork is the market leader in Sweden, in direct competition with a small number of players. eWork is the market leader in Finland and Norway on an otherwise fragmented market without any clear main competitors. The Danish market is also fairly fragmented and immature without clear, pure-play main competitors. In 2012, Denmark, Finland and Norway represented 21 percent of eWork's sales, somewhat lower than 2011 due to a particularly strong increase in Sweden. The Nordic markets share many features, but also have their national differences. Sometimes the really large clients conduct Nordic-wide tenders. Examples include eWork signing a Nordic-wide framework agreement for management consultants with TeliaSonera in the year, a framework agreement which eWork previously held in Sweden, as well as a new framework agreement for PostNord for Sweden and Denmark.

### *Sweden – a breakthrough in large-scale outsourcing of consultant purchasing*

Sweden is eWork's biggest market, corresponding to 79 percent of sales. eWork has sales offices in Stockholm, Gothenburg, Malmö and Linköping. Progress was very positive in Sweden in 2012. Net sales increased by 41 percent to SEK 2,781.3 M (1,975.5) and operating profit to SEK 57.4 M (53.0).

The primary explanation for the sales increase is success in addressing the market, that demand is increasing due to clients continuing to consolidate consultant purchasing on fewer providers and eWork starting a number of large outsourcing assignments in the year.

The fact that profit did not increase at the same rate as the sales gains is due to two main factors. The sales mix included a high share of volume business and outsourcing business, with lower gross margins. Costs also increased partly because of initiatives required to execute outsourcing business with high efficiency for the long term.

New framework agreements were signed with clients including Apoteket AB (the Swedish National Pharmacy Corporation), Areva Uddcomb, Fujitsu, Ikanobanken, the National Swedish Correctional Organisation, farming co-operative Lantmännen and the Västra Götaland regional authority. New framework agreements for business consultants were signed with TeliaSonera and the City of Gothenburg.

**Magnus Silén**
*Country Manager, Finland*

### Finland – stable on a recovering market

Throughout the year, the Finnish market suffered from persistent poor demand due to a weak economy and a specific downturn in the Finnish telecom sector. Despite this, eWork's Finnish business was fairly stable in the year, generating a surplus. Net sales decreased to SEK 290.4 M (304.8). However, to some extent, the sales decrease is due to exchange rate fluctuations. In local currency terms, net sales decreased by 1 percent. Operating profit increased to SEK 3.5 M (2.1).

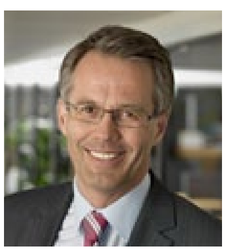
Increased profits were achieved by streamlining the business despite lower net sales. An upscaled initiative in technology consulting in Finland was conducted in the year, which broadens eWork's addressable market in an attractive market segment.

**Zoran Covic**
*Country Manager, Denmark*

### Denmark – well positioned for upcoming consolidation

Net sales increased to SEK 164.0 M (160.0). Operating profit was SEK 0.4 M (0.7). Reported net sales were negatively affected by exchange rate fluctuations. In local currency terms, net sales increased by 6 percent for the full year. At the end of the year, eWork signed a framework agreement with SKI (the government procurement service), which marks a major breakthrough into the public sector for eWork. New framework agreements were also signed with clients including Danske Bank, PostNord and SCA Hygiene.

The Danish economy performed poorly through the whole year, and demand remained hesitant in the fourth quarter, explaining the weak sales performance. The Danish market is fragmented, with clear prospects for a similar consolidation trend as has become established on eWork's other markets. eWork is well positioned to lead such progress in Denmark too for the long term.



**Helge Strømnes**
*Country Manager, Norway*

### Norway – the year the consolidation trend gathered pace

The Norwegian business performed very positively in the year. First and foremost, development was driven by business where eWork consolidates clients' consultant delivery. The net sales of the Norwegian business increased for the full year, to SEK 289.3 M (171.6). Operating profit was SEK 0.7 M (0.3). The sales increase is a result of successfully addressing the market, generally increasing market interest in the consultant broker model, and that eWork commenced a cluster of large-scale volume assignments in the period. The Norwegian business incurred increased costs for investments in process support for the large-scale volume assignments, and market investments for continued growth, explaining how operating profit growth did not keep pace with the sales gains.

The Norwegian business is well positioned for continued growth through framework agreements with several of the country's largest consultant purchasers. A collaboration that has run for many years with one of the country's leading telecom operators progress strongly in the year. New framework agreements were signed with clients including NPRA (the National Public Roads Administration), Jernbaneverket (Norwegian rail authority) and one of the country's largest consultant integrators.


ework
Reshaping consulting.

# Organisation and employees

eWork has a strong, entrepreneurial corporate culture and express high ambitions for its HR work. Its endeavour is to be the best in leadership and talent management.

### Talent management

eWork works systematically on talent management, and its aim remains to be an effective organisation where people want to work, progress and produce good results. This requires a systematic approach to attracting and retaining the right people. eWork has made a lot of progress in this respect, on search and selection and skills development. eWork's talent strategy is fundamental to its business strategy.

### Interplay between Client Teams and Competence Groups

eWork delivers consultants with the right competence and puts them in place promptly. While much of its work can be systematised and automated with effective processes, each deal also includes a clear element of employees' personal expertise and commitment. This work is done through close interplay between eWork's various Client Teams and Competence Groups. Client Teams have a good understanding of the client's business and needs for consultants now and in the future. The Competence Group develops a consultant network, selects consultants with good knowledge using in-depth knowledge of them, and of progress in their skills segment.

### *The Client Team*

The duty of the Client Team is to ensure that eWork's offering is so attractive that companies, government agencies and other organisations decide to sign framework agreements with eWork and then call off orders from them. The role of Client Teams has grown gradually. Previously, an individual consultant was provided for a specific need. Now, however, there are also Client Teams that manage their clients' complete consultant delivery process.

Key Account Managers lead the work of Client Teams, and maintain continuous dialogue with the client on their needs for consulting services. The assignment specification is the foundation of eWork's work on selecting and proposing suitable consultants for the assignment. This dialogue also relates to how eWork can help rationalise the client's management of its consultant services purchasing.

Client Teams also include a Delivery Manager, whose duty is to prepare the consultant for the assignment and maintain ongoing contact. The delivery manager also follows up on the assignment jointly with the consultant, providing feedback from client appraisals, and maintaining a dialogue on potential extensions. The Client Team holds quarterly client meetings to ensure that predetermined targets and improvements are achieved.

One important component of eWork's offering is to manage all the administration relating to an assignment. eWork's Service Center, an independent part of the Client Team, is designed for this purpose. The Service Center deals with issues relating to consultant agreements, timesheets, invoicing, expenses and payment.

### *The Competence Group*

The Competence Group is made up of Competence Managers, who are eWork's real consultant specialists. They are responsible for developing its network for the short and long term. Based on the client's assignment specifications, they produce proposals for consultants for a specific assignment. This specification states the requirements for specialist know-how and other key characteristics and experience the assignment requires.

Assignments are matched to candidates in the network, and advertised on eWork's website, where consultants can register their interest. Competence Managers also select from the consultants in eWork's network that have previously conducted similar assignments. In this way, eWork utilises the experiences of which consultants perform especially well, and those whose profile suits the assignment especially well. A final proposal for consultants is presented

to the client, who always has the final say. The Competence Group's duties include quality-assuring consultant information in its database.

## Human resources

Continuous productivity improvements mean that eWork is able to cope with progressively higher sales per employee. Due to the fact that the sales increase was so high again in 2012, eWork continued hiring new staff; 19 new employees started work for eWork in the year, mainly in sales and delivery positions. Getting new employees into its business and productive quickly is a top priority.

The average number of employees was 150 (131). 59 percent of employees were women and 41 percent men.

eWork conducts yearly employee satisfaction surveys which provide a view of employee satisfaction and identify potential for improvement.

Every new employee gets a sponsor from another part of eWork than where he/she works. The purpose of the sponsor is to transmit eWork's corporate culture, while reinforcing personal relationships between employees in different departments. Each year, eWork recognises the people in different roles that have performed above expectations, and represents its values positively in the eWork Awards.

## Skills development

On-the-job training is the foundation of eWork's skills development. In their professional roles, employees closely monitor how consultant purchasers' standards and expectations change. Simultaneously, their knowledge of the skill segments that its consultants are active in evolves.

## Environmental and sustainability work

As a services company, eWork does not generate any significant environmental impact. The company is mainly active in the Nordic region, and does not have employees in countries where human rights are violated. eWork maintains high business ethical standards, and cares for people and the environment. The related principles are documented in the Company's Environmental Policy and CSR Policy. eWork received ISO 14001 certification in 2012.

## Philanthropy

Active community commitment is part of eWork's corporate culture. Every employee can use three working hours each month for volunteer work through Mentor, a non-profit organisation that provides young people with motivation, positive progress and the strength to resist violence and drugs. The operations activities eWork's employees participate in address providing young people with adult role models and motivational work based on studies.

# Risks

All business involves risk. eWork's operations are affected by a number of factors that impact on eWork's operations to differing degrees but that are not entirely under the Company's control. To some extent, this is a basic condition for the business opportunities that eWork's operations are founded on. The factors that eWork judges may impact on its future prospects, with comments on how eWork evaluates and manages each risk, are reviewed below.

### GLOBAL AND MARKET RISKS

| RISK | DESCRIPTION | ASSESSMENT AND MANAGEMENT |
|---|---|---|
| **Cyclicality** | The demand for eWork services can be expected to vary in different economic conditions. | eWork's business model means its share of fixed costs is fairly low in relation to sales, enabling flexibility for different business cycle phases. eWork has control of its demand indicators and good scope to act if any rapid changes occur. |
| **Domestic competition** | eWork competes directly with other consulting brokers. The risk of price pressure and reduced demand for eWork's services due to increased competition cannot be ruled out. eWork also partly competes with IT consulting firms with permanently employed consultants. | As the Nordic market leader, eWork has the advantage of economies of scale in its delivery organisation, and the market's largest network of specialists. Through constant rationalization, re-engineered processes and tools such as IT support, eWork enhances customer value, as well as its positioning and competitiveness. |
| **International competition** | A number of multinational consulting firms are active on the Nordic IT consulting market. Their assignments generally mean that a larger group of consultants are committed in their home countries, and smaller groups in the Nordic countries. A growing supply of consultants is also being sourced from low-cost countries. | Until now, eWork has only encountered modest direct competition from foreign consulting firms. The growing supply of foreign consultants does not only mean competition but also presents a business opportunity for eWork. |
| **Risks related to legislation and regulation** | eWork manages operations in four Nordic countries. Alterations to legislation and other regulations, such as labour law and taxation, may affect the conditions affecting consulting agreements, and indirectly, eWork's results of operations and financial position. | eWork's business model is judged to rest on a stable legal footing in the Nordic labour and taxation legislatures. New restrictive regulations could have a negative impact on employment throughout the consulting sector, the consulting broker sector and the temporary staffing sector. Accordingly, the risk of restrictive changes to legislation in these segments is considered fairly low. |

Financial risks are reviewed in Note 20 on page 59.

## OPERATIONAL RISKS

| RISK | DESCRIPTION | ASSESSMENT AND MANAGEMENT |
|---|---|---|
| **Access to consultants** | eWork is dependent on cooperation with qualified consultants to provide clients with consultants with the right skills who are on site promptly. Accordingly, one risk eWork faces is not having enough qualified consultants and consulting firms that want to collaborate with eWork. | A series of factors mean that in relative terms, access to consultants can be regarded as a low risk for eWork. The number of consultants that choose to enter eWork's network is in high growth, and in 2012, over 60,000 consultants were registered in eWork's database. However, eWork is not restricted to appointing consultants from its database, but can communicate and collaborate with all the consultants on the market, including those in foreign countries and working for major consulting firms. |
| **Framework agreements** | One clear tendency is for larger clients choosing to restrict their consulting purchases to fewer suppliers and formalise their business relationships through framework agreements. Framework agreements are often a prerequisite for doing business as a consulting broker. Pricing, services and engagements are formalised in framework agreements. | Framework agreements affect the risks of eWork's operations in two ways: if the number of framework agreements reduces, this is likely to mean a drop in demand for eWork's services. The same negative impact results if, on average, clients downscale purchased volumes in framework agreements. eWork has rapidly expanded its number of framework agreements, and had over 130 in place by year-end 2012. It conducts regular business on a very high share of them. |
| **Dependency on individual clients** | If several larger clients were to completely terminate or sharply downscale purchasing from eWork, this would affect eWork negatively. | Risk is diversified in several ways. eWork has a large number of clients, often with framework agreements. Consultants at one client have often been contracted on different assignments at various times. With the exception of one long-term outsourcing assignment, no client accounted for more than 10 percent of sales in 2012. A high share of costs are variable, and linked directly to revenues, and accordingly, a sudden revenue shortfall need not cause any dramatic effect on operating profit. |
| **Stability of IT systems** | eWork's proprietary IT systems play a central role in its processes and customer offering. Accordingly, operational disruptions and functional faults to IT system represent a risk for eWork's business because it would directly affect the quality of its delivery to clients. | Until the present, eWork's IT system has contributed to its fast growth since start-up in 2000 without any actual serious operational disruptions. eWork continuously enhances its IT support, and conducted a targeted initiative to improve it further in 2012. |
| **Dependency on key staff** | eWork has emerged as a pure-play entrepreneurial company where certain key staff have played a central role in its progress. If these key staff choose to leave eWork, this could have negative consequences, at least in the short term. | In recent years, eWork has grown rapidly, and has purposefully built an increasingly stable organization. Increasingly, its operations rest on structural capital and system support, reducing its dependency on individual key staff. |
| **Contract risks and claims liability** | The consultants eWork has on assignment with clients could cause damage or commit offences against the client. This represents a risk for eWork because eWork is a contract partner with the client. | To avoid being affected financially by such events, eWork has arranged professional indemnity cover. However, until the present, no situation has arisen where this cover has been necessary. |

# The eWork share

The eWork share is listed on NASDAQ OMX Stockholm, Small Cap. At year-end, market capitalization was SEK 627.5 M and the free float value was SEK 228.7 M. eWork's principal shareholders are Salénia, Magnus Berglind and Creades AB.

## Share price and turnover

The eWork share's IPO on First North was on May 22, 2008 at a price of SEK 38.00. The share has been listed on NASDAQ OMX Stockholm since February 18, 2010. At the beginning of 2012, the share price was SEK 31.00, and it was SEK 37.00 at year-end, a 19 percent increase. In the same period, the NASDAQ OMX Stockholm Support Services PI* rose by 6 percent.

At year-end 2012, eWork's market capitalisation was SEK 627.5 M. The free float value at year-end was SEK 228.7 M, defined as the value of the shares freely available for trade (all holdings not exceeding 5 percent). In the year, the share price varied between a low of SEK 31.00 on the first trading day of the year and a high of SEK 39.80 on 14 February 2012.

Earnings per share after dilution for the year were SEK 2.74 (2.48). In 2012, share turnover was SEK 97.7 M, a rate of turnover of 44.6 percent based on the median free float value, calculated in terms of the median share price in the year.

## Number of shares and share capital

The number of shares of eWork Scandinavia AB (publ) on December 31, 2012 was 16,958,475. All shares carry one vote and represent equal participation in the Company's assets and earnings. Share capital is a total of SEK 2,204,000 and the quota value is 0.13.

## Share warrants and authorisation

In the year, staff were offered the opportunity to acquire up to 300,000 share warrants under the incentive scheme approved by the AGM in 2012. 116,100 share warrants were acquired at market price. Each share warrant entitles the holder to purchase one share with an exercise price of SEK 42,23/share. A previous share warrant program expired, and 233,875 new shares were subscribed at an exercise price of SEK 27.53/share.

In addition, the Company already had two outstanding share warrants programs: one of 165,000 share warrants with an exercise price of SEK 34.96/share and one of 213,500 share warrants with an exercise price of SEK 46.02/share. See also under "Incentives program", page 28 in the Administration Report and Note 17.

The AGM 2012 authorised the Board of Directors to decide on the new issue of shares with or without preferential rights for existing shareholders. For more information, see page 29 of the Administration Report.

## Dividend policy and dividend

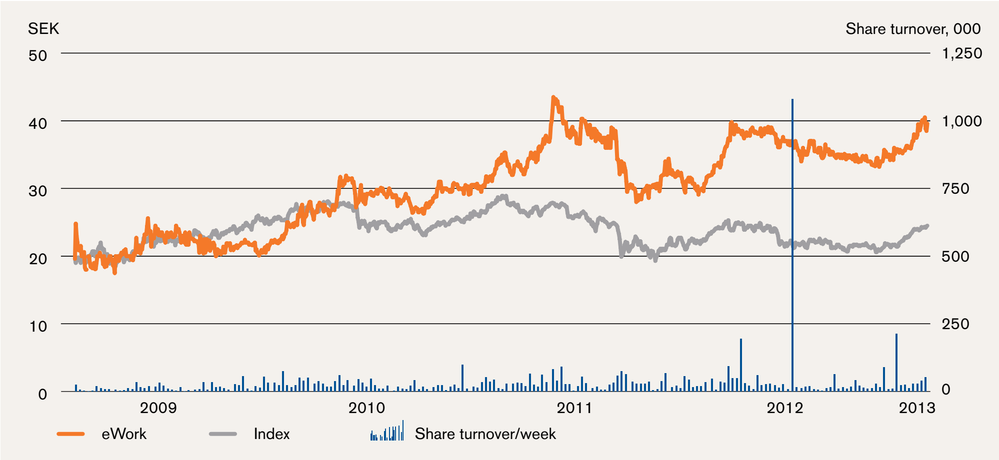
The Board of Directors' goal is to pay at least 75 percent of profit after tax for the year as dividend. The Board is proposing a dividend of SEK 2.50 (1.85) per share to the AGM, a total of SEK 42.4 M (30.9). This corresponds to 90.8 percent of profit after tax for 2012.

## Market maker

eWork has had an agreement with Carnegie Investment Bank AB to serve as a market-maker in the eWork share within the NASDAQ OMX Stockholm system. The purpose is to promote share liquidity.

** Price index. This index only considers share price performance.*

## Share price and turnover




## DATA PER SHARE

| | 2012 | 2011 |
|---|---|---|
| Earnings/share before dilution, SEK | 2.75 | 2.49 |
| Earnings/share after dilution, SEK | 2.74 | 2.48 |
| Average number of shares before dilution, thousands | 16,842 | 16,725 |
| Average number of shares after dilution, thousands | 16,902 | 16,773 |
| Number of shares at reporting date before dilution, thousands | 16,958 | 16,725 |
| Number of shares at reporting date after dilution, thousands | 17,030 | 16,750 |

## SHARE CAPITAL HISTORY

| Transaction | Change in share capital, SEK | Share capital, SEK | Change in no. of shares | No. of shares | Quota value, SEK | Year |
|---|---|---|---|---|---|---|
| Incorporation | 100,000 | 100,000 | 400,000 | 400,000 | 0.25 | 2000 |
| New issue | 53,100 | 153,100 | 212,400 | 612,400 | 0.25 | 2000 |
| New issue | 35,400 | 188,500 | 141,600 | 754,000 | 0.25 | 2001 |
| New issue | 25,000 | 213,500 | 100,000 | 854,000 | 0.25 | 2004 |
| Reduction in share capital | –25,000 | 188,500 | –100,000 | 754,000 | 0.25 | 2004 |
| Bonus issue | 1,696,500 | 1,885,000 | 6,786,000 | 7,540,000 | 0.25 | 2006 |
| New issue | 10,250 | 1,895,250 | 41,000 | 7,581,000 | 0.25 | 2006 |
| Share warrants | 25,000 | 1,920,250 | 100,000 | 7,681,000 | 0.25 | 2007 |
| Share warrants | 39,750 | 1,960,000 | 159,000 | 7,840,000 | 0.25 | 2007 |
| New issue | 3,400 | 1,963,400 | 13,600 | 7,853,600 | 0.25 | 2007 |
| Bonus issue | 76,778 | 2,040,178 | - | 7,853,600 | 0.26 | 2008 |
| Reduction in share capital | –43,950 | 1,996,228 | –175,800 | 7,677,800 | 0.26 | 2008 |
| Split | - | 1,996,228 | 7,677,800 | 15,355,600 | 0.13 | 2008 |
| New issue | 169,000 | 2,165,228 | 1,300,000 | 16,655,600 | 0.13 | 2008 |
| Share warrants | 8,970 | 2,174,198 | 69,000 | 16,724,600 | 0.13 | 2008 |
| Share warrants | 30,404 | 2,204,602 | 233,875 | 16,958,475 | 0.13 | 2012 |

## DIVISION OF SHAREHOLDINGS

| As of December 31, 2012 Size of holding, no. of shares | No. of shareholders | Total shares | Percent |
|---|---|---|---|
| 1 – 1,000 | 957 | 238,416 | 1.41 |
| 1,001 – 10,000 | 134 | 442,706 | 2.61 |
| 10,001 – 100,000 | 45 | 1,261,197 | 7.44 |
| 100,001 – 1,000,000 | 16 | 4,883,544 | 28.80 |
| Over 1,000,000 | 3 | 10,132,612 | 59.75 |
| **Total** | **1,155** | **16,958,475** | **100.0** |

## SHAREHOLDERS

| As at December 31, 2012 | No. of shares | Votes & capital |
|---|---|---|
| Salenia AB | 4,147,546 | 24.5% |
| Magnus Berglind | 3,000,000 | 17.7% |
| Creades AB | 2,736,153 | 16.1% |
| PSG Small Cap | 892,368 | 5.3% |
| Claes Ruthberg | 624,945 | 3.7% |
| Biovestor | 521,399 | 3.1% |
| Anders Ström Core Holdings Ltd | 444,909 | 2.6% |
| Jan Petterson | 380,000 | 2.2% |
| Other | 4,211,155 | 24.8% |
| **Total** | **16,958,475** | **100.0%** |

# Administration Report

The Board of Directors and Chief Executive Officer of eWork Scandinavia AB (publ), corporate ID no. 556587-8708 hereby present the annual accounts and consolidated accounts for the financial year 2012.

### Operations

eWork is a full-range consulting provider in the Nordic consulting market in IT, telecom, technology and business development. eWork is the leader in the Nordic consulting broker market, which is an independent market segment.

eWork cost-efficiently provides specialists that have the rights skills for a specific assignment to consulting purchasers and handles all administration relating to the assignment. eWork is also a strategic partner to companies in their work of streamlining and rationalising their use of consultants. eWork offers consultants interesting and stimulating assignments with competitive remuneration backed by a range of support services.

eWork is the contracting party for the consulting purchaser and consultants. eWork Scandinavia AB is the Parent Company of the eWork Group. Business operations are conducted through the Swedish Parent Company as well as subsidiaries in Finland, Denmark and Norway. The head office is located in Stockholm, and there are local offices in Gothenburg, Malmö, Linköping, Helsinki, Oslo and Copenhagen. Within eWork's business organisation, operations are conducted in the skills segments of IT (covering testing, development, security, infrastructure and business systems) telecom, technology, as well as business development and project management.

### Significant events in the year

eWork continued to perform strongly in 2012. Despite feared uncertainty on the market, demand was generally good. Combined with eWork starting up as a provider of outsourcing of clients' operational consulting purchasing functions, this resulted in continued high growth.

A new Group management team was appointed in October to further sharpen the focus on the growth of subsidiaries and sales performance.

eWork's innovative delivery model has gained widespread market acceptance and eWork is continuing to evolve with new and existing clients. Clients are deciding to place an increasing share of their consultant purchasing, and greater responsibility, with eWork. This is especially evident in its partnership with Sony Mobile Communications, which progressed successfully in 2012.

Continued, and upscaled, investments in rationalization and IT are being conducted to strengthen profitability and competitiveness.

All operating segments are continuing to report positive operating profit.

#### *Sweden*

In Sweden, operations are managed from offices in Stockholm, where the Group's headquarters are located, Gothenburg, Malmö and Linköping. Operations continued to progress positively in 2012, reporting strong earnings growth and sales growth. The trend of consulting purchasers consolidating their purchases on fewer suppliers continued, and Sweden is also a leading country in terms of the development of outsourcing consultant purchasing. Fundamentally, growth in Sweden is being driven by a continuous increase in standard contracts, where a consultant is contracted for a new assignment, but also by specific selections and takeover contracts conducted in tandem with consolidation and eWork assuming a more central role with clients. eWork's large-scale undertaking with Sony Mobile Communications is successfully established. New framework agreements were signed with Apoteket AB (the Swedish National Pharmacy Corporation), Areva Uddcomb, Fujitsu, Ikanobanken, the National Swedish Correctional Organisation, farming co-operative Lantmännen and the Västra Götaland regional authority. New framework agreements on business consultants were signed with TeliaSonera and the City of Gothenburg.

### *Finland*

In Finland, operations are conducted from offices in Helsinki. Demand on the Finnish market remained weak due to a poor telecom sector. Operations were fairly stable. In local currency terms, sales decreased by 1 percent, and by rationalizing operations, improved profits were achieved. An initiative on technology consultants commenced in the year.

### *Denmark*

eWork has offices in Copenhagen, Denmark. In local currency terms, eWork achieved 6 percent growth in 2012. Demand on the Danish market was fairly weak in the year, and this market is relatively fragmented. Several important framework agreements were signed in 2012, and eWork is well positioned for continued growth. Framework agreements were signed on accounts including Danske Bank, PostNord, SCA Hygiene, SKI (the government procurement service) and insurer Tryg Forsikring.

### *Norway*

Norwegian operations are conducted from offices in Oslo. The consolidation trend was clearly evident in Norway and the Norwegian operation performed very positively in 2012 with growth of 69 percent. Progress is being driven by clients consolidating their consultant delivery. Operations are well positioned for continued growth and are investing for growth and large-scale volume assignments. Investments and volume assignments explain why profits did not increase at the same pace as volume growth. A collaboration with one of the largest telecom operators in the country progressed very positively, and new framework agreements were signed with NPRA (the National Public Roads Administration), Jernbaneverket (Norwegian rail authority) and one of the country's largest consultant integrators in the year.

## Employees

At year-end, the Company had 166 (147) full-time employees. The number of employees increased by 19 in the year, mainly in sales and delivery positions. The average number of employees of the Group was 150 (131). This increase is a result of accentuating demand and delivery of the Company's services in 2012. Consultants provided are not employees of eWork and thus not part of the Group's staff.

eWork is continuing its efforts to become a company featuring equal opportunities and a high educational standard. The division between the sexes in the Company was 59 percent women and 41 percent men. A number of training programs were conducted for Key Account Managers and other staff in sales positions in the year. eWork is also continuing its leadership development programme.

## Research & development

To consolidate eWork's positioning as a leading consulting provider in IT, telecom, technology and business development, it conducts continuous work to develop concepts and models for collaboration with consulting purchasers and consultants. There is no separate budget allocated to R&D and these costs are expensed continuously. IT investments were upscaled in the year to exploit eWork's rationalization potential, and sharpen competitiveness.

## Environmental impact

The Board's judgement is that eWork's operations do not exert any significant environmental impact. However, eWork works actively to improve the environment on a financially and commercially justifiable footing. Environmental work is conducted locally based on each unit's specific circumstances. eWork received ISO 14001 certification in 2012.

## Net sales and profit

Consolidated net sales increased by 35 percent to SEK 3,525.1 M (2,611.8).

Operating profit was SEK 61.9 M (56.0), an 11 percent increase. This improvement is mainly due to the sharp increase in sales compared to the previous year. The operating margin contracted from 2.2 percent to 1.8 percent.

Profit after net financial items was SEK 62.3 M (56.7). The effective tax rate was 25.0 percent (26.6). Earnings per share before dilution were SEK 2.75 (2.49). Diluted earnings per share were SEK 2.74 (2.48).

## Profitability and financial position

Return on equity was 37.4 percent (40.3). The Group's net interest-bearing assets were SEK 154.6 M (115.5).

The Group's cash flow from operating activities amounted to SEK 65.6 M (36.7). Working capital naturally varies during the year as a consequence of differences in the due dates of incoming and outgoing payments. All payments from customers and consultants are made at the end of the month. Accordingly, small delays to payments made or received can result in a significant impact on cash flow at a specific time.

The equity/assets ratio was 12.4 percent (15.2) on December 31, 2012. The change in equity/assets ratio was due to the large increase in sales which led to a large volume of trade receivables.

## Parent company

The Parent Company's net sales for the financial year were SEK 2,781.3 million (1,975.5). Profit after financial items was SEK 58.2 M (60.8). Profit after tax was SEK 31.9 M (46.3).

The Parent Company's shareholders' equity was SEK 122.2 M (114.6) on December 31 and the equity/assets ratio was 14.8 percent (18.7).

As stated above, the Swedish operations are conducted through the Parent Company. Progress was favourable in 2012, with high volume growth. Investments for eWork's large-scale undertakings and continued investments were largely conducted through the parent company, and explain why profit did not increase to the same extent.

Regarding the future outlook for the Parent Company, its employees, research, development and the environment, the same conditions apply to the Parent Company as those stated for the Group below.

## Share information

At year-end, eWork had 16,958,475 outstanding shares. All shares carry one vote and represent equal participation in the Company's assets and earnings. There has been no repurchase of treasury shares.

The Board of Directors proposes a dividend of SEK 2.50 (1.85) per share, amounting to SEK 42.4 M (30.9) in total, which corresponds to 90.8 percent of profit after tax for 2012.

## Incentive schemes

At the AGM 2009, the shareholders decided to introduce an incentive scheme for all permanent employees of eWork. The aim is to retain committed and motivated employees who can participate in the value growth that the Company's staff create collectively. The Meeting resolved on the issue of a total maximum of 750,000 share warrants, each conferring entitlement to subscribe for one share of the Company. The share warrants have been issued in three series (2009, 2010 and 2011) and are part of one and the same incentive scheme. 250,000 share warrants were issued in the first series (2009).

Using these share warrants, 233,875 shares were subscribed for at a price of SEK 27.53 in 2012. The second series was implemented in 2010, when 165,000 share warrants were issued. Each share warrant entitles the holder to subscribe for one share at a price of SEK 34.96 in the period June 20 – July 15, 2013. In 2011, staff were invited to acquire the third series of share warrants. 250,000 share warrants were offered, of which 213,500 were acquired. Each share warrant entitles the holder to subscribe for one share at a price of SEK 46.02 in the period June 18 – July 13, 2014. This incentive scheme represents approximately 4.5 percent of the total number of shares outstanding.

The AGM 2012 resolved on another incentive scheme. The Meeting resolved on the issue of a maximum total of 900,000 share warrants, each of which conferring entitlement to subscribe for one share of the Company. These share warrants will be issued in three series (2012, 2013 and 2014) and are part of one and the same incentive scheme. The number of share warrants issued in 2012 was 116,100. Each share warrant confers entitlement to subscribe for one share at a price of SEK 42.23 in the period August 1 – August 31, 2015. This incentive scheme represents approximately 5.4 percent of the total number of shares outstanding.

The share warrants are subscribed on an arm's length basis.

## Articles of Association and contract conditions

The Articles of Association specify that the Board members shall be appointed at the AGM until the next AGM. The Board shall consist of not less than three and not more than eight ordinary members, with not more than eight deputy members. The Articles of Association do not contain any special stipulations on amendments to the Articles of Association.

Swedish law applies to amendments of the Articles of Association, i.e. they must be supported by shareholders' meeting resolutions with a two-thirds (2/3) majority. No individual agreement is of critical importance for eWork's overall operations. Nor is there any agreement between the Company and the members of the Board of Directors which prescribes compensation if they resign as a consequence of a public takeover bid.

## Other information

There were no company acquisitions in 2012.

No transactions between eWork and related parties significantly impacting the Company's financial position and results of operations took place.

The Board's work is described under Corporate Governance on page 31.

For a description of the Group's and the Parent Company's financial risks and sensitivity analysis, see Note 20.

The Annual General Meeting 2012 resolved to authorize the Board of Directors to decide on new share issues on one or more occasions in the period until the next Annual General Meeting. However, such new issues may not result in the Company's share capital or number of shares exceeding the Company's maximum share capital or number of shares as stipulated by the applicable Articles of Association at each date and cannot imply dilution for existing shareholders of more than 10 percent. In these contexts, the Board shall be permitted to decide on share issues with or without preferential rights for existing shareholders or with a provision regarding subscription in kind or set-off.

The Board's grounds for waiving shareholders' preferential rights shall be to facilitate acquisitions of all or parts of companies and operations or in order to raise capital for expansion of the Company's operations, or to cover the Company's working capital requirements in other respects.

If the Board decides to issue new shares waiving shareholders' preferential rights, the issue price shall be based on the market value of the Company's shares, and where applicable with such discount the market price that may be necessary to complete the share issue.

## Remuneration principles for senior managers

The AGM 2012 resolved on the guidelines for remunerating senior managers as follows: The senior managers of the Company are the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Sales Manager, Chief Information Officer and Human Resources Manager. Senior managers should be offered market-based overall compensation packages that ensure the right person can be hired and retained. Salaries should reflect individual responsibilities and experience. Remuneration should consist of fixed compensation (monthly salary), performance-related pay (bonus) and defined contribution occupational pension.

The bonus of the CEO will be determined annually by the Board. Remuneration to other senior managers is determined by the CEO. A bonus corresponding to 2.75 percent of the Company's profit before tax has been approved for the CEO. Bonuses for other senior managers vary between 0.24 and 0.65 percent of the Company's profit before tax. No maximum amount has been set for the bonus and this is not compliant with the Swedish Code of Corporate Governance. The Board conducts an annual review of remuneration principles for senior managers, and for 2013, has decided to propose continuing with the same principles as in 2012 at the AGM.

The retirement age is 65. In the event of termination by the Company, the CEO will be entitled to full salary and obligations in respect of occupational pension insurance for a twelve-month period. In the event of termination by the CEO, similar provisions apply for six months. The notice period for other senior managers varies between three and six months. Remuneration is paid during the notice period. There are no other agreements on severance pay or other compensation for the CEO or other senior managers.

The monthly pension costs for the CEO amount to approximately SEK 29,000, and Four other senior managers, are consistent with eWork's pension policy, which is comparable to the ITP plan.

The Board's proposal for the Annual General Meeting 2013 for the guidelines and principles for remunerating the CEO and senior managers are the same as for 2012.

## Significant risks and uncertainties

Generally, eWork's significant business risks for the Group and the Parent Company consist of reduced demand for consulting services, difficulties in attracting and retaining competent staff, credit risks, and to a lesser extent, currency risks.

For a more detailed description of risks and risk management, see page 22 and note 20 in the Annual Report.

## Events after the balance sheet date

No events of a significant nature occurred after the end of the reporting period.

## Future prospects

The company's assessment for 2013 is as follows:

eWork expects the demand for IT and business consultants to be relatively unchanged in 2013. The trend of clients implementing cost-cutting measures, such as the consolidation of the number of suppliers, is continuing. The demand for outsourcing projects, where all the client's consultant contracts are subcontracted to a single party, is expected to increase. eWork believes it has the right prospects for continuing to progress well. Continued rationalisation measures and economies of scale through increased volumes are expected to make a positive contribution to profitability. However, the sales mix containing a changing share of volume contracts with lower value-added per consulting hour, providing a lower contribution margin than other business, is expected to continue.

Overall, the Board of Directors judges that eWork has good prospects of continuing to grow and strengthen its positioning on the market.

## Board of Directors' statement on proposed dividend

The proposed dividend will reduce the Parent Company's equity/assets ratio to 13.6 percent and the Group's equity/assets ratio to 11.1 percent. Against the background of the Company's and the Group's operating activities still being conducted profitably, the equity/assets ratio is satisfactory. eWork judges that it will be possible to maintain the liquidity of the Company and Group at a satisfactory level.

## Proposed appropriation of profit

The Annual General Meeting has the following funds at its disposal:

| | |
|---|---|
| Share premium reserve | SEK 55,359,085 |
| Retained earnings | SEK 26,451,144 |
| Profit for the year | SEK 31,868,615 |
| **Total** | **SEK 113,678,844** |

The Board proposes that the funds at the disposal of the Annual General Meeting and non-restricted reserves are allocated as follows:

| | |
|---|---|
| Dividend to shareholders | |
| 16,958,475 x SEK 2.50 per share | SEK 42,396,188 |
| Carried forward | SEK 71,282,656 |
| Of which the share premium reserve is | SEK 55,359,085 |
| **Total** | **SEK 113,678,844** |

# Corporate governance

eWork Scandinavia AB (publ) is a Swedish registered public limited company based in Stockholm. The Company delivers consulting services in IT, telecom, technology, and business development. The Company has been listed on NASDAQ OMX Stockholm since February 2010.

The governance of the Group includes the Articles of Association, the Swedish Companies Act, NASDAQ OMX's rules for issuers, including the Swedish Code of Corporate Governance (the Code) and other applicable laws and regulations. eWork complies with the Code with the exception of the Nomination Committee and the provisions of the executive management. Departures from the Code are explained in detail below. For more information about the Code, see www.bolagsstyrning.se. No violations of applicable stock exchange rules have occurred.

### The share and shareholders

At the end of the year, there were 16,958,475 outstanding shares divided between 1,155 shareholders. All shares carry one vote and represent equal participation in the Company's assets and earnings. Three shareholders each have holdings exceeding 10 percent of the Company's shares, Salénia AB with 4,147,546 shares (24.5 percent), Magnus Berglind with 3,000,000 shares (17.7 percent through endowment insurance) and Creades AB, with 2,736,153 shares (16.1 percent).

### Annual General Meeting (AGM)

The Company's AGM is the chief decision making body of eWork, where the shareholders exercise their influence through discussions and resolutions. All shareholders who are listed in the share register five days prior to the Annual General Meeting are entitled to participate either personally or via proxy. Notification must be made to the Company as set out in the convening notice.

eWork's annual general meeting of shareholders, its AGM, is held in Stockholm within six months of the end of the financial year. The convening notice is published in Swedish daily newspaper Svenska Dagbladet, the Swedish Official Gazette and on the Company's website – www.ework.se. The AGM resolves on matters including adoption of Income Statements and Balance Sheets, dividend, discharging the Board of Directors and CEO of liability, election of Board members, Chairman of the Board, and where applicable, auditors, as well as remuneration for the Board and auditors, the principles for remunerating senior managers and other key issues.

At the Annual General Meeting 2012, 19 shareholders representing 48.93 percent of the number of votes in the Company participated. All Board members, auditors and members of the Group management were present.

### The AGM 2012 reached the following resolutions:

- The dividend was approved in accordance with the Board's proposal of SEK 1.85 per share with the record date of April 27, 2012, and the scheduled date for disbursement of the dividend through Euroclear Sweden (formerly VPC) on May 3, 2012.
- The AGM resolved that eWork's Board of Directors should have the following members: Jeanette Almberg, Magnus Berglind, Dan Berlin, Sven Hagströmer, Claes Ruthberg, Staffan Salén, Erik Törnberg and Anna Storåkers. Staffan Salén was re-elected Chairman. All in compliance with the Nomination Committee's proposal.
- The AGM approved the Nomination Committee's proposal that fees to Board Members who are not employed by the Company, are to amount to SEK 83,000 for each Board Member.
- The AGM approved the Nomination Committee's proposal of an unchanged fee policy, namely that the auditors would be paid as invoiced and as per the received quotation.
- The AGM approved the principles for the appointment of the Nomination Committee for the AGM 2013, meaning that the Nomination Committee is to consist of representatives of the three largest shareholders.
- The AGM approved the Board's proposal concerning guidelines for remunerating senior managers.

- The AGM resolved in accordance with the proposal to authorise the Board to decide on new share issues.

## Nomination Committee

The main duty of the Nomination Committee is to propose Board Members, Chairman of the Board and auditors and their fees in a way that enables the AGM to make informed decisions.

Departing from the Swedish Code of Corporate Governance, until the present, the Nomination Committee of eWork has been appointed by the three largest owners, who are also Board Members of the Company. The justification for this has been that eWork is a young, high-growth company whose initial success has been based on a strong entrepreneurial commitment from its founders and principal owners.

A Nomination Committee has been appointed in accordance with this, with the following members:

- Magnus Berglind, Chairman
- Staffan Salén (representing Salénia)
- Sven Hagströmer (representing Creades AB)

The Nomination Committee has access to the appraisal of its work conducted by the Board. The Nomination Committee's proposals are published coincident with the notice convening the AGM and are also available on the Company's website. The Nomination Committee's mandate period extends until the appointment of a new Nomination Committee. Fees have not been paid for work in the Nomination Committee.

## Board of Directors

eWork's Board of Directors is elected annually by shareholders at the AGM. The Board is the link between the shareholders and the Company's management, and is of great importance in the process of developing eWork's strategy and business operations. The Board's duty is to manage the Company's affairs optimally and protect the interests of shareholders. The Board's responsibilities are prescribed in the Swedish Companies Act and the Code. The Board's procedures, which are adopted annually, set a framework for its work. eWork's Articles of Association are available on the Company website.

In compliance with the Articles of Association, the Company's Board is to consist of not less than three (3) and not more than eight (8) ordinary members, with not more than eight (8) deputy members. If the Board consists of one or two members, at least one deputy must be appointed. Members and deputies are elected annually at the AGM for the period until the end of the next AGM. eWork's Board consists of eight ordinary members representing a broad range of commercial, technical and communication skills. The AGM 2012 elected the Board as indicated in the table below.

### Composition of the Board of Directors, number of meetings and attendance in 2012 for eWork Scandinavia AB

| Name | Function | Born | Elected | Independent of company | Independent of major shareholders | Attendance, 13 meetings of which two per capsulam | Shares | Share warrants |
|---|---|---|---|---|---|---|---|---|
| Staffan Salén | Chairman | 1967 | 2003 | Yes | No | 13 | 4,147,546 | - |
| Jeanette Almberg | Member | 1965 | 2008 | Yes | Yes | 13 | 2,500 | - |
| Magnus Berglind | Member | 1970 | 2000 | Yes | No | 13 | 3,000,000 | - |
| Dan Berlin | Member | 1955 | 2004 | Yes | Yes | 13 | 189,929 | - |
| Sven Hagströmer | Member | 1943 | 2006 | Yes | No | 13 | 2,736,153 | - |
| Claes Ruthberg | Member and CEO | 1954 | 2006 | No | Yes | 13 | 624,945 | 55,000 |
| Erik Törnberg | Member | 1970 | 2006 | Yes | No | 13 | 2,000 | - |
| Anna Storåkers | Member | 1974 | 2012 | Yes | Yes | 10 * | 2,000 | - |

* Anna Storåkers has attended all ten meetings held since she was elected.
For an introduction to the Board of Directors and CEO, see page 36.

The Chairman leads the work of the Board and has a special responsibility for monitoring the Company's progress between Board meetings and ensuring that Board Members regularly receive the necessary information to work satisfactorily. The Chairman maintains contact with the CEO. Prior to Board meetings, the Chairman and CEO ensure that the agenda and decision support data are prepared and sent to members one week prior to each meeting. The Chairman also ensures that the Board's work is appraised and that the Nomination Committee receives the results of this appraisal.

### *The work of the Board*

During the financial year 2012, the Board held 13 meetings where minutes were taken, one of which was the Board meeting following election coincident with the Annual General Meeting. The work of the Board follows rules of procedure, adopted annually at the Board meeting following election. The rules of procedure determine the division of responsibilities between the Board and executive management, the responsibilities of the Chairman and the CEO, as well as the presentation of financial statements.

The CEO is a member of the Board and reports at Board meetings. The Board has appointed the Group's Chief Financial Officer as Secretary. The Board is quorate when at least four members are present.

Minutes of the previous meeting are discussed at each scheduled Board meeting, as well as operations since the previous meeting and the Company's financial position and earnings trend. The Board is kept continuously informed of business operations and external matters that are of importance to the Company in writing.

In 2012, the Board paid particular attention to the following questions:

- sales work, growth and new markets.
- new customer offerings.
- progress of the Company's costs.

The Board also held an all-day meeting focusing solely on the Group's position and strategy. Management also attended this meeting.

In order to ensure insight and control, each year, the Board is granted an opportunity to state its views on the auditor's planning of the scope and focus of the audit. The auditors report their observations at the Board meeting in February after completing their audit of the internal control and accounting records in the third quarter. Neither the CEO nor other member of executive management attend this meeting. In addition, the auditors are given access to Board meetings whenever the Board or auditors consider this is required.

The work of the Board is appraised annually. The Board discussed its appraisal at a meeting in February 2013.

### *Fees to the Board*

The Annual General Meeting 2012 resolved that the Chairman of the Board and Board members should each receive fees of SEK 83,000 each. No fees are payable to members employed by eWork. The total Directors' fees of eWork for 2012 amounted to SEK 480,000 (686,000).

### Remuneration Committee

The Remuneration Committee consists of all Board members apart from the CEO, and is responsible for consulting on the Board's proposal to the AGM on guidelines for remunerating the CEO and other senior managers. The CEO reports to the Committee, but does not participate on matters relating to himself. The Remuneration Committee's duties include:

- consulting on and evaluating guidelines for remunerating Group management.
- consulting on and evaluating the objectives and principles governing performance-related pay.
- consulting on and evaluating eWork's incentive scheme.

The Committee's meetings during the year coincided with scheduled Board meetings.

### Audit Committee

The Audit Committee consists of all Board Members apart from the CEO. The Board's view is that this is the most appropriate arrangement considering eWork's size and operations. The Audit Committee's meetings coincide with scheduled Board meetings. The main duty of the Audit Committee is to monitor the processes for preparing eWork's financial statements and internal controls to ensure the quality of external reporting.

The Audit Committee's duties include:

- reviewing the financial statements.
- monitoring the effectiveness of internal controls, including risk management in respect of financial reporting.
- monitoring the external audit and appraising the work of the external auditor.
- appraising the objectivity and independence of the external auditors.

### *Auditor*

Public accounting firm KPMG AB, with Carl Lindgren as Auditor in Charge for the period until the AGM 2013, was registered at the AGM 2009 to review the annual accounts and consolidated accounts and the administration of the Board of Directors and Chief Executive Officer.

## CEO and executive management

CEO and President Claes Ruthberg is responsible for operating activities. The Board has prepared instructions for the CEO which clarify duties and responsibilities and the framework of the CEO's authority to represent the Company.

eWork's CEO has appointed a management team which until October 1 consisted of the CEO, Deputy CEO and HR and Marketing Director, the CFO, the Sales Manager, the CIO and Sourcing Director. Effective October 1, 2012, this was replaced by an executive management team consisting of the CEO, the CFO, th HR-Director, the Marketing Director, the Sales Director and the Operational business managers.

The work of the management team focuses on addressing the market, sales, competence development and fundamental values, as well as questions regarding strategy, following up on results and business development. Management's duties also include investments, overall projects, financial statements, strategic communication as well as security and quality.

No member of management has significant shareholdings or partnerships in companies which the Company has a significant business relationship with.

## Incentive schemes

At the AGM 2009, the shareholders decided to introduce an incentive scheme for all permanent employees of eWork. The aim is to retain committed and motivated employees who can participate in the value growth that the Company's staff create collectively. The Meeting resolved on the issue of a total maximum of 750,000 share warrants, each conferring entitlement to subscribe for one share of the Company. The share warrants have been issued in three series (2009, 2010 and 2011) and are part of one and the same incentive scheme. This incentive scheme represents approximately 4.5 percent of the total number of shares outstanding.

The AGM 2012 resolved on another incentive scheme. The Meeting resolved on the issue of a maximum total of 900,000 share warrants, each of which conferring entitlement to subscribe for one share of the Company. These share warrants will be issued in three series (2012, 2013 and 2014) and are part of one and the same incentive scheme. The number of share warrants issued in 2012 was 116,100. Each share warrant confers entitlement to subscribe for one share at a price of SEK 42.23 in the period August 1 – August 31, 2015. This incentive scheme represents approximately 5.4 percent of the total number of shares outstanding. The share warrants are subscribed on an arm's length basis. The remuneration principles for senior managers are reviewed on page 29 of the Administration Report. No maximum bonus amount has been set, and this is a departure from the Swedish Code of Corporate Governance.

## Internal control and risk management

Internal control should ensure that the Company's strategies and goals are followed up, and that shareholders' investments are protected. Internal controls are also designed to ensure that information presented to the stock market is reliable, relevant and consistent with generally accepted accounting practice, and that laws, ordinances and other requirements of listed companies are observed Group wide. The Board of eWork has delegated practical responsibility to the CEO, who in turn, has allocated responsibility to the rest of the management team and to subsidiary managers. Governance activities are conducted at all levels of the organisation. Monitoring is an integrated component of ongoing management work.

The cornerstones of eWork's system of internal controls are its control environment, risk assessment, control activities, information and communication and monitoring.

### *Control environment*

The basis for internal controls within eWork are the Board's decisions on its organisation, authorisation and guidelines. The Board's decisions have been translated into effective management and control systems by executive management. Organisation, decision-making paths, authorisation and responsibilities are documented and communicated in governing documents such as internal policies, manuals and codes. The basis for the internal controls is also included in the corporate accounting and reporting instructions, instructions for authorisation and approval lists and manuals. The Group reporting system for integrated financial and operational information is also a central part of the control environment and internal control. The integrated reporting of financial and operational information ensures a sound business platform for external financial reporting. In addition to information on results, reporting also includes rolling quarterly forecasts.

### *Risk assessment and control activities*

The financial position and progress of the results of operations in eWork's business model are based on client orders being matched against production expenses. Matching is conducted in eWork's proprietary order and project management system Pointbreak, where all assignments are recorded. Each individual revenue and expense item is reconciled against contracts registered in Pointbreak. Accrued revenues are verified by the client before consulting expenses are accepted. Finally, transactions from Pointbreak are transferred to business accounting. eWork has policies and guidelines for the preparation of its financial statements, as well as automated controls in its systems, and a manual reasonability assessment of flows and amounts. Management regularly assesses which new financial risks and risks of misstatement have arisen in the financial statements. The assessment is made with reference to transaction flows, staffing and control mechanisms. The focus lies on misstatements in financial reporting in respect of significant income statement and balance sheet items of high amounts as well as areas where there is a risk of significant consequences in the event of possible errors. It is the Board's assessment that brokerage of eWork's scope within the framework of a qualified system and in a well-known geographical market does not require an internal audit function. The Board conducts a fresh review of this question each year.

### *Information and communication*

eWork's overall financial organisation is centralised in Stockholm, which allows for the effective management of financial reporting. To ensure the quality of financial reporting, frequent discussions are held between Corporate Finance and the various operational units.

The Board has adopted a communication policy in order to ensure good communication with the capital markets. This policy stipulates the information to be communicated, by whom and how. The basic principle is that regular financial information is provided through:

- press releases on significant or share price-sensitive events
- Interim and Year-end Reports
- Annual Reports.

eWork's Board and management work to provide the Company's owners and the stock market with relevant and accurate information through openness and clarity.

### *Follow-up*

eWork continuously monitors compliance with the Company's rules and guidelines and keeps the Board informed. This is coincident with the accounting reports the Board of Directors receives monthly. The content of this financial information is expanded for Interim Reports, which are always preceded by a Board meeting where the Board approves the Report.

With the organization and working methods reviewed above, the Company believes the internal control over financial reporting is appropriate in terms of the Company's operations. On this basis, the Board of Directors has also has also taken the decision not to establish an internal audit function.

The Board of Directors
Stockholm, Sweden, March 22, 2012

*This Corporate Governance Report has been reviewed by the Company's auditor.*

# Board of Directors

## Staffan Salén
Born: 1967
Chairman of the Board since 2010
Elected: 2003
CEO of Salénia AB. Chairman of Amapola Flyg AB and Fredells Trävaru AB. Board Member of AB Sagax, Strand Kapitalförvaltning AB, Landauer Ltd, Westindia AB, Largus Holding AB.
Former Deputy CEO and CIO of FöreningsSparbanken AB and the Managing Editor of Finanstidningen.
MBA from the University of Stockholm.
Shareholding in eWork: 4,147,546 through Salénia.
Warrant holding in eWork: 0

## Jeanette Almberg
Born: 1965
Elected: 2008
Head of Operations SEB. No other directorships.
Former Marketing Manager at Kabelvision, Director of Customer Operations at Tele2 and Business Development consultant.
Former Board Member of Proceedo and Avanza.
Master of Business Administration.
Shareholding in eWork: 2,500
Warrant holding in eWork: 0

## Magnus Berglind
Born: 1970
Elected: 2000
Founder of eWork, former Company CEO. Partner at Pamir Partners AB. Previously a partner at InnovationsKapital, Management Consultant at McKinsey & Co. in New York and COO & CFO at Mactive Inc. in Florida.
Master's degree in economics and law degree from the University of Stockholm.
Shareholding in eWork: 3,000,000 through capital insurance.
Warrant holding in eWork: 0

## Dan Berlin
Born: 1955
Elected: 2004
Founder and Chairman of Luciholding AB, CEO of Luciinvest AB and Dan Berlin Advisory AB.
Board Member of Luciinvest AB, ToFindOut AB, TNG Group AB, Invici AB, TNG Seniorbemanning AB, Elfströms and Taflin Fastighets AB.
Former Investment Manager at Prosper Capital Fund, CEO at Poolia IT and ICL Data AB.
M.Sc., Industrial Engineering and Management, the Royal Institute of Technology, Stockholm (KTH). Reservist commando officer.
Shareholding in eWork: 183,929
Warrant holding in eWork: 0

## Sven Hagströmer
Born: 1943
Elected: 2006, former Chairman
Chairman of Creades AB and Avanza Bank Holding AB. Former Portfolio Manager at Gränges AB and Investor AB and founder of Sven Hagströmer Fondkommission and Hagströmer & Qviberg AB.
Studied at Stockholm University
Shareholding in eWork: 2,736,153 through Creades AB.
Warrant holding in eWork: 0

## Claes Ruthberg
Born: 1954
Elected: 2006
Chief Executive Officer since 2001 and Board Member since 2006.
Board Member of all eWork's subsidiaries.
Previously worked in sales in the IT industry including as Director of Sales at Martinsson Informationssystem, CEO of Alfaskop Stockholm AB, Business Unit Director ICL Data AB and Sales Manager at Nokia Data AB.
B.Sc. (Mech. Eng.)
Shareholding in eWork: 624,945
Warrant holding in eWork: 55,000

## Erik Törnberg
Born: 1970
Elected: 2006
Investment Manager at Creades AB, Board Member of Creades subsidiary Anralk Holding AB.
Active in the financial industry since 1993, including Investment Manager at Investment AB Öresund, Investment Director and Executive Committee Member at investment company Custos.
M.Sc. (Econ.) from the Stockholm School of Economics.
Shareholding in eWork: 2,000
Warrant holding in eWork: 0

## Anna Storåkers
Born: 1974
Elected: 2012
Deputy Country Manager, Sweden for Northern European banking group Nordea's branch network. Board member of Nordea Fonder AB.
Former Strategy VP of Nordea and Consultant at McKinsey & Co and Goldman Sachs International.
M.Sc. CEMS from the Stockholm School of Economics.
Shareholding in eWork: 2,000
Warrant holding in eWork: 0

## Auditor: Carl Lindgren
Certified Public Accountant KPMG AB
KPMG AB and Carl Lindgren are members of FAR.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Jeanette Almberg | Magnus Berglind | Dan Berlin | Staffan Salén | Erik Törnberg | Claes Ruthberg | Sven Hagströmer | Anna Storåkers |

# Management

## Claes Ruthberg
Born: 1954.
CEO since 2001 and Board Member since 2006.
Board Member of all eWork's subsidiaries.
See also 'Board of Directors'

## Jimmie Carling
Born: 1975
Employed: 2004
Business Manager, Gothenburg
Employed by eWork in 2004, participated in starting up eWork's office in Scania and Copenhagen before leaving the Öresund region to start up eWork in Gothenburg. Previous experience of IT search and selection with management positions in various companies since 2000.
Board member of Nordiska Interaktionsbyrån AB.
LL.M. International Law at the University of Lund and University College Malmö.
Shareholding in eWork: 15,341
Warrant holding in eWork: 0

## Zoran Covic
Born: 1973
Employed: 2012
CEO Denmark
Has headed up eWork's business in the Öresund region since July 2012. Previous experience of outsourcing, including serving as Business Development Manager, Public Sector for Logica.
Executive MBA from Copenhagen Business School and B.Sc. (Econ.) from the University of Lund.
Shareholding in eWork: 0
Warrant holding in eWork: 10,000

## Lotta Dizengremel
Born: 1964
Employed: 2012
Business Manager, eWork Stockholm.
Manager of eWork Stockholm since August 2012, with over 20 years' experience of sales and management in the IT and telecoms sectors. Former Business Area Manager at Cybercom, Senior Consultant and Sales Manager at HiQ, Marketing Manager at Bouygues Telecom (French operator) and Key Account Manager for Ericsson.
B.Sc., Industrial Engineering and Management.
Shareholding in eWork: 0
Warrant holding in eWork: 7,000

## Magnus Eriksson
Born: 1969
Employed: 2007
Chief Financial Officer
Headed up eWork Stockholm from 2007, and was Sales Manager of the eWork group from 2009 to 2012. Has worked on sales in the IT industry since 1992, as a Sales Manager, Line Manager and Consultant. Previously active in organisational development, consulting and IT operations.
Master of Business Administration
Shareholding in eWork: 3,000
Warrant holding in eWork: 15,000

## Nina Karlsson
Born: 1971
Employed: 2006
Human Resources Manager
Previously CEO of eWork Finland, several years' management experience, within eWork, mainly working on administration, HR and marketing.
MBA in entrepreneurship from the University of Jyväskylä, Finland.
B.A. in the humanities and hotel & catering.
Shareholding in eWork: 0
Warrant holding in eWork: 45,000

## Henrik Palmér
Born: 1971
Employed: 2003
Nordic Sales Manager
Sales Manager for eWork group since 2012, responsibility for developing several of the Company's key accounts Nordic-wide, as well as holding several executive positions. Active in the IT sector since 1999, with previous experience of operational and strategic sales in several business segments.
MBA.
Shareholding in eWork: 7,200
Warrant holding in eWork: 0

## Helge Strømnes
Born: 1959
Employed: 2011
CEO, Norway.
Over 30 years' experience in the IT sector, the last 20 mainly in sales and management. Focused on various sourcing models and services delivery.
B.Sc. in engineering and economics.
Shareholding in eWork: 0
Warrant holding in eWork: 0

## Magnus Silén
Born: 1967
Employed: 2011
CEO, Finland.
Active in the consulting sector for 20 years including serving as a Management Consultant for Gemini Consulting and McKinsey & Co, and executive management of growth companies in Finland and Sweden.
Engineering diploma (engineering physics) from Helsinki University of Technology.
Shareholding in eWork: 0
Warrant holding in eWork: 0

## Erik Thornberg
Born: 1973
Employed: 2010
Marketing Manager
Previously held several senior management roles at Capgemini as a Management Consultant, Senior Consultant and as part of the Swedish management team. Previous experience of business development and sourcing for several years, specializing in consulting services.
Executive MBA, Stockholm School of Economics,
B.S. MIS from George Mason University, Virginia, USA.
Shareholding in eWork: 0
Warrant holding in eWork: 20,000

| Henrik Palmér | Lotta Dizengremel | Erik Thornberg | Nina Karlsson | Claes Ruthberg | Magnus Eriksson | Zoran Covic | Helge Strømnes |
|---|---|---|---|---|---|---|---|
| *Nordic Sales Manager* | *Business Manager, Stockholm* | *Marketing Manager* | *Human Resources Manager* | *President and CEO* | *Chief Financial Officer* | *CEO Denmark* | *CEO Norway* |

*Not pictured:* Jimmie Carling, *Business Manager, Gothenburg,* Magnus Silén, *CEO Finland.*

# Five-year overview

| *Amounts in SEK thousand* | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| **Key ratios, Group** | | | | | |
| Net sales | 3,525,052 | 2,611,824 | 1,904,168 | 1,640,123 | 1,885,927 |
| Operating income EBIT | 61,925 | 56,035 | 35,716 | 15,243 | 40,402 |
| Profit before tax | 62,317 | 56,697 | 34,712 | 15,492 | 41,931 |
| Profit for the year | 46,712 | 41,601 | 26,328 | 11,901 | 29,951 |
| Operating margin EBIT (%) | 1.8 | 2.2 | 1.9 | 0.9 | 2.1 |
| Profit margin (%) | 1.8 | 2.2 | 1.8 | 0.9 | 2.2 |
| Return on equity (%) | 37.4 | 40.3 | 30.3 | 14.0 | 43.2 |
| Balance sheet total | 1,092,613 | 751,957 | 572,798 | 444,739 | 518,051 |
| Shareholders' equity | 135,457 | 114,615 | 92,036 | 81,957 | 88,497 |
| Equity/capital ratio (%) | 12 | 15 | 16 | 18 | 17 |
| Quick ratio (%) | 114 | 117 | 118 | 120 | 119 |
| Average number of employees | 150 | 131 | 95 | 127 | 110 |
| Net sales per employee | 23,500 | 19,938 | 20,044, | 12,914 | 17,145 |
| | | | | | |
| **Key ratios per share** | | | | | |
| Equity per share, SEK | 7.99 | 6.85 | 5.50 | 4.90 | 5.29 |
| Profit per share, SEK | 2.75 | 2.49 | 1.57 | 0.71 | 1.79 |
| Dividend per share, SEK | 2.50 | 1.85 | 1.15 | 0.75 | 1.10 |
| Number of shares, thousands | 16,958 | 16,725 | 16,725 | 16,725 | 16,725 |
| Average number of shares | 16,902 | 16,773 | 16,737 | 16,725 | 13,589 |

## Definitions

**Average number of employees**
Average number of employees during the year.

**Earnings per share**
Profit divided by the weighted average number of shares during the year.

**Equity**
Recognised equity.

**Equity/assets ratio**
Shareholders' equity and untaxed reserves (net of deferred tax liability) as a percentage of total assets.

**Net sales per employee**
Net sales during the year divided by the average number of employees.

**Operating margin, EBIT**
Operating income after depreciation divided by net sales.

**Profit margin**
Profit before tax divided by net sales.

**Quick ratio**
Total current assets divided by total current liabilities.

**Return on equity**
Profit for the year as a percentage of average equity.

**Shareholders' equity per share**
Shareholders' equity at year-end divided by the number of shares at year-end.

# Comprehensive Income Statement for the Group

| *kSEK* | Note | January 1- December 31 2012 | January 1- December 31 2011 |
|---|---|---|---|
| **Operating income** | | | |
| Net sales | 2 3 | 3,525,052 | 2,611,824 |
| Other operating income | 4 | 1 | 4 |
| **Total operating income** | | **3,525,053** | **2,611,828** |
| **Operating expenses** | | | |
| Cost consultants on assignment | | −3,289,226 | −2,400,060 |
| Other external expenses | 6 21 | −43,267 | −37,797 |
| Personnel expenses | 5 | −129,494 | −117,001 |
| Depreciation, amortisation and impairment of tangible and intangible assets | 11 12 | −1,141 | −935 |
| **Total operating expenses** | | **−3,463,128** | **−2,555,793** |
| **Operating income** | 3 | **61,925** | **56,035** |
| **Income from financial items** | | | |
| Financial income | | 731 | 997 |
| Financial expenses | | −339 | −335 |
| Net financial items | 7 | 392 | 662 |
| **Profit after financial items** | | **62,317** | **56,697** |
| Tax | 9 | −15,605 | −15,096 |
| **Profit for the year** | | **46,712** | **41,601** |
| **Other comprehensive income** | | | |
| Translation differences on translation of foreign operations | | −1,636 | −173 |
| **Net other comprehensive income** | | **−1,636** | **−173** |
| **Comprehensive income for the year** | | **45,076** | **41,428** |

| *kSEK* | Note | January 1- December 31 2012 | January 1- December 31 2011 |
|---|---|---|---|
| **Earnings per share** | 10 | | |
| before dilution (SEK) | | 2.75 | 2.49 |
| after dilution (SEK) | | 2.74 | 2.48 |
| Number of shares outstanding at end of reporting period | | | |
| before dilution (in thousands) | | 16,958 | 16,725 |
| after dilution (in thousands) | | 17,030 | 16,750 |
| Average number of shares outstanding | | | |
| before dilution (in thousands) | | 16,842 | 16,725 |
| after dilution (in thousands) | | 16,902 | 16,773 |

# Statement of Financial Position for the Group

| *kSEK* | Note | 2012 | 2011 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 11 | 1 037 | 1 656 |
| Property, plant and equipment | 12 | 1 589 | 1 418 |
| Long-term receivables | 15 | 655 | 459 |
| Deferred tax assets | 9 | 3 233 | 3 389 |
| **Total tangible assets** | | **6 514** | **6 922** |
| **Current assets** | | | |
| Trade receivables | 14 | 917 924 | 616 874 |
| Prepaid expenses and accrued income | 16 | 11 784 | 9 607 |
| Other receivables | 15 | 1 792 | 3 104 |
| Cash and cash equivalents | | 154 599 | 115 450 |
| **Total current assets** | | **1 086 099** | **745 035** |
| **Total assets** | | **1 092 613** | **751 957** |

| *kSEK* | Note | 2012 | 2011 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Equity** | 17 | | |
| Share capital | | 2 204 | 2 174 |
| Other capital advanced | | 61 320 | 54 643 |
| Reserves | | –5 527 | –3 891 |
| Retained earnings including profit for the year | | 77 460 | 61 689 |
| **Total equity** | | **135 457** | **114 615** |
| **Long-term liabilities** | | | |
| Deferred tax liability | 9 | 3 237 | - |
| **Current liabilities** | | | |
| Trade payables | | 908 789 | 592 601 |
| Tax liabilities | | 8 606 | 5 567 |
| Other liabilities | 18 | 16 980 | 19 866 |
| Accrued expenses and deferred income | 19 | 19 544 | 19 308 |
| **Total current liabilities** | | **953 919** | **637 342** |
| **Total equity and liabilities** | | **1 092 613** | **751 957** |

**Pledged assets and contingent liabilities of the Group**

| *At December 31* | 2012 | 2011 |
|---|---|---|
| Pledged assets | None | None |
| Contingent liabilities | None | None |

# Statement of Changes in Group Equity

| *kSEK* | Share capital | Other capital advanced | Translation reserve | Retained earnings including profit for the year | Total equity |
|---|---|---|---|---|---|
| **Opening equity, January 1, 2011** | **2,174** | **54,259** | **–3,718** | **39,321** | **92,036** |
| *Comprehensive income for the year* | | | | | |
| Profit for the year | | | | 41,601 | 41,601 |
| Net other comprehensive income | | | –173 | | –173 |
| **Comprehensive income for the year** | | | **–173** | **41,601** | **41,428** |
| *Transactions with equity holders of the Group* | | | | | |
| Dividends | | | | –19,233 | –19,233 |
| Premiums paid on issuance of warrants | | 384 | | | 384 |
| **Closing equity, December 31, 2011** | **2,174** | **54,643** | **–3,891** | **61,689** | **114,615** |

| *kSEK* | Share capital | Other capital advanced | Translation reserve | Retained earnings including profit for the year | Total equity |
|---|---|---|---|---|---|
| **Opening equity, January 1, 2012** | **2,174** | **54,643** | **–3,891** | **61,689** | **114,615** |
| *Comprehensive income for the year* | | | | | |
| Profit for the year | | | | 46,712 | 46,712 |
| Net other comprehensive income | | | –1,636 | | –1,636 |
| **Comprehensive income for the year** | | | **–1,636** | **46,712** | **45,076** |
| *Transactions with equity holders of the Group* | | | | | |
| Dividends | | | | –30,941 | –30,941 |
| Warrants exercised by staff | 30 | 6,408 | | | 6,438 |
| Premiums paid on issuance of warrants | | 269 | | | 269 |
| **Closing equity, December 31, 2012** | **2,204** | **61,320** | **–5,527** | **77,460** | **135,457** |

# Cash flow statement for the Group

| *kSEK* | Note | January 1- December 31 2012 | January 1- December 31 2011 |
|---|---|---|---|
| **Operating activities** | 24 | | |
| Profit after financial items | | 62,317 | 56,697 |
| Adjustment for items not included in cash flow, etc. | | 1,141 | 935 |
| Income tax paid | | –9,502 | –8,930 |
| **Cash flow from operating activities before changes in working capital** | | **53,956** | **48,702** |
| | | | |
| Increase (–)/Decrease (+) in operating receivables | | –301,915 | –162,980 |
| Increase (+)/Decrease (–) in operating liabilities | | 313,539 | 151,012 |
| **Cash flow from operating activities** | | **65,580** | **36,734** |
| **Investment activities** | | | |
| Acquisition of property, plant & equipment | | –589 | –1,092 |
| Acquisition of intangible assets | | –105 | –542 |
| Acquisition of financial assets | | –379 | –181 |
| Disposal of financial assets | | 183 | - |
| **Cash flow from investing activities** | | **–890** | **–1,815** |
| **Financing activities** | | | |
| Warrants exercised by staff | | 6,438 | - |
| Warrant programmes | | 269 | 384 |
| Dividends paid to Parent Company shareholders | | –30,941 | –19,233 |
| **Cash flow from financing activities** | | **–24,234** | **–18,849** |
| **Cash flow for the year** | | **40,456** | **16,070** |
| Cash and cash equivalents at beginning of period | | 115,450 | 99,032 |
| Exchange rate difference | | –1,307 | 348 |
| **Cash and cash equivalents at end of year** | | **154,599** | **115,450** |

# Parent Company Income Statement

| kSEK | Note | January 1- December 31 2012 | January 1- December 31 2011 |
|---|---|---|---|
| **Operating income** | | | |
| Net sales | 2 3 | 2,781,347 | 1,975,480 |
| Other operating income | 4 | 7,930 | 7,826 |
| **Total operating income** | | **2,789,277** | **1,983,306** |
| **Operating expenses** | | | |
| Cost consultants on assignment | | −2,595,243 | −1,810,420 |
| Other external expenses | 6 21 | −35,521 | −29,843 |
| Personnel expenses | 5 | −100,087 | −89,214 |
| Depreciation, amortisation and impairment of tangible and intangible assets | 11 12 | −1,025 | −854 |
| Total operating expenses | | −2,731,876 | −1,930,331 |
| **Operating income** | | **57,401** | **52,975** |
| **Income from financial items** | 7 | | |
| Profit from participations in Group companies | | - | 6,540 |
| Other interest and similar income items | | 2,711 | 1,823 |
| Interest costs and similar charges | | −1,922 | −511 |
| **Profit after financial items** | | **58,190** | **60,827** |
| Appropriations | 8 | −14,713 | - |
| Tax | 9 | −11,608 | −14,523 |
| **Profit for the year *** | | **31,869** | **46,304** |

** Profit for the year is consistent with comprehensive income for the year.*

# Parent Company Balance Sheet

| *kSEK* | Note | 2012 | 2011 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 11 | 1,037 | 1,656 |
| Property, plant and equipment | 12 | 1,080 | 1,255 |
| *Long-term investments* | | | |
| Shares in Group companies | 23 | 15,829 | 15,829 |
| **Total long-term investments** | | **15,829** | **15,829** |
| **Total tangible assets** | | **17,946** | **18,740** |
| **Current assets** | | | |
| Trade receivables | 14 | 763,959 | 472,670 |
| Receivables from Group companies | 13 | 32,652 | 30,329 |
| Other receivables | 15 | 48 | 286 |
| Prepaid expenses and accrued income | 16 | 5,734 | 5,011 |
| Cash and bank balances | | 107,381 | 87,091 |
| **Total current assets** | | **909,774** | **595,387** |
| **Total assets** | | **927,720** | **614,127** |

| *kSEK* | Note | 2012 | 2011 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Equity** | 17 | | |
| *Restricted equity* | | | |
| Share capital (16,958,475 shares, quota value SEK 0.13 ) | | 2,204 | 2,174 |
| Statutory reserve | | 6,355 | 6,355 |
| **Total restricted equity** | | **8,559** | **8,529** |
| *Non-restricted equity* | | | |
| Share premium reserve | | 55,359 | 48,682 |
| Retained earnings | | 26,451 | 11,087 |
| Profit for the year | | 31,869 | 46,304 |
| **Total non-restricted equity** | | **113,679** | **106,073** |
| **Total equity** | | **122,238** | **114,602** |
| **Untaxed reserves** | | **14,713** | **-** |
| **Current liabilities** | | | |
| Trade payables | | 754,913 | 468,999 |
| Tax liabilities | | 8,929 | 6,296 |
| Other liabilities | 18 | 12,157 | 9,896 |
| Accrued expenses and deferred income | 19 | 14,770 | 14,334 |
| **Total current liabilities** | | **790,769** | **499,525** |
| **Total equity and liabilities** | | **927,720** | **614,127** |

**Pledged assets and contingent liabilities of the Parent Company**

| *At December 31* | 2012 | 2011 |
|---|---|---|
| Pledged assets | None | None |
| Contingent liabilities | None | None |

# Statement of Changes in Equity for the Parent Company

| kSEK | Restricted equity<br>Share capital | Restricted equity<br>Statutory reserve | Non-restricted equity<br>Share premium reserve | Non-restricted equity<br>Retained earnings | Non-restricted equity<br>Profit for the year | Total equity |
|---|---|---|---|---|---|---|
| **Opening equity, January 1, 2011** | **2,174** | **6,355** | **48,298** | **5,977** | **24,344** | **87,148** |
| *Comprehensive income for the year* | | | | | | |
| Profit for the year* | | | | | 46,304 | 46,304 |
| Appropriation of profits | | | | 24,344 | −24,344 | 0 |
| Share-based compensation premiums paid | | | 384 | | | 384 |
| Dividends | | | | −19,233 | | −19,233 |
| **Closing equity, December 31, 2011** | **2,174** | **6,355** | **48,682** | **11,088** | **46,304** | **114,603** |

| kSEK | Restricted equity<br>Share capital | Restricted equity<br>Statutory reserve | Non-restricted equity<br>Share premium reserve | Non-restricted equity<br>Retained earnings | Non-restricted equity<br>Profit for the year | Total equity |
|---|---|---|---|---|---|---|
| **Opening equity, January 1, 2012** | **2,174** | **6,355** | **48,682** | **11,088** | **46,304** | **114,603** |
| *Comprehensive income for the year* | | | | | | |
| Profit for the year* | | | | | 31,869 | 31,869 |
| Appropriation of profits | | | | 46,304 | −46,304 | 0 |
| Warrants exercised by staff | 30 | | 6,408 | | | 6,438 |
| Share-based compensation premiums paid | | | 269 | | | 269 |
| Dividends | | | | −30,941 | | −30,941 |
| **Closing equity, December 31, 2012** | **2,204** | **6,355** | **55,359** | **26,451** | **31,869** | **122,238** |

** Profit for the year is consistent with comprehensive income for the year.*

# Parent Company Cash Flow Statement

| kSEK | Note | January 1-December 31 2012 | January 1-December 31 2011 |
|---|---|---|---|
| **Operating activities** | 24 | | |
| Profit after financial items | | 58,190 | 60,827 |
| Adjustment for items not included in cash flow, etc. | | 1,025 | 854 |
| Income tax paid | | –8,975 | –6,513 |
| **Cash flow from operating activities before changes in working capital** | | **50,240** | **55,168** |
| Cash flow from changes in working capital | | –5,486 | –30,125 |
| Increase (–)/Decrease (+) in operating receivables | | –294,096 | –157,082 |
| Increase (+)/Decrease (–) in operating liabilities | | 288,610 | 126,957 |
| **Cash flow from operating activities** | | **44,754** | **25,043** |
| **Investment activities** | | | |
| Acquisition of property, plant & equipment | | –125 | –1,080 |
| Acquisition of intangible assets | | –105 | –542 |
| Disposal of financial assets | | | 51 |
| **Cash flow from investing activities** | | **–230** | **–1,571** |
| **Financing activities** | | | |
| Warrants exercised by staff | | 6,438 | - |
| Warrant programmes | | 269 | 384 |
| Dividends paid to Parent Company shareholders | | –30,941 | –19,233 |
| **Cash flow from financing activities** | | **–24,234** | **–18,849** |
| **Cash flow for the year** | | **20,290** | **4,623** |
| Cash and cash equivalents at beginning of year | | 87,091 | 82,468 |
| **Closing cash and cash equivalents** | | **107,381** | **87,091** |

# Notes

## NOTE 1 Significant accounting policies

**(a) Compliance with standards and laws**

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as endorsed by the EU. Furthermore, the Council for Financial Reporting's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The Parent Company applies the same accounting policies as the Group except in the cases listed below under "Parent Company accounting policies".

The annual accounts and consolidated accounts were approved for issue by the Board on March 22, 2013. The Consolidated Statement of Comprehensive Income, Statement of Financial Position and the Parent Company Income Statement and Parent Company Balance Sheet will be subject to the approval of the AGM on April 24, 2013.

**Estimates and assessments in the financial statements**

The preparation of financial statements in accordance with IFRS requires management make estimates and judgements that affect the application of the accounting policies and the recognised amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates and judgements.

The estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period the change is made if the change only affects that period, or the period the change is made and future periods if the change affects both the current and future periods.

Estimates made by Management in the application of IFRS that have a significant impact on the financial statements and estimates made that could lead to material restatements in future financial statements for the year are described in more detail in Note 25.

**(b) Valuation methods used when preparing the financial statements**

Assets and liabilities are recognised at historical cost.

**(c) Functional and presentation currency**

The Parent Company's functional currency is Swedish krona, which is also the presentation currency for the Parent Company and for the Group. This means that the financial statements are presented in Swedish kronor (SEK). All amounts, unless otherwise indicated, are rounded to the nearest thousand.

**(d) Significant accounting policies applied**

Apart from the exceptions stated in more detail, the accounting policies specified below have been applied consistently to all periods presented in the consolidated financial statements. Moreover, the Group's accounting policies have been consistently applied by Group companies.

**(e) Amended accounting policies**

Amendments to IFRS with effect from January 1, 2011 have not had any significant effect on the consolidated financial statements.

**(f) New IFRS standards and interpretations that have not yet been applied**

A number of new or amended IFRS standards do not take effect until the coming financial year and have not been applied prospectively in the preparation of these financial statements. Changes or amendments with future application are not planned to be applied prospectively.

IFRS 9 Financial instruments is intended to replace IAS 39 Financial Instruments: Recognition and Measurement by 2015 at the latest. IFRS 9 has not yet been approved by the EU and may therefore not be applicable in the EU. Since eWork only has financial instruments in the form of cash and cash equivalents, trade receivables and trade payables, IFRS 9 is assessed not to have any significant effect on the consolidated financial statements.

- IFRS 12 *Disclosure of Interest in Other Entities*
- IFRS 13 *Fair Value Measurement*

The new standards may result in an increased number of disclosures. IFRS 12 is effective for the financial year beginning January 1, 2014 or later with retroactive application. IFRS 13 shall be applied prospectively for financial years beginning January 1, 2013 or later.

**(g) Classification, etc.**

Non-current assets and non-current liabilities consist essentially of amounts that are expected to be recovered or paid after more than twelve months from the reporting date. Current assets and current liabilities consist essentially of amounts that are expected to be recovered or paid within twelve months of the reporting date.

**(h) Operating segment reporting**

An operating segment is a part of the Group that conducts business from which it can generate revenues and incur expenses, and for which separate financial information is available. An operating segment's results are also followed up by the Company's chief operating decision-maker to evaluate the results and to allocate resources to operating segments. See note 3, for further description of the division and the presentation of operating segments.

**(i) Principles of consolidation**

*(i) Subsidiaries*

Subsidiaries are entities that are under the controlling influence of eWork Scandinavia AB. Controlling influence means to have a direct or indirect right to formulate a company's financial and operational strategies for the purpose of ensuring economic benefits. When assessing whether controlling influence exists, consideration is given to potential shares providing entitlement to vote that can be immediately used or converted.

Subsidiaries are reported in accordance with the acquisition method. This method means that the acquisition of a subsidiary is treated as a transaction in which the Group indirectly acquires the assets of the subsidiary and takes over its liabilities and contingent liabilities. The cost to the Group is determined through an acquisition analysis in connection with the business combination. The analysis determines the cost of the shares or the business, partly the fair value on the day of acquisition of identifiable assets and the liabilities taken over and contingent liabilities. The cost of acquisition of the shares in the subsidiaries and entity as the case may be, is measured as the total of the fair values of the assets paid on the date of acquisition, liabilities incurred or taken over and equity instruments issued as consideration in exchange for the acquired net assets. Transaction expenses attributable to business combinations until 2009 inclusive are included in cost, while transaction expenses attributable to business combinations from 2010 onwards are recognised in net profit or loss. In business combinations where the cost exceeds the fair value of the acquired assets and liabilities taken over, as well as contingent liabilities that are recognised separately, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in the profit for the year.

The subsidiaries' annual accounts are included in the consolidated accounts from and including the date of acquisition until the date where the controlling influence ceases.

*(ii) Transactions eliminated on consolidation*
Intragroup receivables and liabilities, revenues and expenses and unrealised gains or losses arising from intragroup transactions between Group companies are eliminated in full when preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no impairment.

### (j) Foreign currency

*(i) Foreign currency transactions*
Transactions in foreign currency are translated to the functional currency using the rate of exchange ruling on the transaction date. The functional currency is the currency in the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency using the rate of exchange ruling on the reporting date. Exchange rate differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities recognised at historical cost are translated using the exchange rate on the date of exchange. Non-monetary assets and liabilities that are recognised at fair value are translated to the functional currency at the rate prevailing at the date of fair value measurement.

*(ii) Foreign operations' financial statements*
Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated from the foreign operation's functional currency to the Group's presentation currency, Swedish krona, at the rate of exchange ruling on the reporting date. Income and expenses in a foreign operation are translated to Swedish kronor at an average rate that represents an approximation of the rates of exchange ruling on the dates of each transaction. Translation differences arising on currency translation of foreign operations are recognised in other comprehensive income and accumulated in a separate component in equity, referred to as a translation reserve. When a foreign operation is disposed of or sold, the accumulated translation differences attributable to the operation are reclassified from the translation reserve in equity to net profit for the year. The Company has opted to value accumulated translation differences attributable to foreign operations at zero at the time of adoption of IFRS.

### (k) Income

*Sale of services*
eWork's sales consist of sales made on open account terms. Sales are recognised in the period in which the service is rendered.

### (l) Leases

*Operating leases*
Lease arrangements are classified either as financial or operating leases. Finance leases exist when the economic risks and rewards associated with ownership have been essentially transferred to the lessee. When this is not the case, it is a matter of operating leasing. The Company only has operating leases.

Operating lease charges are expensed in the periods in which they arise.

### (m) Finance income and expenses

Financial income consists of interest income on invested funds and dividend income.

Interest income on financial instruments is recognised according to the effective interest method (see below). Income from dividends is recognised when the right to receive payment is established. The gain from a disposal of a financial instrument is recognised when the risks and rewards associated with the ownership of the instrument are transferred to the purchaser and the Group no longer exercises control over the instrument.

Financial expenses consist of interest costs on borrowings and impairment of financial assets. All borrowing costs are recognised in profit or loss using the effective interest method irrespective of how the borrowed funds have been deployed.

Exchange gains and exchange losses are recognised net.

The effective interest rate is the interest rate that discounts the estimated future incoming and outgoing payments during a financial instrument's expected term to the net carrying amount of the financial asset or liability. The measurement includes all fees paid or received by the contracting parties that are a part of the effective interest rate, transaction costs and all other premiums or discounts.

### (n) Taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in net profit for the year except when underlying transactions are recognised in other comprehensive income or in equity, whereupon the associated tax effect is recognised in other comprehensive income or in equity.

Current tax is tax to be paid or received in respect of the current year, using the tax rates that have been enacted or substantively enacted on the reporting date. Adjustments of current tax attributable to prior periods are also part of current tax.

Deferred tax is calculated in accordance with the balance sheet liability method starting with temporary differences between the recognised and taxable values of assets and liabilities. Temporary differences are not taken into consideration in goodwill on consolidation for differences arising on first-time reporting of goodwill nor on the initial recognition of assets and liabilities that are not business combinations and which at the transaction date did not affect reported or taxable profit or loss. Furthermore, temporary differences are not taken into consideration that are attributable to participations in subsidiaries that are not expected to be reversed within the foreseeable future. The measurement of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and regulations that are enacted or substantively enacted on the reporting date.

Deferred tax assets for deductible temporary differences and tax loss carry-forwards are recognised only to the extent it is likely that these will be utilised. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilised.

Any additional income tax arising on dividends is recognised at the same time as when the dividend is recognised as a liability.

### (o) Financial instruments

Financial instruments on the asset side that are recognised in the Statement of Financial Position include cash and cash equivalents and trade receivables. Trade payables are found on the liability side.

*(i) Recognition and derecognition from the Statement of Financial Position*
A financial asset or liability is recognised in the Statement of Financial Position when the Company becomes a party to the instrument's contractual terms. A claim is recognised when the Company has performed and there is a contractual obligation to pay, even if the invoice has not yet been sent. Trade receivables are recognised in the Statement of Financial Position when the invoice has been sent. Liabilities are recognised when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not been received. Trade payables are recognised when the counterparty has performed their obligation to submit a time sheet. The Group has chosen this method in order for trade payables and trade receivables to match.

A financial asset is de-recognised from the Statement of Financial Position when the contractual rights are realised, expire or the Company loses control over them. The same applies to a part of a financial asset. A financial liability is de-recognised from the Statement of Financial Position when the contractual liability is discharged or otherwise expires. The same applies to a part of a financial liability.

A financial asset and a financial liability are offset and recognised as a net amount in the Statement of Financial Position only when there is a legal offset right and there is an intention to settle the items with a net amount or to simultaneously realise the asset and settle the liability.

Purchases and sales of financial assets are recognised on the transaction date, which is the day the Company commits to purchase or sell the asset.

Financial instruments are initially recognised at acquisition cost corresponding to the instrument's fair value with allowance for transaction expenses. A financial instrument is classified on initial recognition based on the purpose for which the instrument was purchased, among other things. The classification determines how the financial instrument is measured after the initial reporting date, as described below.

*(ii) Classification and measurement*
Cash and cash equivalents consist of cash in hand and directly accessible balances at banks and similar institutions.

Blocked funds and deposits that the Company does not have right of disposal over are classified as non-current receivables.

Loan receivables and trade and other receivables are non-derivative financial assets that have payments that are fixed or can be fixed, and that are not listed in an active market. These assets are measured at amortised cost. Amortised cost is determined using the effective interest rate calculated on the date of acquisition. Trade receivables are recognised at the amount which is expected to be received, i.e. less doubtful debt.

*(iii) Other financial liabilities*
Borrowings and other financial liabilities, e.g. trade payables, are included in this category. The liabilities are measured at amortised cost.

Which category the Group's financial assets and liabilities belong to is stated above.

### (p) Property, plant and equipment
*(i) Owned assets*
Property, plant and equipment are recognised at acquisition cost in the Group less accumulated amortisation and impairment losses. The cost includes the purchase price and expenses directly attributable to the asset in order to put it in the place and in the condition to be used in accordance with the purpose of the acquisition. Accounting policies for impairment losses are described below.

The carrying amount of an item of property, plant and equipment is removed from the Statement of Financial Position on retirement or disposal or when no future economic rewards can be expected from use or retirement/ disposal of the asset. Gains or losses arising on the disposal or retirement of an asset are the difference between the selling price and the asset's carrying amount, net of direct selling costs. Gains and losses are recognised as other operating income/expenses.

*(ii) Additional expenditure*
Additional expenditure is added to cost only if it is probable that the future economic rewards associated with the asset will flow to the Company and the cost can be measured in a reliable way. All other subsequent expenditure is recognised as a cost in the period it arises.

*(iii) Depreciation methods*
Depreciation is on a straight-line basis over the estimated useful life of the asset.

The estimated useful life of equipment, tools, fixtures and fittings is 5 years.

Depreciation methods used, residual values, and useful lives are reviewed at the end of each year.

### (q) Intangible assets
*(i) Intangible assets*
Intangible assets that were acquired by the Group are software as well as time invested to put these programmes into operation and are recognised at cost less accumulated amortisation (see below) and impairments (see accounting policies (r)).

Costs incurred for internally generated goodwill and internally generated trademarks are recognised in profit or loss for the year when the cost arises.

*(ii) Additional expenditure*
Additional expenditure for capitalised intangible assets are recognised as an asset in the Statement of Financial Position only when they increase the future economic rewards for the specific asset to which they relate. All other costs are expensed as they arise.

*(iii) Depreciation methods*
Amortisation is recognised in net profit for the year on a straight-line basis over the estimated useful lives of the intangible assets, providing such useful lives are not definite. The useful lives are reviewed at least on an annual basis. Goodwill and other intangible assets with indefinite useful lives or that are not yet ready to use are subject to impairment tests yearly, and additionally, as soon as indications arise suggesting that the asset in question is impaired. Intangible assets with definite useful lives are amortised from the date when they are available for use. The estimated useful life for software and related capitalised work is 5 years. The useful lives are reviewed every year.

### (r) Impairment
The Group's recognised assets are assessed on each reporting date in order to determine whether there is an indication of an impairment need. IAS 36 is applied in respect of impairments of other assets than financial assets, which are recognised according to IAS 39. For deferred tax receivables the carrying amounts are estimated according to IAS 12.

*(i) Impairment*
The Company assesses whether there is objective evidence that a financial asset or group of assets is impaired when preparing each set of financial statements. Objective evidence consists partly of observable circumstances that occurred and which have a negative impact on the possibility to recover the cost, and partly of a significant or permanent decline in the fair value of an investment in a financial investment classified as a financial asset held for sale.

If there are indications of impairment for a non-current asset, the asset's recoverable amount is measured. The recoverable amount is the greater of net realisable value and value in use. The value in use is an estimate of future cash flow discounted by a rate of interest that considers the risk of the specific asset. If the value in use is less than the carrying amount, an impairment is made to the recoverable amount which is charged to the income statement.

*(ii) Reversal of impairment losses*
An impairment of assets included within the scope of IAS 36 is reversed if there is an indication that an impairment need no longer exists and a change has occurred in the assumptions that provided the basis for the measurement of the recoverable amount. A reversal is only made to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less amortisation where appropriate, if no impairment had been made.

### (s) Payment of capital to shareholders
*(i) Repurchase of treasury shares*
Purchases of treasury shares are recognised as a deduction from equity. Proceeds from the sale of such equity instruments are recognised as an increase in equity. Any transaction expenses are recognised directly against equity.

*(ii) Dividends*
Dividends are recognised as a liability after the AGM has approved the dividend.

### (t) Earnings per share
The calculation of earnings per share is based on the Group's profit or loss for the year attributable to equity holders of the parent and on the weighted average number of shares in issue during the year. In the calculation of earnings per share after dilution, profit or loss and the average number of shares are adjusted to take account of the effect of dilutive potential ordinary shares, which arise from warrants granted to employees, during the presented periods. Dilution from warrants affects the number of shares and only arises when the exercise price is lower than the share price, and naturally, the greater the difference between the exercise price and the share price, the greater the dilutive effect.

### (u) Employee benefits
*(i) Defined contribution pension plans*
The pension plans where the Company's obligations are limited to the contributions that the Company has undertaken to pay are classified as defined contribution pension plans. In such cases the size of the employee's pension depends on the contributions that the Company pays to the plan or to an insurance company and the return on capital that the contributions generate. Consequently, it is the employee who bears the actuarial risk (that the payments will be lower than expected) and the investment risk (that the invested assets will be insufficient to provide the expected benefits). The Company's obligations in respect of defined contribution plans are recognised as an expense in profit or loss for the year as they are vested by employees

rendering services for the Company during a period. There are no defined benefit plans.

*(ii) Short-term benefits*

Short-term benefits are measured without discounting and recognised as a cost when the related services are received.

A provision is recognised for the expected cost of bonus payments when the Group has a current legal or informal obligation to make such payments as a result of services received from employees and the obligation can be reliably measured.

**Parent Company's accounting policies**

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act. (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. Statements issued by the Swedish Financial Reporting Board for listed companies are also applied.

RFR 2 means that the Parent Company in the annual accounts for the legal entity must apply all EU-endorsed IFRS and statements whenever possible within the auspices of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking into account the relationship between accounting and taxation. The recommendation states which exceptions from and additions to IFRS shall be observed.

*(i) Classification and presentation methods*

The Parent Company's income statement and Balance Sheet are prepared in accordance with the Swedish Annual Accounts Act's schedule. These statements differ from the terminology, formats and classifications in IAS 1.

*(ii) Subsidiaries*

Participations in subsidiaries are recognised in the Parent Company according to the cost method.

This means that transaction expenses are included in the carrying amount of holdings in subsidiaries. In the consolidated accounts, transaction expenses are recognised directly in profit or loss as they arise.

**Shareholders' contributions for legal entities**

Shareholders' contributions are carried directly against equity for the recipient and capitalised in shares and participations by the issuer, to the extent that impairment is not required.

## NOTE 2 Division of income

Net sales reported in the Group and Parent Company are sales of services. For division by country, see note 3.

The division of other income is in note 4.

## NOTE 3 Segment reporting

The Group's operations are divided into operating segments based on the parts of operations monitored by the Company's chief operating decision maker, known as the management approach.

The Group's operations are organised so that Group management monitors the results of operations, returns and cash flow generated by the different companies of the Group. Each operating segment has a manager who is responsible for operations and who regularly reports the outcome of the operating segment's performance and the need for resources to Group management.

**The Group's operating segments**

| | Sweden | | Finland | | Denmark | | Norway | | Total consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| *kSEK* | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Income from customers | 2,781,347 | 1,975,480 | 290,391 | 304,772 | 164,031 | 159,978 | 289,283 | 171,594 | 3,525,052 | 2,611,824 |
| Segment's profit or loss | 99,396 | 89,969 | 6,323 | 6,371 | 2,369 | 2,375 | 3,762 | 3,060 | 111,850 | 101,775 |
| Group-wide expenses | −41,995 | −36,994 | −2,853 | −4,266 | −1,973 | −1,681 | −3,104 | −2,799 | −49,925 | −45,740 |
| **Operating income** | **57,401** | **52,975** | **3,470** | **2,105** | **396** | **694** | **658** | **261** | **61,925** | **56,035** |
| Financial items, net | - | - | - | - | - | - | - | - | 392 | 662 |
| **Profit for the period, before tax** | | | | | | | | | **62,317** | **56,697** |

The segments are the same as the operations and conduct sales of consultants principally within the IT sector.

The operating segments' results of operations, assets and liabilities include directly attributable items and other items have been allocated to segments in a reasonable and reliable manner. The recognised items in the operating segments' results of operations, assets and liabilities are measured in accordance with the results of operations, assets and liabilities followed up by the Company's chief operating decision-maker and conform to the Group's definitions.

Intercompany transfer prices between different operating segments are set based on the "arm's length" principle i.e. between parties that are independent of each other, well-informed and with an interest that the transactions are completed.

**Information on major customers**

Apart from one long-term outsourcing assignment, no single customer represented more than 10 percent of sales in 2012.

## NOTE 3 Other operating income

| | Group | | Parent Company | |
|---|---|---|---|---|
| *kSEK* | 2012 | 2011 | 2012 | 2011 |
| Management fee | - | - | 7 ,929 | 7,822 |
| Insurance compensation | 1 | 4 | 1 | 4 |
| | 1 | 4 | **7,930** | **7,826** |

## NOTE 5 Employees, personnel expenses and remuneration to senior managers

### Costs of employee benefits

| Group<br>*kSEK* | 2012 | 2011 |
|---|---|---|
| Salaries and remuneration, etc. | 93,015 | 82,867 |
| Pension costs, defined contribution plans | 6,833 | 5,767 |
| Social security costs | 23,890 | 20,386 |
| | **123,738** | **109,020** |

### Average number of employees

| | 2012 | of which men | 2011 | of which men |
|---|---|---|---|---|
| *Parent Company* | | | | |
| *Sweden* | *117* | *49* | *101* | *49* |
| *Total Parent Company* | *117* | *49* | *101* | *49* |
| *Subsidiaries* | | | | |
| *Finland* | *14* | *3* | *14* | *4* |
| *Denmark* | *9* | *4* | *9* | *3* |
| *Norway* | *10* | *5* | *7* | *4* |
| *Total in subsidiaries* | *33* | *12* | *30* | *11* |
| *Group total* | *150* | *61* | *131* | *60* |

### Gender division in Management

| *Percent* | Dec. 31, 2012<br>Share of women | Dec. 31, 2011<br>Share of women |
|---|---|---|
| **Parent Company** | | |
| Board | 25.0 | 14.3 |
| Other senior managers | 17.0 | 17.0 |
| **Group total** | | |
| Board | 9.5 | 10.0 |
| Other senior managers | 20.0 | 17.0 |

### Salaries and other benefits divided between senior managers and other employees, and social security contributions of the Parent Company

| | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|
| *kSEK* | Senior managers (6 people) | Other employees | Total | Senior managers (6 people) | Other employees | Total |
| Salaries and other benefits | 9,463 | 58,759 | 68,222 | 8,981 | 51,069 | 60,050 |
| *of which bonus, etc.* | 3,553 | 10,258 | 13,811 | 3,373 | 10,110 | 13,483 |
| Social security contributions | 4,351 | 22,797 | 27,148 | 3,864 | 19,234 | 23,098 |
| *of which pension costs* | 1,109 | 4,008 | 5,117 | 838 | 3,100 | 3,938 |

### Salaries, other benefits and pension costs for senior managers, Group

| *kSEK* | 2012<br>Senior managers (10 people) | 2011<br>Senior managers (6 people) |
|---|---|---|
| Salaries and other benefits | 11,020 | 8,981 |
| *of which bonus, etc.* | 3,983 | 3,373 |
| Pension costs | 1,298 | 838 |

*Note 5 cont.*

### Salaries and other benefits to senior managers

| Parent Company<br>*kSEK* | 2012<br>Basic salary, Directors' fees | Performance-related pay | Pension-costs | Total | 2011<br>Basic salary, Directors' fees | Performance-related pay | Pension-costs | Total |
|---|---|---|---|---|---|---|---|---|
| **Chairman of the Board Staffan Salén** | | | | | | | | |
| Remuneration from Parent Company | 80 | - | - | 80 | 227 | - | - | 227 |
| Remuneration from subsidiaries | - | - | - | - | - | - | - | - |
| **Members of the Board** [1] | | | | | | | | |
| (All members receive the same salary) | | | | | | | | |
| Remuneration from Parent Company | 400 | - | - | 400 | 459 | - | - | 459 |
| Remuneration from subsidiaries | - | - | - | - | - | - | - | - |
| **CEO Claes Ruthberg** | | | | | | | | |
| Remuneration from Parent Company | 1,212 | 1,936 | 398 | 3,546 | 1,117 | 1,757 | 309 | 3,183 |
| Remuneration from subsidiaries | - | - | - | - | - | - | - | - |
| **Deputy CEO Sofie König** [2] | | | | | | | | |
| Remuneration from Parent Company | 685 | 303 | 231 | 1,219 | 900 | 319 | 106 | 1,326 |
| Remuneration from subsidiaries | - | - | - | - | - | - | - | - |
| **Other senior managers** | | | | | | | | |
| (5 people) | | | | | | | | |
| Remuneration from Parent Company | 4,013 | 1,314 | 479 | 5,806 | 3,590 | 1,297 | 424 | 5,311 |
| Remuneration from subsidiaries | - | - | - | - | - | - | - | - |

[1] *Board Members 2011: Jeanette Almberg, Magnus Berglind, Dan Berlin, Sven Hagströmer, Staffan Salén, Erik Törnberg*
*Board Members 2012: Jeanette Almberg, Magnus Berglind, Dan Berlin, Sven Hagströmer, Staffan Salén, Anna Storåker, Erik Törnberg*

[2] *Sofie König terminated employment in September 2012.*

## NOTE 6 Fees and reimbursement of auditors

| *kSEK* | Group 2012 | Group 2011 | Parent Company 2012 | Parent Company 2011 |
|---|---|---|---|---|
| KPMG | | | | |
| – Auditing assignment | 423 | 415 | 340 | 333 |
| – Auditing over and above auditing-assignment | 0 | 50 | 0 | 50 |
| – Other | 121 | 153 | 10 | 9 |
| Nexia OY | | | | |
| – Auditing assignment | 49 | 50 | 0 | 0 |

Auditing assignments involve auditing the annual accounts and accounting records, and the Board of Directors' and CEO's administration, other duties incumbent on the Company's auditors to execute, and consultancy and other assistance resulting from observations from this type of review or the performance of other similar duties. Everything else is other.

## NOTE 7 Net financial items

| Group<br>*kSEK* | 2012 | 2011 |
|---|---|---|
| Interest income | 731 | 997 |
| **Financial income** | **731** | **997** |
| Other interest costs | −312 | −263 |
| Exchange rate fluctuations | −27 | −72 |
| **Financial expenses** | **−339** | **−335** |
| **Net financial items** | **392** | **662** |

### Profit/loss from participations in Group companies

| Parent Company<br>*kSEK* | 2012 | 2011 |
|---|---|---|
| Dividends | - | 6,540 |
| | - | 6,540 |

| Parent Company<br>*kSEK* | 2012 | 2011 |
|---|---|---|
| Interest income, Group companies | 1,341 | 1,116 |
| Interest income, other | 718 | 707 |
| Exchange rate fluctuations | 652 | - |
| **Financial income** | **2,711** | **1,823** |
| Interest costs | −98 | −84 |
| *of which Group companies* | - | - |
| *of which other* | −98 | −84 |
| Exchange rate fluctuations | −1,824 | −427 |
| **Financial expenses** | **−1,922** | **−511** |
| **Net financial items** | **789** | **1,312** |

## NOTE 8 Appropriations

| Parent Company<br>*kSEK* | 2012 | 2011 |
|---|---|---|
| Tax allocation reserve, provision for the year | 14,713 | - |
| | **14,713** | - |

## NOTE 9 Tax

| kSEK | Group 2012 | Group 2011 | Parent Company 2012 | Parent Company 2011 |
|---|---|---|---|---|
| Current tax expense | −12,368 | −15,096 | −11,608 | −14,523 |
| Deferred tax expense resulting from temporary changes | −3,237 | - | - | - |
| **Total recognised tax expense** | **−15,605** | **−15,096** | **−11,608** | **−14,523** |

**Reconciliation of effective tax**

| Group | 2012 % | 2012 kSEK | 2011 % | 2011 kSEK |
|---|---|---|---|---|
| Profit before tax | | 62,317 | | 56,697 |
| Weighted average of tax rates | 25.7 | 16,064 | 26.1 | 14,828 |
| Non-deductible expense | 0.3 | 174 | 0.5 | 268 |
| Effect of changed tax rate | −1.0 | −633 | 0.0 | - |
| Recognised effective tax | 25.0 | 15,605 | 26.6 | 15,096 |

**Reconciliation of effective tax**

| Parent Company | 2012 % | 2012 kSEK | 2011 % | 2011 kSEK |
|---|---|---|---|---|
| Profit before tax | | 43,477 | | 60,827 |
| Tax according to the applicable tax rate for the Parent Company | 26.3 | 11,435 | 26.3 | 15,998 |
| Non-deductible expenses | 0.4 | 173 | 0.4 | 246 |
| Non-taxable revenue | 0.0 | - | −2.8 | −1,720 |
| Recognised effective tax | 26.7 | 11,608 | 2.9 | 14,523 |

*Recognised in the Balance Sheet*

Deferred tax assets and liabilities relate to the following:

| Group<br>*kSEK* | 2012 | 2011 |
|---|---|---|
| Loss carry-forwards | 3,233 | 3,389 |
| Allocation | −3,237 | - |
| **Tax assets/liabilities, net** | **−4** | **3,389** |
| *In the statement of financial positions for the group:* | | |
| Deferred tax assets | 3,233 | 3,389 |
| Deferred tax liabilities | 3,237 | - |

**Change in deferred tax in loss carry-forwards**

| Group<br>*kSEK* | Balance as at Jan 1, 2012 | Translation differences | Balance as at Dec 31, 2012 |
|---|---|---|---|
| Loss carry-forwards | 3,389 | −156 | 3,233 |
| Allocation | - | - | −3,237 |
| | **3 ,389** | **−156** | **−4** |

| Group<br>*kSEK* | Balance as at Jan 1, 2011 | Translation differences | Balance as at Dec 31, 2011 |
|---|---|---|---|
| Loss carry-forwards | 3,388 | 1 | 3,389 |
| Allocation | - | - | - |
| | **3,388** | **1** | **3,389** |

## NOTE 10 Earnings per share

**Earnings per share for total operations**

| *SEK* | Before dilution 2012 | Before dilution 2011 | After dilution 2012 | After dilution 2011 |
|---|---|---|---|---|
| Earnings per share | 2.75 | 2.49 | 2.74 | 2.48 |

The amounts used in numeration and denomination are stated below.

**Earnings per share before/after dilution**

| *kSEK* | 2012 | 2011 |
|---|---|---|
| Profit for the year | 46,712 | 41,601 |

**Weighted average number of outstanding ordinary shares, before dilution**

| *In thousands of shares* | 2012 | 2011 |
|---|---|---|
| Total number of outstanding shares at January 1 | 16,725 | 16,725 |
| Total number of outstanding shares at December 31 | 16,958 | 16,725 |
| Weighted average number of ordinary shares in the year, before dilution | 16,842 | 16,725 |

**Weighted average number of outstanding ordinary shares, after dilution**

| *In thousands of shares* | 2012 | 2011 |
|---|---|---|
| Weighted average number of ordinary shares in the year, before dilution | 16,842 | 16,725 |
| Effect of warrants | 60 | 48 |
| Weighted average number of ordinary shares in the year, after dilution | 16,902 | 16,773 |

**Instruments that could generate future dilution effects and changes after the reporting date**

In 2012, the Company had a total of three outstanding warrants programmes of which two had exercise prices (SEK 46.02 and SEK 42.23 per share) exceeding the average price of the share (SEK 35.72 per share).

Accordingly, these warrants do not have a dilution effect and have been excluded from the measurement of diluted earnings per share.

If, in future, the share price increases to a level above the exercise price, these warrants will imply dilution.

## NOTE 11 Intangible assets

| Group<br>*kSEK* | Internally developed intangible assets<br>Development expenditure | Acquired intangible assets<br>Other technical/ contract based assets | Total |
|---|---|---|---|
| *Cumulative cost* | | | |
| Opening balance, January 1, 2011 | 790 | 2,245 | 3,035 |
| Other investments | | 542 | 542 |
| **Closing balance, December 31, 2011** | **790** | **2,787** | **3,577** |
| Opening balance, January 1, 2011 | –346 | –896 | –1,242 |
| Amortisation for the year | –158 | –521 | –679 |
| **Closing balance, December 31, 2011** | **–504** | **–1,417** | **–1,921** |

| Group<br>*kSEK* | Internally developed intangible assets<br>Development expenditure | Acquired intangible assets<br>Other technical/ contract based assets | Total |
|---|---|---|---|
| *Cumulative cost* | | | |
| Opening balance, January 1, 2012 | 790 | 2,787 | 3,577 |
| Other investments | - | 105 | 105 |
| **Closing balance, December 31, 2012** | **790** | **2,892** | **3,682** |
| Opening balance, January 1, 2012 | –504 | –1,417 | –1,921 |
| Amortisation for the year | –158 | –566 | –724 |
| **Closing balance, December 31, 2012** | **–662** | **–1,983** | **–2,645** |
| *Carrying amounts* | | | |
| As at January 1, 2011 | 444 | 1,349 | 1,793 |
| As at December 31, 2011 | 286 | 1,370 | 1,656 |
| As at January 1, 2012 | 286 | 1,370 | 1,656 |
| As at December 31, 2012 | 128 | 909 | 1,037 |

**Group**

Capitalised intangible assets for the year refer to purchased licenses for analysis tools and are recognised above in the column technology and contract-based. Our assessment is that the system is to be amortised over 5 years. The amortisation of intangible assets is shown in the Statement of Comprehensive Income in the line Depreciation, amortisation and impairment of tangible and intangible assets.

| Parent Company<br>*kSEK* | Internally developed intangible assets<br>Development expenditure | Acquired intangible assets<br>Other technical/ contract based assets | Total |
|---|---|---|---|
| *Cumulative cost* | | | |
| Opening balance, January 1, 2011 | 790 | 2,245 | 3,035 |
| Other investments | | 542 | 542 |
| **Closing balance, December 31, 2011** | **790** | **2,787** | **3,577** |
| Opening balance, January 1, 2011 | –346 | –896 | –1,242 |
| Amortisation for the year | –158 | –521 | –679 |
| **Closing balance, December 31, 2011** | **–504** | **–1,417** | **–1,921** |

| Parent Company<br>*kSEK* | Internally developed intangible assets<br>Development expenditure | Acquired intangible assets<br>Other technical/ contract based assets | Total |
|---|---|---|---|
| *Cumulative cost* | | | |
| Opening balance, January 1, 2012 | 790 | 2,787 | 3,577 |
| Other investments | | 105 | 105 |
| **Closing balance, December 31, 2012** | **790** | **2 892** | **3 682** |
| Opening balance, January 1, 2012 | –504 | –1,417 | –1,921 |
| Amortisation for the year | –158 | –566 | –724 |
| **Closing balance, December 31, 2012** | **–662** | **–1,983** | **–2,645** |
| *Carrying amounts* | | | |
| As at January 1, 2011 | 444 | 1,349 | 1,793 |
| As at December 31, 2011 | 286 | 1,370 | 1,656 |
| As at January 1, 2012 | 286 | 1,370 | 1,656 |
| As at December 31, 2012 | 128 | 909 | 1,037 |

**Parent Company**

Capitalised intangible assets for the year refer to purchased licenses for analysis tools and are recognised above in the column technology and contract-based. Our assessment is that the system is to be amortised over 5 years. The amortisation of intangible assets is shown in the income statement in the line Depreciation, amortisation and impairment of tangible and intangible assets.

## NOTE 12 Property, plant and equipment

| Group<br>*kSEK* | Equipment, tools, fixtures and fittings |
|---|---|
| *Cost* | |
| Opening balance, January 1, 2011 | 2,738 |
| Purchases in the year | 1,093 |
| **Closing balance, December 31, 2011** | **3,831** |
| Opening balance, January 1, 2012 | 3,831 |
| Purchases in the year | 588 |
| **Closing balance, December 31, 2012** | **4,419** |
| *Depreciation* | |
| Opening balance, January 1, 2011 | −2,156 |
| Depreciation for the year | −257 |
| **Closing balance, December 31, 2011** | **−2,413** |
| Opening balance, January 1, 2012 | −2,413 |
| Depreciation for the year | −417 |
| **Closing balance, December 31, 2012** | **−2,830** |
| *Carrying amounts* | |
| January 1, 2011 | 582 |
| December 31, 2011 | 1,418 |
| January 1, 2012 | 1,418 |
| December 31, 2012 | 1,589 |

| Parent Company<br>*kSEK* | Equipment, tools, fixtures and fittings |
|---|---|
| *Cost* | |
| Opening balance, January 1, 2011 | 1,843 |
| Purchases | 1,080 |
| **Closing balance, December 31, 2011** | **2,923** |
| Opening balance, January 1, 2012 | 2,923 |
| Purchases | 126 |
| **Closing balance, December 31, 2012** | **3,049** |
| *Depreciation* | |
| Opening balance, January 1, 2011 | −1,493 |
| Depreciation for the year | −175 |
| **Closing balance, December 31, 2011** | **−1,668** |
| Opening balance, January 1, 2012 | −1,668 |
| Depreciation for the year | −301 |
| **Closing balance, December 31, 2012** | **−1,969** |
| *Carrying amounts* | |
| January 1, 2011 | 350 |
| December 31, 2011 | 1,255 |
| January 1, 2012 | 1,255 |
| December 31, 2012 | 1,080 |

## NOTE 13 Receivables from Group companies

| Parent Company<br>*kSEK* | 31 Dec. 2012 | 31 Dec. 2011 |
|---|---|---|
| Cumulative cost | | |
| At the beginning of year | 30,329 | 17,307 |
| Additional | 6,106 | 15,447 |
| Settled | −3,783 | −2,425 |
| **Closing balance, December 31** | **32,652** | **30,329** |

## NOTE 14 Trade receivables

Trade and other receivables are recognised at cost, the Group did not incur any bad debt in the year.

## NOTE 15 Non-current receivables and other receivables

Long-term receivables held as fixed assets

| Group<br>*kSEK* | 31 Dec. 2012 | 31 Dec. 2011 |
|---|---|---|
| Deposits leased premises | 655 | 459 |
| **Total** | **655** | **459** |

Long-term receivables held as current assets

| Group<br>*kSEK* | 31 Dec. 2012 | 31 Dec. 2011 |
|---|---|---|
| Receivables from suppliers | 217 | 678 |
| VAT | 1,457 | 2,299 |
| Other | 118 | 127 |
| **Total** | **1,792** | **3,104** |

Long-term receivables held as current assets

| Parent Company<br>*kSEK* | 31 Dec. 2012 | 31 Dec. 2011 |
|---|---|---|
| Receivables from suppliers | - | 160 |
| Other | 48 | 126 |
| **Total** | **48** | **286** |

## NOTE 16 Prepaid expenses and accrued income

| Group<br>*kSEK* | 31 Dec. 2012 | 31 Dec. 2011 |
|---|---|---|
| Rent | 2,615 | 2,264 |
| Insurance | - | 193 |
| System operation | 789 | 511 |
| Accrued income from customers | 7,831 | 6,038 |
| Other | 549 | 601 |
| **Total** | **11,784** | **9,607** |

| Parent Company<br>*kSEK* | 31 Dec. 2012 | 31 Dec. 2011 |
|---|---|---|
| Rent | 2,202 | 1,992 |
| Insurance | - | 185 |
| System operation | 789 | 511 |
| Accrued income from customers | 1,883 | 1,799 |
| Other | 859 | 524 |
| **Total** | **5,733** | **5,011** |

## NOTE 17 Equity

### Share capital and premium

Ordinary shares

| *Stated in thousands of shares* | 2012 | 2011 |
|---|---|---|
| Issued as of January 1 | 16,725 | 16,725 |
| Exercise of warrants | 233 | - |
| Issued as of December 31 – paid up | 16,958 | 16,725 |

As of December 31, 2012 the registered share capital included 16,958,475 ordinary shares with a quota value of SEK 0.13.

Holders of ordinary shares are entitled to a dividend that is determined in due course and the shareholding gives entitlement to voting rights at the Annual General Meeting of one vote per share.

### Other capital advanced

Other capital advanced means shareholders' equity contributed by the owners in addition to share capital. This includes premiums paid in tandem with share issues.

### Translation reserve

The translation reserve contains all exchange rate differences arising on translation from foreign operations which have prepared their financial statements in a different currency than the Group presents its financial statements in.

### Share warrants

The Company has three outstanding warrant programmes

- One of 165,000 warrants with an exercise price of SEK 34.96/share.
- One of 214,000 warrants with an exercise price of SEK 46.02/share.
- One of 116,000 warrants with an exercise price of SEK 42.23/share.

### Dividend

The Board of Directors has proposed the following dividend after the reporting date. The dividend is subject to approval by the AGM on April 24, 2013.

| *kSEK* | 2012 | 2011 |
|---|---|---|
| SEK per ordinary share (SEK 2.50) | 42,396 | 30,941 |

### Capital management

In accordance with the Board's policy, the Group's financial goal is to have a good financial position, which contributes to maintaining the confidence of investors, lenders and the market and serve as a foundation for continued development of business operations, while at the same time, generating satisfactory long-term returns to shareholders.

Capital is defined as total equity.

### Restricted equity

*Restricted reserves*

Restricted reserves must not be reduced during the distribution of dividends.

*Statutory reserve*

The purpose of the statutory reserve has been to save a portion of net profit, which is not consumed to cover losses carried forward. Amounts added to the share premium reserve before January 1, 2006 have been transferred to, and are included in, the statutory reserve.

### Non-restricted equity

The following funds, along with net profit for the year constitute non-restricted equity, i.e. the amount available for dividends to shareholders.

*Share premium reserve*

When shares are issued at a premium, i.e. amounts greater than the quota value of the shares are to be paid for the shares, an amount equivalent to the amount received in excess of the shares' quota value, should be transferred to the share premium reserve. Amounts carried to the share premium reserve from January 1, 2006 are included in equity.

*Retained earnings*

Retained earnings consist of the previous year's retained earnings and profit less dividends paid during the year.

## NOTE 18 Other liabilities

| Group<br>*kSEK* | 31 Dec. 2012 | 31 Dec. 2011 |
|---|---|---|
| Other current liabilities | | |
| Withheld tax and VAT liabilities | 16,972 | 15,306 |
| Other liabilities | 8 | 4,560 |
| **Total other current liabilities** | **16,980** | **19,866** |

| Parent Company<br>*kSEK* | 31 Dec. 2012 | 31 Dec. 2011 |
|---|---|---|
| Withheld tax and VAT liabilities | 12,157 | 9,896 |
| **Recognised liabilities December 31** | **12,157** | **9,896** |
| Liabilities due for payment more than five years after the reporting date | - | - |

## NOTE 19 Accrued expenses and deferred income

| Group<br>*kSEK* | 31 Dec. 2012 | 31 Dec. 2011 |
|---|---|---|
| Salary-related costs | 16,913 | 15,595 |
| Other | 2,631 | 3,713 |
| | **19,544** | **19,308** |

| Parent Company<br>*kSEK* | 31 Dec. 2012 | 31 Dec. 2011 |
|---|---|---|
| Salary-related costs | 12,196 | 11,484 |
| Discounts to customers | 126 | 90 |
| Deferred income from customers | 1,733 | 2,172 |
| Other | 715 | 588 |
| | **14,770** | **14,334** |

## NOTE 20 Financial risks and financial policies

The Group is exposed to various types of financial risks through its activities.

Financial risk refers to fluctuations in the Company's profit and cash flow as a result of changes in exchange rates and credit risks. The Group's financial policy for managing financial risks has been created by the Board and forms a framework of guidelines and rules in the form of risk mandates and limits for financing activities. The responsibility for the Group's financial transactions and risks is managed centrally by the Group's treasury function, which is within the Parent Company. The overall goal of the treasury function is to provide cost effective financing and to minimise negative effects on the Group's earnings arising from market risks.

### Liquidity risks

The Group has minimised the liquidity risk by signing agreements with its suppliers that reflect the customer agreement in relation to period of payment +3-5 days. Through this arrangement, the Group has reduced the risk of being affected by a liquidity shortfall.

The Company's financial liabilities were SEK 908,789,000 (592,601,000).

### Trade payables

| Group<br>*kSEK* | 2012 | 2011 |
|---|---|---|
| <1 month | 855,640 | 332,638 |
| 1-3 months | 50,666 | 251,272 |
| 3 months-1 year | 1,420 | 8,691 |
| 1-5 years | 1,063 | - |

| Parent Company<br>*kSEK* | 2012 | 2011 |
|---|---|---|
| <1 month | 734,604 | 263,599 |
| 1-3 months | 19,188 | 197,018 |
| 3 months-1 year | 659 | 8,382 |
| 1-5 years | 461 | - |

### Currency risk

The currency risk for the Group consists of potential fluctuations in currencies. The Company is exposed to a translation exposure due to assets in other currencies than SEK as of December 31, 2012. The sensitivity analysis of what change a 10 percent appreciation of the Swedish krona against other currencies as of December 31, 2012 would result in, indicates a change in equity of SEK 1,757,000 (SEK 1,584,000) and a change in profit of SEK 222,000 (154,000). The sensitivity analysis is based on other factors (e.g. interest rates) remaining unchanged. The same conditions were applied in 2011.

### Credit risks in trade receivables

The risk that the Group's customers do not fulfil their obligations, i.e. that payments are not received from customers is a credit risk. The Group conducts credit checks on its customers, collecting information on customers' financial positions from various credit agencies.

There was no significant concentration of credit exposure on the reporting date. The maximum exposure to credit risk is stated in the carrying amount of each financial asset in the Statement of Financial Position.

Based on historical data, the Group's assessment is that no impairment of trade receivables is necessary that have not yet fallen due, as of the reporting date. The Group also judges that no impairment of overdue receivables is required after individual testing, and the Group's history of bad debt indicates that it is a reasonable approach. There are reasonable explanations in cases where overdue payments are received. Nearly all outstanding trade receivables consist of previously known customers with good credit ratings. The Company has a number of customers that are estimated to account for a high proportion of sales. We consider that they are creditworthy, and together with what is stated above about trade receivables being reflected in trade payables, means that the assessed risk is low.

The 6 largest customers account for approx. 46% (35%) of the trade receivables. The Group has total claims on those customers of at least SEK 46,000 (14,000) each.

### Age analysis, due but not impaired trade receivables

Carrying amount but not impaired

| Group<br>*kSEK* | 2012 | 2011 |
|---|---|---|
| Non-due trade receivables | 808,430 | 498,290 |
| Overdue trade receivables 0-30 days | 92,978 | 101,598 |
| Overdue trade receivables >30-90 days | 7,592 | 13,350 |
| Overdue trade receivables >90-180 days | 2,570 | 1,550 |
| Overdue trade receivables >180-360 days | 4,553 | 1,178 |
| Claims outstanding > 360 days | 1,802 | 1,799 |

| Parent Company<br>*kSEK* | 2012 | 2011 |
|---|---|---|
| Non-due trade receivables | 706,791 | 411,003 |
| Overdue trade receivables 0-30 days | 50,949 | 60,771 |
| Overdue trade receivables >30-90 days | 3,648 | 1,572 |
| Overdue trade receivables >90-180 days | 907 | 33 |
| Overdue trade receivables >180-360 days | 1,583 | 14 |
| Claims outstanding > 360 days | 81 | 0 |

### Fair values

The Group's financial instruments consist almost exclusively of trade receivables and trade payables with short maturities as well as cash and bank balances that the Group has free disposal over. Accordingly, no material differences are deemed to exist between book values and fair values of the Group's financial instruments.

## NOTE 21 Operating leases

**Leases where the Company is the lessee**

Irrevocable lease payments amount to:

| | Group | | Parent Company | |
|---|---|---|---|---|
| *kSEK* | 2012 | 2011 | 2012 | 2011 |
| Within one year | 10,714 | 9,176 | 8,878 | 7,670 |
| Between one and five years | 22,262 | 23,024 | 21,019 | 22,279 |

Expensed payments for operating leases amounted to:

| | Group | | Parent Company | |
|---|---|---|---|---|
| *kSEK* | 2012 | 2011 | 2012 | 2011 |
| Minimum lease payments | 11,378 | 8,531 | 8,984 | 6,277 |
| **Total lease costs** | **11,378** | **8,531** | **8,984** | **6,277** |

## NOTE 22 Related parties

**Related party relationships**

The Parent Company has a close relation with its subsidiaries, see Note 23.

**Summary of related party transactions**

Group

| Related party relationship, *kSEK* | Year | Purchase of goods/ services from related party | Other (e.g. interest, dividend) | Due from related party as of December 31 | Debt to related party as of December 31 |
|---|---|---|---|---|---|
| Avanza | 2012 | 4,710 | - | - | - |
| Avanza | 2011 | 3,692 | - | - | - |

Parent Company

| Related party relationship, *kSEK* | Year | Purchase of goods/ services from related party | Other (e.g. interest, dividend) | Due from related party as of December 31 | Debt to related party as of December 31 |
|---|---|---|---|---|---|
| Subsidiaries | 2012 | 1,936 | 1,341 | 32,652 | |
| Subsidiaries | 2011 | - | 7,656 | 30,329 | - |
| Avanza | 2012 | 4,710 | - | - | - |
| Avanza | 2011 | 3,692 | - | - | - |

Avanza is affiliated because a Board Member of eWork has significant influence in the Company. Purchases from Avanza concerns pension premiums for employees.
Transactions with related party are priced on commercial terms.
Remuneration has been paid to key personnel as per note 5. No additional remuneration was paid.

## NOTE 23 Group companies

**Holdings in subsidiaries**

| | The subsidiary's registered office, country | Equity interest as % 2012 | 2011 |
|---|---|---|---|
| eWork Nordic OY | Finland | 100 | 100 |
| eWork Danmark ApS | Denmark | 100 | 100 |
| eWork Norge AS | Norway | 100 | 100 |

| Parent Company *kSEK* | 2012 | 2011 |
|---|---|---|
| **Cumulative cost** | | |
| At beginning of year | 22,296 | 22,296 |
| **Closing balance, December 31** | **22,296** | **22,296** |
| **Cumulative appreciation** | | |
| At beginning of year | 6,467 | 6,467 |
| **Closing balance, December 31** | **6,467** | **6,467** |
| **Carrying amount, December 31** | **15,829** | **15,829** |

**Specification of Parent Company's direct holdings of shares in subsidiaries**

| Subsidiary, corp. ID no., registered office | No. of shares | Interest, % | Carrying amount, kSEK 2012-12-31 | 2011-12-31 |
|---|---|---|---|---|
| eWork Nordic OY, 1868289-8, Esbo | 1,000 | 100 | 74 | 74 |
| eWork Danmark ApS, 29394962, Copenhagen | 1,000 | 100 | 13,946 | 13,946 |
| eWork Norge AS, 989958135, Oslo | 100 | 100 | 1,809 | 1,809 |
| | | | **15,829** | **15,829** |

## NOTE 24 Untaxed reserves

| Parent Company *kSEK* | 2012 | 2011 |
|---|---|---|
| Tax allocation reserves | | |
| Provisioned for tax assessment 2013 | 14,713 | - |
| **Total untaxed reserves** | **14,713** | - |

## NOTE 25 Statement of cash flows

| Cash and cash equivalents kSEK | Group 31 Dec. 2012 | Group 31 Dec. 2011 | Parent Company 31 Dec. 2012 | Parent Company 31 Dec. 2011 |
|---|---|---|---|---|
| The following components are incl. in cash and cash equivalents | | | | |
| Cash and bank balances | 154,599 | 115,450 | 107,381 | 87,091 |
| **Total in cash flow statement** | **154,599** | **115,450** | **107,381** | **87,091** |

| Interest paid and dividend received kSEK | Group 2012 | Group 2011 | Parent Company 2012 | Parent Company 2011 |
|---|---|---|---|---|
| Dividend received | - | - | - | 6,540 |
| Interest received | 732 | 997 | 2,059 | 1,823 |
| Interest paid | –312 | –207 | –98 | –85 |

## NOTE 26 Critical estimates and judgements

Management has discussed the progress, selection and disclosures in respect of the Group's critical accounting policies and estimates, as well as the application of these policies and estimates.

Management has not identified any areas where it believes there is a significant risk that the Group would suffer a negative asset value adjustment in the coming financial year.

## NOTE 27 Disclosures on Parent Company

eWork Scandinavia AB (publ) is a Swedish registered limited company with its registered office in Stockholm. On February 18, 2010 the Parent Company's shares were listed on the NASDAQ OMX Stockholm exchange.

The address of the head office is Klarabergsgatan 60, 111 21 Stockholm, Sweden.

The consolidated accounts for 2012 include the Parent Company and its subsidiaries, collectively termed the Group.

# Assurance

The Board and the CEO certify that these annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with the international accounting standards referred to in the European Parliament and Council Regulation (EC) No 1606/2002 of July 19, 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations. The statutory administration report of the Parent Company and the Group provides a true and fair review of the progress of the Parent Company's and the Group's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm March 22, 2013

Staffan Salén
*Chairman of the Board*

Jeanette Almberg
*Board Member*

Sven Hagströmer
*Board Member*

Magnus Berglind
*Board Member*

Erik Törnberg
*Board Member*

Anna Storåkers
*Board Member*

Dan Berlin
*Board Member*

Claes Ruthberg
*Board Member and CEO*

*Our Audit Report was presented on April 2, 2013*
*KPMG AB*

Carl Lindgren
*Authorised Public Accountant*

# Auditor's report

*To the annual meeting of the shareholders of eWork Scandinavia AB (publ), corp. id. 556587-8708*

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of eWork Scandinavia AB (publ) for the year 2012, except for the corporate governance statement on pages 31 – 35. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 26 – 62.

### *Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts*

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 31 – 35. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of eWork Scandinavia AB (publ) for the year 2012. We have also conducted a statutory examination of the corporate governance statement.

### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act, and that the corporate governance statement on pages 31 – 35 has been prepared in accordance with the Annual Accounts Act.

### *Auditor's responsibility*

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained as above is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted audit standards in Sweden.

### *Opinions*

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm 2 April 2013
KPMG AB

Carl Lindgren
*Authorized Public Accountant*

# Annual General Meeting

eWork's AGM will be held at 2 p.m. on Wednesday, April 24, 2013 at eWork's premises at Klarabergsgatan 60, 3rd floor, Stockholm, Sweden.

### Notification

Shareholders wishing to attend should be recorded in Euroclear's share register by no later than April 18, 2013, and should report their attendance by April 19 in one of the following ways:

- Telephone +46 (0)8 506 05500
- By mail to eWork Scandinavia AB, Klarabergsgatan 60, 3rd floor, SE-111 21 Stockholm, Sweden
- E-mail: arsstamma13@ework.se
- Fax +46 (0)8 506 05501

### In notifications, shareholders should state:

- Name
- Personal/corporate ID number
- Address and telephone number
- Number of shares
- Names of assistants (maximum two), who are to attend the AGM with the shareholder.

For entitlement to vote at the AGM, shareholders with nominee-registered shares must request re-registration by their nominee bank or broker several business days prior to April 19, 2012.

### Nomination Committee

eWork's Nomination Committee has the following members:
Staffan Salén (Chairman of the Board of Directors), Magnus Berglind (Chairman of the Nomination Committee), and Sven Hagströmer. The Nomination Committee's duty is to submit proposals to the AGM on election of the Board, auditors and deputy auditors and their fees.

### Nomination Committee's proposal regarding the Board of Directors

The Nomination Committee will propose that the AGM re-elects Staffan Salén (Chairman), Magnus Berglind, Dan Berlin, Sven Hagströmer, Erik Törnberg, Claes Ruthberg and Anna Storåkers.

# Calendar

| | |
|---|---|
| April 24, 2013 | Interim Report, January - March 2013 |
| April 24, 2013 | Annual General Meeting |
| July 26, 2013 | Interim Report, April - June 2013 |
| October 25, 2013 | Interim Report, July - September 2013 |

These Reports will be available on www.ework.se on the date of publication.

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