

# Annual Report 2014

**The right person in the  
right place since 1960**

» This is Proffice



» Sustainable society  
– sustainable working life

**Platform for  
profitable growth**

» Proffice as an investment

**A more stable Proffice  
emerging**

» Statement by the CEO



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## 2015 financial calendar

**6 May**  
Interim report, January–March

**18 August**  
Interim report, January–June

**5 November**  
Interim report, January–September

**2015 Annual General Meeting**  
Proffice's 2015 Annual General Meeting (AGM) will be held on 28 April 2015, 3-5 pm at Proffice headquarters, Regeringsgatan 65 in Stockholm.

**Distribution**  
For environmental reasons we no longer print our annual reports; they are only published digitally.

Proffice's interim and Annual Reports along with additional financial information about Proffice can be read on or downloaded from our website.

» [www.profficegroup.com/en/investor-relations](http://www.profficegroup.com/en/investor-relations)

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Proffice AB is a Swedish company governed by Swedish law. All values are expressed in the Swedish krona (SEK). Unless stated otherwise, all amounts in this Annual Report are in Swedish krona, rounded to the nearest million. Rounding to SEK million may mean that the financial tables and figures do not always tally. Certain ratios are calculated using thousands of Swedish krona. Unless otherwise stated, figures in parentheses refer to 2013. Data on markets and competition are Proffice's own estimates unless a specific source is stated. These estimates are based on the best and most recent factual data available from published sources in the public sector and staffing industry. Audited sections of Annual Report: pages 41–71.

The right person in the right place since 1960.

## Proffice in brief

The Proffice Group is one of the largest specialist companies in staffing and recruitment in the Nordic region with around 10,000 employees. With passion and attentiveness we help people and companies find ways to develop and grow.

The services we offer are specialist staffing, recruitment, and outplacement assistance during organizational changes. The Proffice share is listed on NASDAQ Stockholm, Mid Cap.

## Our vision

The Proffice Group aims to be the most successful staffing company in the Nordic region.

## Our business concept

We provide people and companies with possibilities for development and improvement through being a passionate, attentive and solution focused staffing company.

**1960** Berit Flodin starts a typing service in Stockholm called Snabbsterografer. The company also contracts out secretaries.

**1987** The agency expands its services with Språksekretären, Ordbehandlarna, Telefonist-Extra, and Skrivbyråcentralen. Now all operations are merged under the name Proffice – a name that says we are professionals when it comes to office workers.

**1997** Proffice established in Norway. Proffice Care started in Sweden.

**1998** Proffice established in Denmark.

**1999** Acquisition of Office Team, with a name change to Proffice Finland. Proffice listed on the Nordic Exchange in Stockholm.

**2000** Outplacement company Antenn Consulting acquired.

**2005** Dfind established, engaged in recruiting and staffing of IT consultants. Acquisition of Work@arn, with a name change to Proffice Aviation.

**2006** Proffice Outsourcing liquidated, one of the first steps towards Proffice's specialization.

**2011** Finance business area included in the Dfind family, becoming a separate company. Implementation of new core values, new brand platform, new graphic identity, and social media initiatives.

**2012** Dfind Engineering established in Norway, staffing and recruiting engineers.

**2014** Specialization strategy clarified when Dfind Engineering and Proffice Life Science merge and join the Dfind family.

» Read more about Proffice's history on our website [www.profficegroup.com](http://www.profficegroup.com)

# 2014 in brief

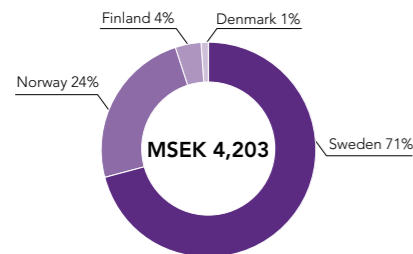
**1.51** SEK

Earnings per share

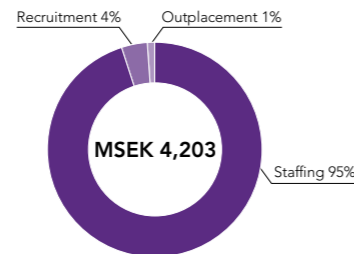
**0.90** SEK

Dividend per share as proposed by the Board

## Revenue by country



## Revenue by area of activity



Financial overview <sup>1</sup>	2014	2013	2012	2011	2010
<b>GROUP</b>					
Revenue	4,203	4,318	4,876	4,770	4,095
Net change in revenue, %	-2.7	-11.4	2.2	16.5	4.8
Operating profit before depreciation, amortisation, and write-off, SEK million	156	138	126	244	165
Cash flow from operating activities, SEK million	148	207	0	128	57
Operating margin, %	3.3	2.9	2.3	4.6	3.4
Profit margin, %	3.4	3.0	2.3	4.7	3.4
Cash conversion rate, %	95	150	0	52	35
Return on equity, %	17.2	19.2	12.9	22.0	15.7
Equity/assets ratio, %	39.6	36.5	28.5	35.7	36.5
Net working capital, SEK million	-37	-13	48	-3	-62
Net debt, SEK million	-74	19	168	-73	-169
Basic earnings per share, SEK	1.51	1.52	1.11	2.02	1.20
Basic equity per share, SEK	9.36	8.37	7.50	10.27	8.99
Cash flow from operating activities per share, SEK	2.17	3.03	0.00	1.88	0.83
Dividend per share, SEK	0.90 <sup>2</sup>	0.60	0.30	1.13	0.75

1. For definitions of key ratios, see page 73.  
2. Proposed dividend.

## Key events in 2014

### Q1

Henrik Højsgaard became the new President and CEO of the Proffice Group. Most recently, he held the position of CEO at PostNord Logistics.

### Q2

Proffice implemented a reorganization to establish a simple, clear structure. Group management was reinforced with the addition of the heads of the Group's four largest units and the head of Group Sales.

Proffice and the ICA Group extended their staffing services, recruitment, and outplacement partnership.

### Q3

Proffice and PostNord AS in Norway signed a new agreement for staffing and outplacement. The Nordic recruitment agreement between Proffice and PostNord was also extended.

### Q4

Telenor Norway extended its staffing agreement with Proffice. The agreement is exclusive and is valid for three years with possible extension.

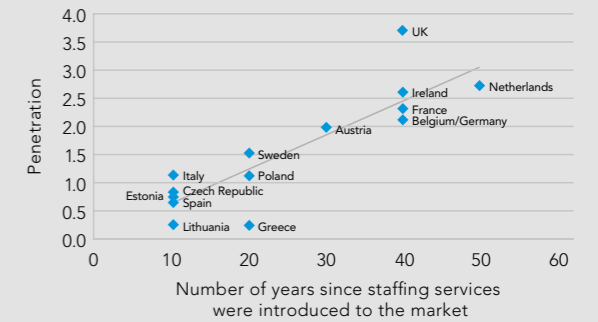
» For a complete list of key events, see the Directors' Report on page 43.

# Proffice as an investment

## Growth potential in the Nordic market

Globalization and structural, economic, and demographic changes create an imbalance between supply and demand for skilled workers in many industries. Increasing international competition is driving demand for temporary workers and a flexible cost base, while the right skills are increasingly important competitive tools. These factors contributed to the natural and essential role staffing companies have come to play for industry and commerce in the global labour market.

The correlation between the penetration and the time that has passed since staffing services were introduced indicates that there is good potential for growth in the Nordic market, where penetration is just over one per cent. Penetration is two to four per cent in more mature markets such as the UK, the Netherlands, and Germany.

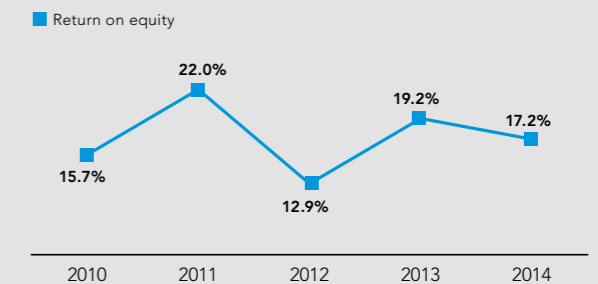


Source: PwC Global CEO Survey 2014, Cieltt.org, PwC Analysis.

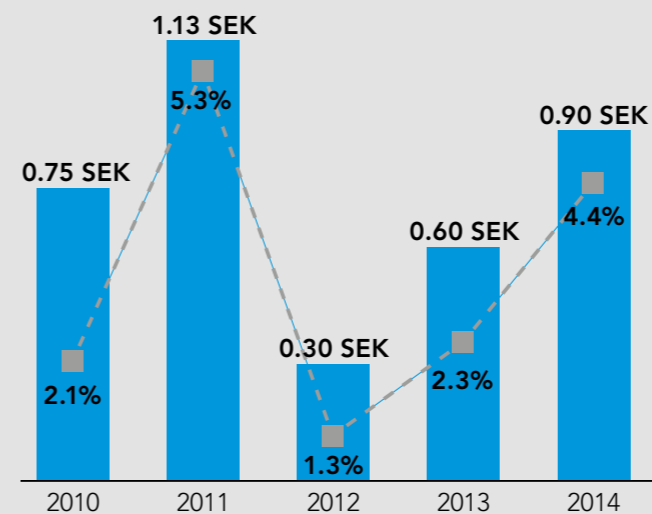
## Focus on stable profitability

The combination of the Proffice Group's size and specialization is unique among Swedish quoted staffing companies. Proffice's business model is based on a well-balanced offer to a diverse client base, which reduces its susceptibility to volatility in demand.

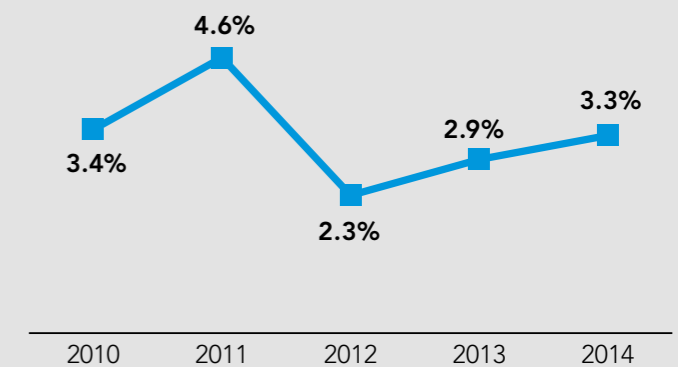
Proffice's goal is stable and profitable growth. In 2014 Proffice worked on its strategy, governance, and organization in order to generate more stable income and increase profitability. Particular focus was placed on strategy issues and on setting a clear and profitability-oriented agenda for the Group.



■ Dividend, SEK  
■ Yield, %



■ EBITA and operating margin



# Statement by the CEO

The past year was distinguished by important initiatives meant to create a more efficient and more sales-oriented organization with better prospects for profitable growth. Thanks to our employees' dedication and hard work the pieces of the puzzle are beginning to fall into place, and Proffice is stronger and more stable as it leaves 2014 behind.



When I look back on my first full year as President and CEO of the Proffice Group, I can say that it has been a time of crucial investments in the future. A reorganization that was completed in the autumn will allow us to sharpen our focus on sales and better internal efficiency.

The new organizational structure together with investments in infrastructure and system support have made it possible to expand our sales focus and capitalize on the potential we see in the market. Towards the end of the year, some 30 new salespeople were recruited, who began their employment in early 2015.

## Stronger financial position allows higher dividend

The strategic efforts being made to create a more profitable Proffice have begun to show results. Proffice reported improved profitability in 2014 despite uncertain market conditions and restructuring costs that encumbered operating profit.

Consolidated revenue fell slightly during the year as a result of the performance of the Group's Swedish operations, where we focused on prioritizing profitable business dealings.

The improved underlying profitability led to a strong financial position that allows the Board to propose a higher dividend of SEK 0.90 (0.60) per share.

## Investments in Norwegian operations

We continued to invest in our business in Norway during the year by increasing our service offering in Stavanger and strengthening our sales organization. These initiatives helped increase growth despite a challenging market.

## Continued specialization and improved accessibility

In line with our main strategy – product leadership through skills specialization – the Proffice Life Science and Dfind Engineering operations were merged during the year into a new company called Dfind Science & Engineering. New services in new markets were added to these operations in conjunction with the merger.

New responsive websites were launched in the autumn to improve Proffice's accessibility and facilitate candidate support. Regardless which platform the visitor uses, information is equally

*As we leave 2014 behind, Proffice is financially stronger and more stable with better prospects for profitable growth.*

accessible via these responsive websites, especially information regarding job openings. The outcome has been positive and we have seen a marked increase in both the number of visitors and job applications on our website.

## For a long-term sustainable and rewarding working life

As a major player in the staffing industry, Proffice has an important role to play in the labour market. As experts at matching the right person with the right job at the right time, we can make a difference not only to our customers but also to workers and society at large. At Proffice, no one is excluded because of their origin, religion, gender, age, disability, or sexual orientation, since recruiting someone for their skills goes without saying. Unfortunately, this is not always the case in the labour market as a whole.

Proffice works with organizations and participates in networks that focus on social responsibility in order to actively contribute to propelling developments towards a long-term sustainable and rewarding working life. During the year, Proffice and Dagens Industri arranged a panel discussion during Politician Week in Almedalen. The aim was to discuss issues such as youth unemployment, gender equality, diversity, and how to create secure jobs for workers that are also flexible for employers.

## More and happier customers

It makes me proud to see how fervently engaged my Proffice co-workers are with our customers across the Nordic region. Thanks to their passion and attentiveness, we can help our customers in a solution-oriented manner. Together we have come to be a strong organization with a common belief in the agenda we have set for the future.

It is gratifying that we have seen several signs that our customers appreciate us. Our customer satisfaction survey conducted during the year once again brought in record-breaking results. A continued focus on customer meetings has also resulted in Proffice being able to retain existing customers and sign many new important agreements, especially with an increasing number of small and medium-sized enterprises (SMEs).

## Continued focus on profitability in 2015

With a more efficient and more sales-oriented organization in place, we have established the infrastructure necessary to meet demand and expand operations in profitable segments. In 2015 we will continue to invest in the sales organization by further strengthening our sales team and system support. We will also continue to focus on profitability by clarifying our range of services and specialization to customers, candidates, and consultants, prioritizing profitable business, and broadening our customer mix by increasing the volume of SMEs.

## A financially stronger and more stable Proffice is taking shape

I am happy and proud to say that our hard work towards becoming the most successful staffing company in the Nordics has produced results. The pieces of the puzzle are beginning to fall into place, and as we leave 2014 behind, Proffice is financially stronger and more stable with better prospects for profitable growth.

Finally, I would like to send a big thank you to our customers for putting their trust in Proffice. We look forward to continuing our successful partnerships. I would also like to thank our employees for a strong effort during the year.

Stockholm, 24 March 2014

Henrik Højsgaard  
President and CEO

# Our business

## The right person in the right place

Proffice matches people's skills with the needs of businesses and organizations through a specialized service offering in staffing, recruitment, and outplacement.

### The specialist with a strong Nordic base

The Proffice Group is the Nordic specialist that can cover all the skills management needs of its customers. We have become a long-term partner that not only follows its customers as they grow, but also helps drive their growth. With a service offering featuring skills specialization in staffing, recruitment, and outplacement, we can follow along with our customers over time. As specialists, customers and candidates always get a counterpart that understands them and can be involved in their growth.

### Matching

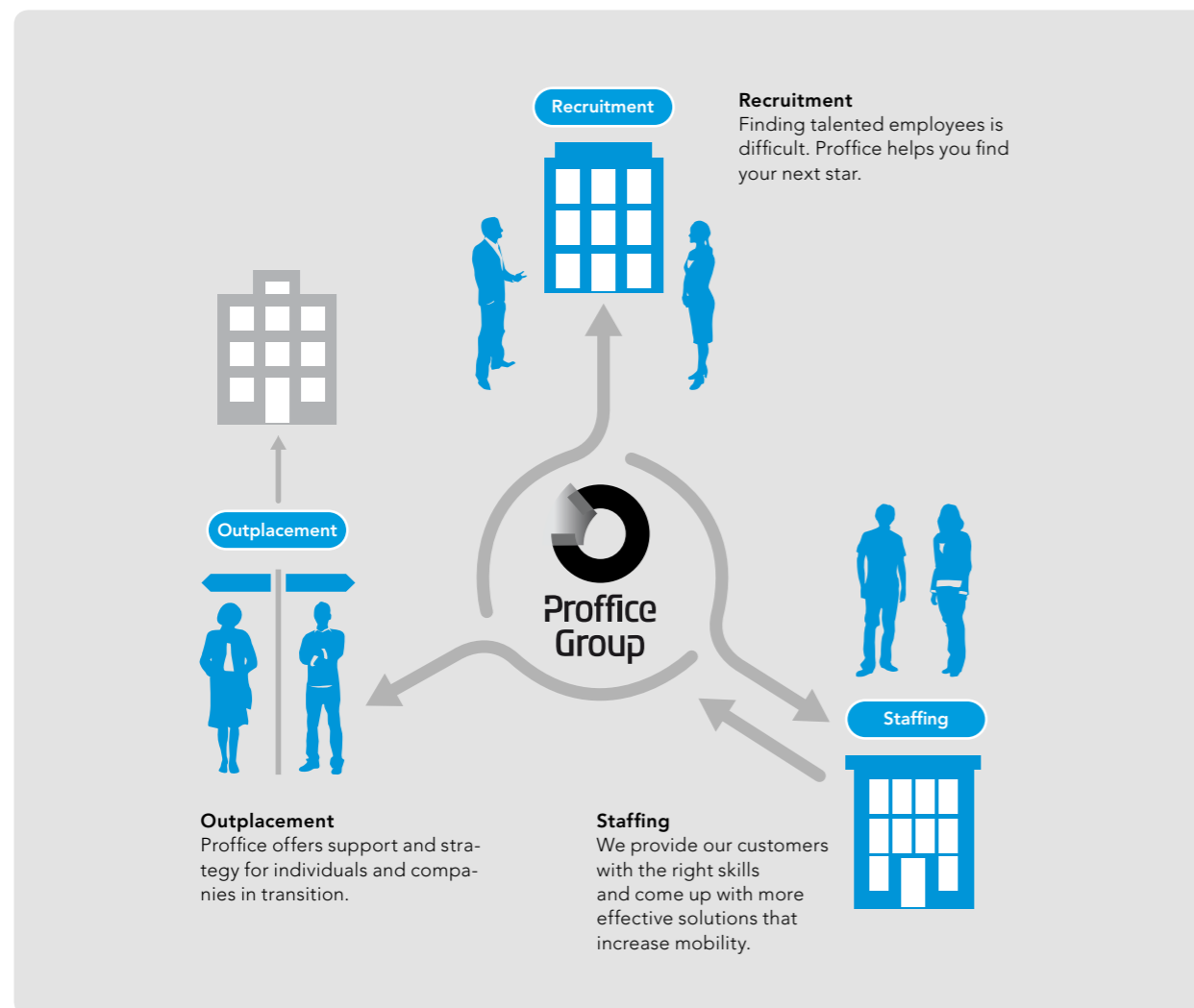
Matching is a genuine craft built on knowledge, experience, methodology, and commitment. Proffice employs quality-assured processes to give customers the solutions that are best for them, whether it's staffing of specialists and interim managers, recruitment, outplacement – or a combination.

### Certified processes

Quality is important to us. Both the big picture and the details should be a little better, a little more carefully planned, and delivered a little faster. Several Group companies have had ISO 9001 certification for many years.

### Monitoring

We conduct customer and employee surveys on an ongoing basis to measure satisfaction and identify areas requiring development. These surveys show that we are successful in our efforts and that we live up to our values: being passionate, attentive, and solution-oriented.



# Strategies

## The committed specialist

Proffice's main strategy is product leadership through skills specialization. Specialization means that customers can count on effective solutions that get the right skills in the right place. Proffice has prioritized additional areas that make us a more attractive partner to people and companies.

### Strong sales culture

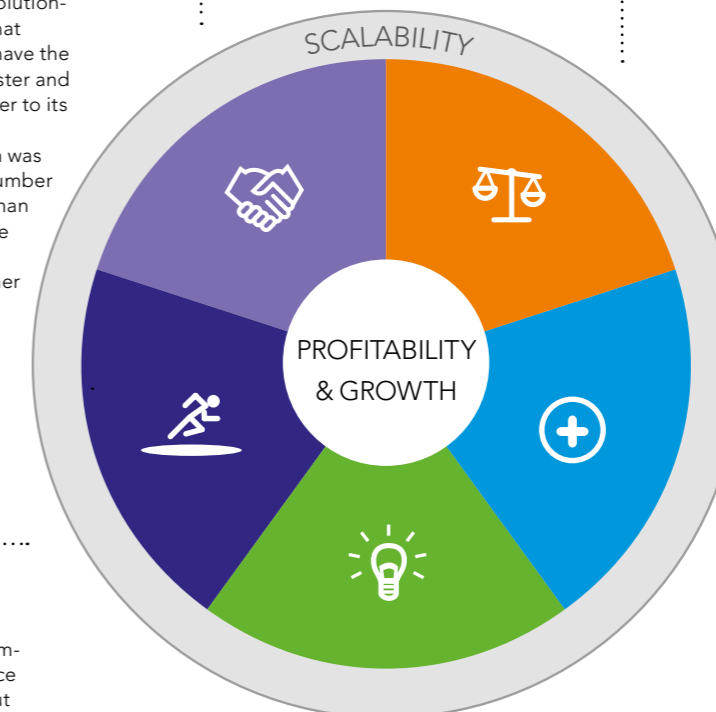
Proffice has built a strong sales culture based on shared methods and a good dose of individual freedom. By being responsive and solution-oriented Proffice knows what customers want, so it can have the right solutions available faster and become a long-term partner to its customers.

A new sales organization was established in 2014. The number of salespeople was more than doubled and sales pressure was increased in order to further expand our customer reach and presence.

### One Proffice

By complementing and strengthening a common platform for finance, IT, communication, and HR, Proffice will be able to grow without increasing costs in line with growth.

IT spending increased in 2014 in order to strengthen the common platform and increase efficiency.



### Balanced products

Proffice's services help people and companies develop and grow through their financial ups and downs. With its staffing, recruitment, and outplacement services and operations in four countries, Proffice can hold its own in the face of economic change.

### Selective acquisitions

Proffice will mainly grow organically, but will also acquire complementary companies when necessary to reinforce its specialization.  
No significant acquisitions were made in 2014.

### Specialization and innovation

Proffice specializes in several industries and areas of expertise. As a result, customers and candidates meet Proffice specialists with an understanding of their exact challenges and circumstances. Quality assurance processes can be adapted and tailored to suit the customer.

New, responsive websites with more functions were launched in 2014 to make it easier for candidates to apply for jobs.

# Goals

The Proffice Group's areas of focus in 2014 were sales, operational efficiency, and its Norwegian operations. The strengthening of the sales organization in all units in all our markets is a good example of this. In addition, 77 employees were certified in the internal business acumen training program, and in Norway the service offering and organization was strengthened in Stavanger and other locations.

*Initiatives in our focus areas, combined with the hard work of employees, have resulted in better target attainment in all areas as compared with 2013.*

AREA	DESCRIPTION	GOAL	TARGET ATTAINMENT 2014   2013
<b>FINANCIAL GOAL</b>	We will, over time, ensure financial stability that allows for self-financed expansion and makes us an attractive investment for our shareholders.	Profitability. We will achieve an operating margin (EBITA) in the long term of at least 6 per cent and our cash conversion rate will be 55–60 per cent.	Operating margin: 3.3% 2.9% Cash conversion rate: 95% 150%
<b>CUSTOMER GOAL</b>	Customers will perceive us as the best staffing company on the market in the segments we have chosen to operate in.	Customer satisfaction index (CSI). We will increase our CSI by at least one point per year (long-term goal index: 75). More than 50 per cent of our revenue will come from SMEs.	CSI: 72.6 72.2 SME customers at end of year: 66% 62%
<b>PERSONNEL GOAL</b>	We will attract the best employees in the staffing sector, who will consistently improve through interesting assignments with attractive customers, and through clear, values-based management.	Leadership index. We will increase our leadership index by at least one point per year (long-term goal index: 68).	Leadership index: 77 72*
<b>MARKET GOAL</b>	We will grow faster than the staffing market in the prioritized segments in which we are represented and through a balanced combination of organic growth and acquisitions.	Revenue growth. We will grow five percentage points more than the market every year, which will consolidate the Proffice Group's position as the leading staffing company in the Nordics.	Staffing market in Sweden: 5% -1% Proffice in Sweden: -5% -14% Staffing market in Norway: 4% 6% Proffice in Norway: 1% -4%

\*Figure refers to 2012. No survey was conducted in 2013.

# Market

Globalization and international competition are forcing companies to be more competitive. In a business environment where factors such as the right skills, flexibility, and cost efficiency are becoming increasingly important, staffing companies fill a natural and important role.

## A global industry that puts 40 million people to work

The global market for staffing services accounts for more than SEK 4,000 billion annually and employs over 40 million people. The number of people employed increased by nearly ten per cent from 2012 to 2013. The US is the largest market, accounting for 35 per cent of total annual revenue. The world's largest staffing companies are Adecco, Randstad, and Manpower. They represent 16 per cent of total revenue.

The outlook for the industry varies from country to country depending on national legislation, maturity, and penetration. One interesting aspect is that the proportion of black market workers is low in countries where the penetration of staffing companies is high.

The international average penetration is 1.6 per cent. Markets such as China, the US, and South Africa are relatively high at between two and nine per cent, while Russia, Mexico, and India are below average.

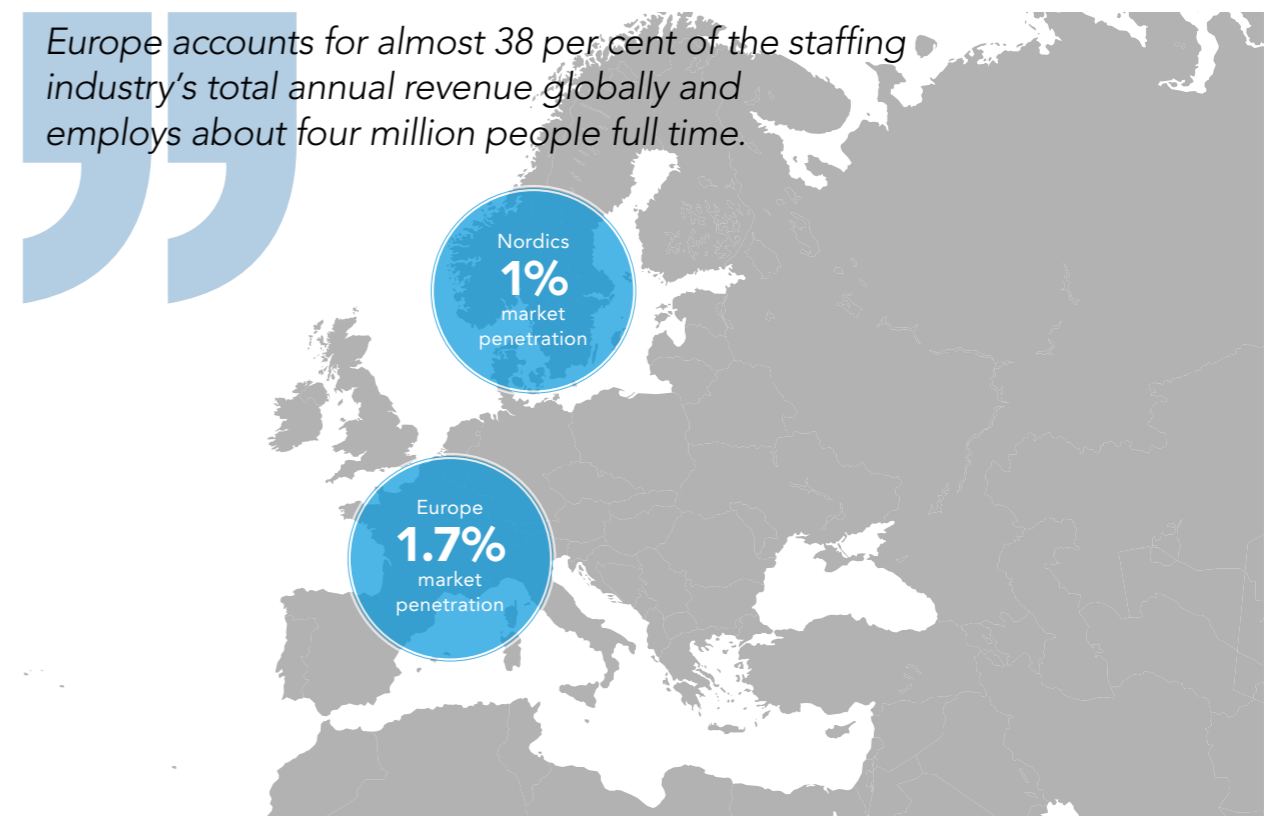
International studies also show that staffing companies fill an important function in helping people enter the labour market. On average, 30 per cent are unemployed prior to being hired by a staffing company. Only one-tenth of them return to being unemployed after completing their employment with a staffing company.

62 per cent of the job opportunities created by staffing companies would never have come about if customers were not able to use the services of staffing companies. These are the results of a survey conducted by the Boston Consulting Group and Ciett, the international trade association of staffing companies. Many would resolve the situation with overtime or temporary positions, but in eight per cent of cases the job would not have been done at all. These options inhibit the competitiveness of businesses in both the short and long term.

## Established industry in Europe

Europe accounts for almost 38 per cent of the staffing industry's total annual revenue globally and employs about four million people full time. Market penetration is 1.7 per cent on average, and countries with relatively mature markets such as the UK, the Netherlands, and Germany are at two to four per cent. Less mature markets, such as certain Eastern European and Mediterranean countries, have a penetration of less than one per cent. So the more mature a market is, the greater the penetration.

*Europe accounts for almost 38 per cent of the staffing industry's total annual revenue globally and employs about four million people full time.*



Sources: Ciett 2015 Economic Report, Ciett 2014 Economic Report, HPL.fi, Bemanningsföretagen.se, NHOservice.no, and vikarbureauernes-brancheforening.dk.

# Around the Nordics



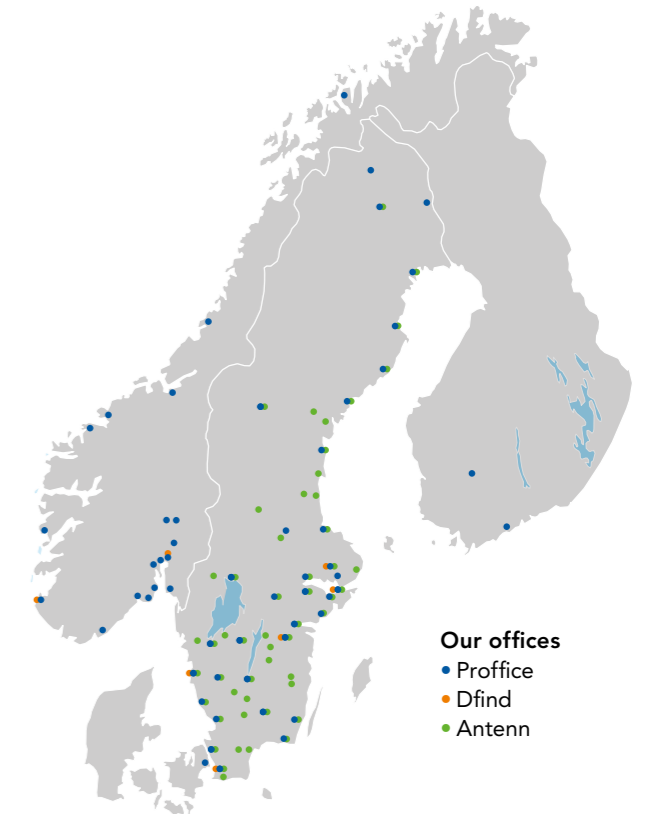
## Strengthened Swedish sales organization laid the foundation for growth

The staffing industry grew during the year in Sweden. After a weak 2013, the staffing market grew, primarily in the Industry & Manufacturing, Warehouse & Logistics, and Care areas of competence. Recruitment revenue fell slightly.

The new government announced a number of proposals and enquiries that are likely to affect the market going forward. However, the staffing industry is accustomed to change, and one of its strengths is being able to quickly adapt to changing conditions.

During the year, Proffice renewed its partnerships with many customers, including ICA, and also signed a number of new agreements, including one with Axfood.

In 2014 Proffice implemented a reorganization of the Swedish sales operations. Some 30 new salespeople were hired towards the end of the year.

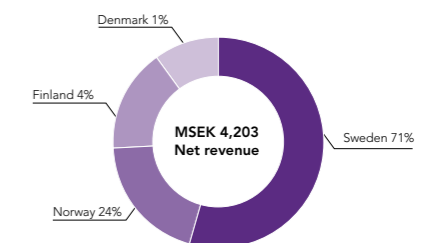


## Focus on Norway

The Norwegian staffing industry has decreased in volume over the past two years, but Proffice has retained its position as one of the major players. The main areas of competence are Office & Customer Service and Industry & Logistics, which account for about 60 per cent of Proffice's revenue.

The Norwegian operations were a focus area during the year and this resulted in an expansion of the service offering in Stavanger and a stronger sales organization. Several major customers, such as Telenor and Agrikjøp, renewed their confidence in us during the year. New agreements were signed with customers such as Postnord, and Bertel O. Steen.

In the autumn, Proffice was one of the first companies to receive the new Revideret Arbetsgivare certification, which is a seal of approval from industry association NHO Service where an external auditor documents the member company's professionalism as an employer. One of the goals is to strengthen the focus on employer quality among buyers of staffing services.



## Proffice grew in Finland despite tough market

For several years, Finland has had a tough economy with rising unemployment, resulting in declining revenue for the staffing industry. In spite of this, Proffice's Finnish business continued to grow and remains stable with a flexible and dedicated team.

The Finnish business operates in both staffing and recruitment. The dominant areas of competence are Aviation, Office & Customer Service, and Industry & Logistics. The emphasis is on Industry & Logistics in Tampere and on white-collar employees and operating area recruitment in Helsinki. Several regionally important agreements were reached during the year with customers such as Outokumpu, and Teleperformance.

## Stable and profitable business in Denmark

The Danish market has not really recovered from the 2008–2009 recession. Recent years have been tough for the industry, which largely consists of small players.

Proffice's Danish operations have fared well and over the past two years Proffice has laid a foundation for a stable and profitable business based in Copenhagen. This is due to factors such as a well-planned mix of recruitment and staffing along with small and large customers. The Danish operations primarily operate in the Office & Customer Service and Aviation areas of competence.

## The number of players has increased in the Nordic market

The Nordic staffing market, which is Proffice's market, is estimated to generate about SEK 60 billion in revenue annually and employ 146,000 people full-time. The leading players in the region are Manpower, Adecco, and Proffice. Penetration in the Nordic countries is just over one per cent, with Sweden leading at 1.5 per cent, followed by Norway at 1.2 per cent, Finland at 1.1 per cent, and Denmark at 0.6 per cent.

In Sweden, the four largest players – Manpower, Proffice, Adecco, and Lernia – have a collective market share of 50 per cent. The market consists of both large and small players. There are also

local and specialized companies that have gained a lot of ground in recent years. The number of players has increased, leading to a fall in market share for the larger companies.

The market in Norway is dominated by Adecco, Manpower, Jobzone, and Proffice, which together have a market share of 56 per cent.

In Finland, Proffice has a very small share of the market, which is dominated by Barona, Staffpoint, Medical Network Group, and VMP Group. Proffice is represented in Helsinki and Tampere.

The Danish market consists mostly of small businesses and Proffice's market share is small there as well. Proffice's Danish operations are run from Copenhagen.

## Market share in Sweden, the ten largest players

2014	2013
Manpower 17.79%	Manpower 18.85%
<b>Proffice 13.88%</b>	<b>Proffice 15.35%</b>
Adecco 11.34%	Adecco 11.72%
Lernia Bemanning 7.09%	Lernia Bemanning 6.77%
Academic Work 6.66%	Academic Work 6.39%
Logent 5.49%	Uniflex Bemanning 6.19%
Uniflex Bemanning 4.80%	Logent 4.52%
Randstad 4.07%	Randstad 3.37%
StudentConsulting 2.50%	Poolia 2.90%
Poolia 2.26%	StudentConsulting 2.62%

Source: Swedish Staffing Agencies.

## Market share in Norway, the ten largest players

2013*	2012
Manpower 22.59%	Adecco 22.99%
Adecco 20.14%	Manpower 22.34%
Jobzone 7.04%	Jobzone 6.90%
<b>Proffice 5.82%</b>	<b>Proffice 6.56%</b>
Personalhuet 4.33%	ISS Personhuset 4.15%
Centric 3.90%	Xtra Personell 3.57%
Kelly Services 2.97%	Kelly Services 3.19%
Top Temp 1.83%	Workshop Bemanning 2.22%
Logent Orcus 1.59%	Top Temp 1.78%
Konstali Helsenor 1.49%	DB-Gruppen 1.59%

Source: Norwegian National Federation of Service Industries.  
\*Data on market shares for Norway in 2014 had not yet been made available on publication of this report.

# Our brands

The Proffice Group has three main brands: Proffice, Dfind, and Antenn.

Proffice and Dfind provide staffing and recruitment services and Antenn provides outplacement services.



**Proffice** hires out and recruits managers, specialists, and generalists in administration, HR, marketing and communication, purchasing, sales, and customer service. In Norway and Finland Proffice also provides staffing and recruitment services in industry, warehousing, and logistics.



**Proffice Industry & Logistics** specializes in staffing and recruitment in industry, warehousing, and logistics in Sweden.



**Proffice Care** is one of the largest Nordic staffing and recruitment companies for doctors, nurses, assistant nurses, and medical secretaries. Proffice Care's customers are in the public sector and include private care providers of all sizes in Sweden and Norway.



As the Nordic staffing specialist in the aviation and travel industries **Proffice Aviation** can offer flexible, cost-effective, and innovative solutions for both ground and cabin crews based on customer needs.



**Antenn** provides outplacement services, helping people and businesses develop and grow while in transition, become competitive in the market, and turn change situations into something positive. Antenn operates in Sweden.

*Proffice is one of the largest staffing specialist companies in the Nordics. Customers and candidates meet specialists at Proffice with an understanding of their exact challenges and circumstances.*



**Dfind IT** is an IT consulting and recruitment company that provides all kinds of IT skills – both managers and specialists. If necessary, an entire team can be put together for purposes such as development projects and system migrations. Dfind IT operates in Sweden and Norway.



**Dfind Finance & Executive** is a recruiting and consulting company specializing in accounting, finance, and payroll in Sweden and Norway. Dfind Finance provides generalists, specialists, and leaders in their field.



**Dfind Science & Engineering** provides consultant staffing and recruitment of scientists and engineers in Sweden and Norway. Dfind Science & Engineering's consultant managers and recruitment consultants all have a science or engineering education and work experience in their respective field.

# Our offer

The Proffice Group provides expertise in staffing, recruitment, and outplacement support during organizational changes. Our passion, attentiveness, and innovative thinking make us the natural partner when companies are in need of the right skills and flexible solutions.



## Proffice wants to improve our business

Andreas Bände is Site Manager at **Oberthur Technologies**, a world leader in the personalization of plastic cards. Their factory in Sweden is in Strängnäs, just over 100 kilometres west of Stockholm. Every day, orders come in from banks, petroleum companies, and other customers that use personalized plastic cards. The company has used most of the services provided by Proffice over the ten plus years the company has worked with Proffice, ranging from hiring short-term machine operators and recruiting specialists to complete outplacement programs.

Oberthur Technologies not only buys traditional services like staffing, recruitment, and outplacement, it has also used Proffice to support its coaching sessions with employees who have not performed well. Team leaders have also had to attend a short training session on "the difficult conversation".

"Proffice has helped us sort out our job descriptions and induction programs and helped us decide how to build structure around the staffing pool," says Andreas Bände.

"Our hiring has gone down at times, but I was still treated as a valued customer. Proffice asks: How can we improve your business?"



# Staffing

## – Specialists hiring out specialists

Hiring out staff is a simple, fast way to get the right skills without having to take any major risks or committing to high costs. Proffice provides skilled staff where needed, when needed, and for as long as needed. Given that staffing forms the basis of our operations, we can provide skilled consultants for short or long periods of time.

The consultant managers engaged in staffing have first hand specialized experience in the fields they work in, which gives them knowledge of the challenges faced by customers, consultants, and candidates. After a thorough needs analysis, the consultant who is best suited for the assignment is appointed. This is done using a solid consultant and candidate database, extensive networks, or through various advertising activities. The work is done using quality-assured, effective processes.

Proffice's focus was initially on offering customers replacements for short periods. Proffice's relationships with customers are now both deeper and more engaged, and Proffice takes a more long-term approach to staffing planning. For example, charging for results instead of hours spent saves money for both customers and Proffice. Proffice is becoming a strategic skills management partner that helps customers focus on developing their core businesses. Proffice can also take full responsibility as a managed service provider. Proffice then works as an independent party that manages the entire flow of contracted consultants for the customer: ordering, administration at the beginning and end of an assignment, monitoring, and support for contracting managers.

*It turned out that the staff contracted from Proffice worked faster and more efficiently than the staff down in Italy...*



Staffing accounts for **95%** of the Proffice Group's revenue

### Advantage of flexible staffing from Proffice

"One of the big challenges we are facing is that we don't know from day to day how many cards to make, even though statistics show us a lot, for example, that many people lose their cards over the weekend," says Andreas Bände at Oberthur Technologies. "Then they contact their bank on Monday, and the bank places an order with us to make a new card on Tuesday. We have to deal with a lot of rush orders and critical deadlines. Security regulations are tough as well. New staff must be screened before they can be let into production. That's why working with Proffice is advantageous. Flexible staffing is a must. We use pool solutions a lot."

Flexible staffing from Proffice is also a great advantage in procurement processes. You don't always know how great the need is at the beginning or what skills will be required. One procurement process Andreas particularly remembers is when

Oberthur Technologies received a major global order in late 2013, which entailed manufacturing a volume that was 70 per cent of a normal annual volume over a two-month period – and the project was only two months away. The order was evenly distributed between Strängnäs and the group's factory in Italy. Andreas contacted Proffice and asked if they could quickly add 25 machine operators to man an entirely new production line with a completely new organization. The first operators were ready to start training just over ten days after the initial inquiry.

Something Andreas initially received some internal criticism for was that the staffing solution looked expensive on paper and that he spent more time on training the new machine operators than the Italians did. But the critics were quickly silenced. It turned out that the workers contracted from Proffice worked faster and more efficiently than the staff down in Italy, and the Strängnäs factory ended up having to take over some of the production that Italy wasn't able to handle.

# Recruitment

## – The right person in the right place

Recruiting a new employee is a considerable and important investment for a company. Recruiting the wrong person can be a costly affair that has a negative effect on the company's finances as well as the performance of other employees. It is therefore important to hire the right person.

Recruitment is a genuine craft built on knowledge, experience, methodology, and commitment. Proffice employs quality assurance processes that are scientifically designed to ensure that customers get the employees who are best for their company. Proffice can assist with the entire recruitment process or selected

parts of it, such as personality and ability tests, second opinions, CV selection, and background checking.

Proffice's recruiters have expertise in the areas they work in, so they know what challenges customers face, what skills employees should have, and what employees need in order to thrive and do a good job.

Proffice has the expertise customers need to develop and grow. Customers can leisurely run their businesses knowing that positions will be filled with employees that know their jobs – quickly, securely, and with comprehensive guarantees.



Recruitment accounts for **4%** of the Proffice Group's revenue

### Proffice knows what skills we need

A common way to become a permanent employee at Oberthur Technologies is to start as a staffing consultant. It began about ten years ago when the company closed its production facility in Copenhagen and moved to Strängnäs, where it contracted staff from Proffice. Many of them were then recruited by the company. Several of them are still with the company.

The positions that most often need to be filled are operators, distribution staff, and order packers. It is not uncommon for them to be hired permanently by Oberthur Technologies after a time. Proffice is also an obvious choice for direct recruitment. Over the years, various managers and specialists have been recruited, including programmers and other IT experts, logistics managers, and production managers.

"Proffice knows our business," says Andreas Bände. "They know what skills we need almost better than we do. They handle all the interviews, selection, and screening."

*Proffice knows our business. They know what skills we need almost better than we do.*

# Outplacement

## – Job coaching and career development

Proffice's outplacement services help companies in Sweden and Norway maximize the impact of their change processes so they are better equipped to meet market competition. The affected employees receive help in using the change as a springboard to growth and development.

Proffice helps people who have been made redundant change their work situation through outplacement or career development. Ninety per cent of those who actively look for a new job find one within six months with Proffice's proven method. Proffice also helps companies get through a change process as quickly and efficiently as possible, whether it be a merger, skills transfer, reorganization, or streamlining. With experience from over 500

assignments, Proffice knows how to do it right, whether it concerns outplacement, performance development, or rehabilitation.

What these services have in common is that they are based on proven models and methods with the premise that ethics and the individual's value are strongly associated with efficiency and profitability.

In Sweden, outplacement services are available through Antenn, an authorized outplacement company that was started in 1991 and is now one of Sweden's leading outplacement support, outplacement services, rehabilitation, and career development companies.



Outplacement accounts for **1%** of the Proffice Group's revenue

### Turning to Antenn again was an obvious choice

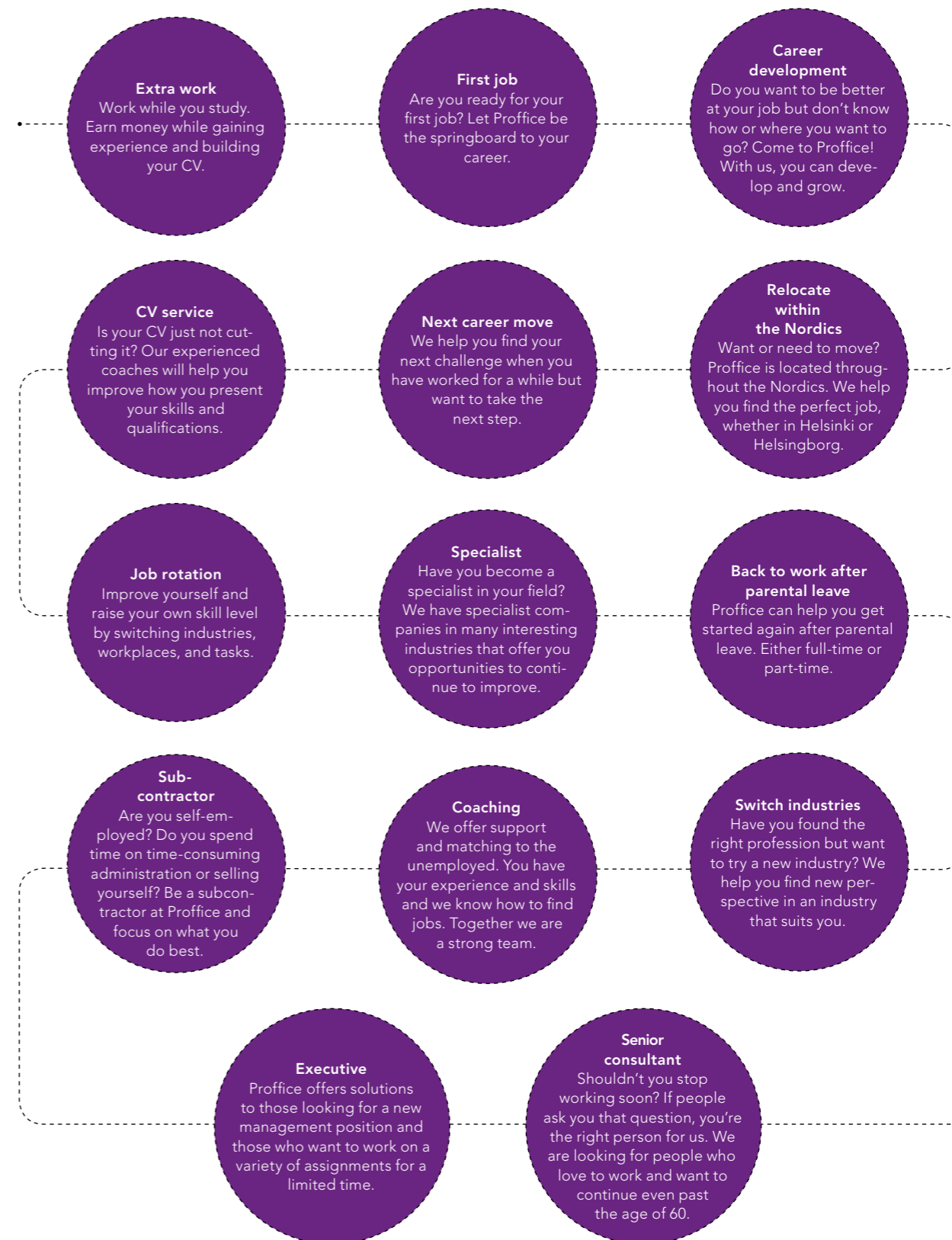
Oberthur Technologies has carried out two outplacement programs. The factory in Sollentuna was closed in 2008 and the business was moved to Strängnäs. The closure affected 30 people. Most of them got a new job with the help of an Antenn outplacement program. "It worked very well," says Andreas Bände.

When the printing plant in Strängnäs was shut down, 27 people were affected. Turning to Antenn again was an obvious choice. Some people could be moved to other parts of the business and the rest made use of the outplacement program, where one of Antenn's coaches was on-site for a few months. Employees could make appointments and attend coaching sessions during working hours. It was much appreciated by the employees and the outcome was very good, as most had gotten a new job by the time the program ended.

*It was much appreciated by the employees and the outcome was very good...*

# Our candidate offer

Are you young and inexperienced? A specialist in your field? Or are you maybe just ready to try something new? Proffice offers opportunities for improvement in all stages of your career.



# Sustainable working life – sustainable society



## Our most important time is now, for it is now that we shape the future

Proffice's business concept is to enable people and businesses to improve and grow by being a passionate, attentive, solution-oriented staffing company. Our motto is "keep improving", to constantly strive to be a little better and a little more efficient, and it permeates the entire organization. To live up to our customers' and candidates' high expectations and to ensure good profitability, Proffice takes a systematic approach to quality and

continuous improvement. Most of the Group's operations have been awarded quality and environmental ISO certifications. As a major employer in the Nordics, we have a responsibility to contribute to a bright future for people and nature. That is why Proffice's GRI report covers areas in which we can create a sustainable working life and a sustainable society.

### CEO statement

*As experts at matching the right person with the right job at the right time, we can make a difference not only to our customers but also to workers and society. At Proffice, no one is excluded because of their origin, religion, gender, age, disability, or sexual orientation, since recruiting someone for their skills goes without saying.*



# Proffice's stakeholders

By seeing the business from our stakeholders' perspectives and being attentive to their interests, we can focus our sustainability efforts on the most important issues and the ones we can influence.

## More and better venues for dialogue

Proffice's stakeholders are those that are believed to affect or be affected most by our business. Identifying them is part of our business processes.

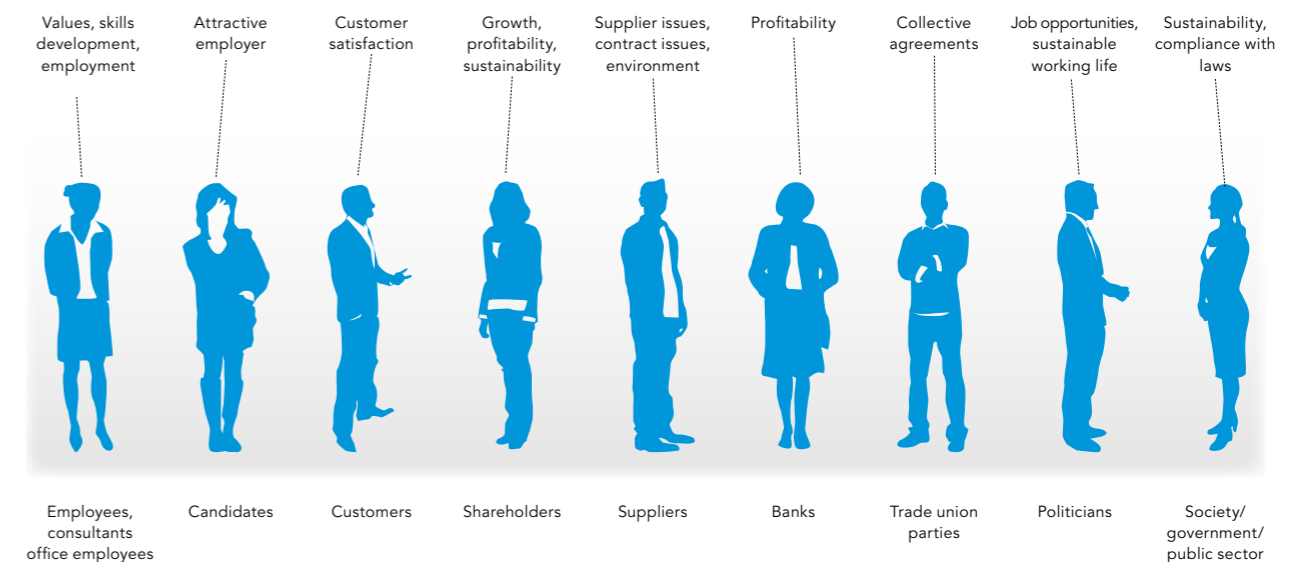
Dialogues with our stakeholders take place on many different levels. A consultant manager could call an employee to ask if they are satisfied with their assignment, or a recruiter may visit customers to evaluate how the recent recruitment went, or it could involve our participation in the Delegation for Gender Equality in

Working Life with decision-makers and experts on labour market policies.

Social media are an increasingly important part of society. Proffice has used social media in dialogues with candidates for several years. New responsive websites were launched during the year, making it easier to search for job openings and register a CV. Proffice's switchboard is also open 24 hours a day.

An employee representative and his deputy from the IF Metall trade union took seat on Proffice's Board in 2014.

Various stakeholder groups and examples of their key issues



## Our values

Everything goes fast in our business. We need to make quick decisions. With a common approach, we have a compass that helps us to be successful. With well-established and sound values, we have a greater ability to attract skilled employees and create the conditions for long and viable customer relationships with loyal customers. Our values – being passionate, attentive, and solution-oriented – represent an important part of our daily work in the Proffice Group.

This is what our values mean in practice:

### Passionate

means that:

- We are extremely passionate about everything we do
- We never give up
- Everyone sells, and we sell from the heart
- It's not what we say, it's what we do that counts
- We have fun at work

### Attentive

means that:

- We are curious
- We have a finger on the pulse and make decisions based on facts
- We generate business through relationships
- We are always looking to improve

### Solution-oriented

means that:

- We are independent and innovative
- We take responsibility
- We help and support one another
- We care more about results than titles and status

# Staff

Our employees are our most important resource. Thanks to their dedication, we can meet our customers' needs in a passionate, attentive, and solution-oriented manner. It is therefore important that we offer an attractive workplace where the focus is on skills, satisfaction, and advancement.

In 2014, nearly 20,000 people worked at one time or another in the Proffice Group. In order to protect and improve the health and safety of all these people, the Proffice Group follows existing labour laws, various collective agreements, and internal policies.

## Diversity and equality – an important premise

Attracting and utilizing all available resources in the labour market is an important premise for finding the right skills for Proffice and its customers. That is why diversity and equality are an integral part of our business, where skills are the top priority in our recruitment processes.

The average number of full-time employees within the Group was 6,061 (6,546). White-collar employees make up 56 per cent (63) of Group employees and blue-collar employees make up 44 per cent (37). 56 per cent (58) are 29 or younger, and 4 per cent (4) are 55 or older.

### Equality among top managers

Of the Proffice Group's highest ranking managers, that is, managers who head a company or Group-wide function, 43 per cent (38) are men and 57 per cent (62) are women.

The Board has ten members, including four employee representatives, of which one is a deputy. Of the regular Board members, 67 per cent (50) are men and 33 per cent (50) are women.

## Collective agreements and laws protect employees

About 85 per cent of the workforce in the Group is covered by collective agreements. Employees in Norway are the only ones not covered by collective agreements. Much of what is regulated by collective agreements in Sweden, Finland, and Denmark is regulated in Norway through its labour laws.

In Sweden, most issues concerning occupational health and

safety are regulated by laws, such as the Work Environment Act and the Working Hours Act. These are complemented by collective agreements on working hours and health and safety that are concluded by parties to the labour market and thus are binding for Proffice. In addition, there are collective insurance policies that ensure our employees are insured against injury or illness.

In Norway, health and safety issues related to work are regulated by labour laws.

In Finland and Denmark, matters relating to health and safety at work are regulated by law (Arbetskyddslagen and Arbetstidslagen in Finland and Arbejdstilsøveloven in Denmark) as well as by collective agreements with the unions to which our operations are subject.

## Training and skills development

Performance monitoring is extra important for companies where employees are often not located in the same office or even in the same city as their supervisor. Regular evaluation of performance and career development is conducted for an average of 80 per cent of our employees. There is no difference between men and women.

In different parts of the Group training in interviewing techniques and Microsoft Office is offered to consultants between assignments, and a selection of seminars and online courses are available depending on occupational category. For consultants, skills are also honed while on assignment. For office workers, training is offered in labour law, interview techniques, health and safety, and rehabilitation, as well as how to act in cases of suspected substance abuse. Several internal workshops on diversity, discrimination, and privacy legislation were held during the year. The workshops were also offered to customers since the majority of the workforce work for them on a day-to-day basis.

Several training sessions were held in 2014 to certify the office staff in business acumen, where consultant managers gain knowledge and tools to ensure good margins and profitable business.

## Different conditions in the Nordic labour market

The Nordic labour market is in many respects similar in each different country, but on closer inspection there are many differences in various laws and conditions for safeguarding workers' rights.

Notice periods and regulations surrounding them is one example.

In Sweden, the notice period is determined by the Employment (Co-Determination in the Workplace) Act and the collective agreements Proffice complies with. When giving notice, negotiations must be held with our union parties within two to three weeks of the notice when there are major changes in operations.

In Norway we comply with applicable legislation, which sti-

plulates that the main employee representative and the labour authorities must be informed as soon as possible in advance of major changes in operations.

In Finland the notice process begins with a notice period of five days, followed by a negotiation period of two weeks (six weeks if the notice involves more than 20 people). Then there is a new notice period of two weeks prior to enforcement of termination. Information about the process must also be provided to the appropriate government agency and the union.

In Denmark negotiations with employees or their representatives must be held before major lay-offs. After final negotiations, the minimum notice period is about 30 days before enforcement.

Michel Kongolo moved to Sweden in 2002 and after studying economics was employed by Dfind Finance as a consultant. An exciting and varied job, it turns out, that also recently led to a permanent position with the customer.



Michel is a financial controller at QBE Insurance, an Australian insurance company headquartered in London with a branch in Stockholm. He is responsible for reporting to London monthly regarding anything related to the company's finances in Sweden, which means that he is in charge of functions such as comparative analyses of insurance policies and incoming and outgoing payments.

"I must say that I'm very happy with the job and with my co-workers," says Michel.

"I never feel stressed because I'm good at multitasking. Working as a consultant at Dfind has also taught me how important it is to work proactively and to plan ahead."

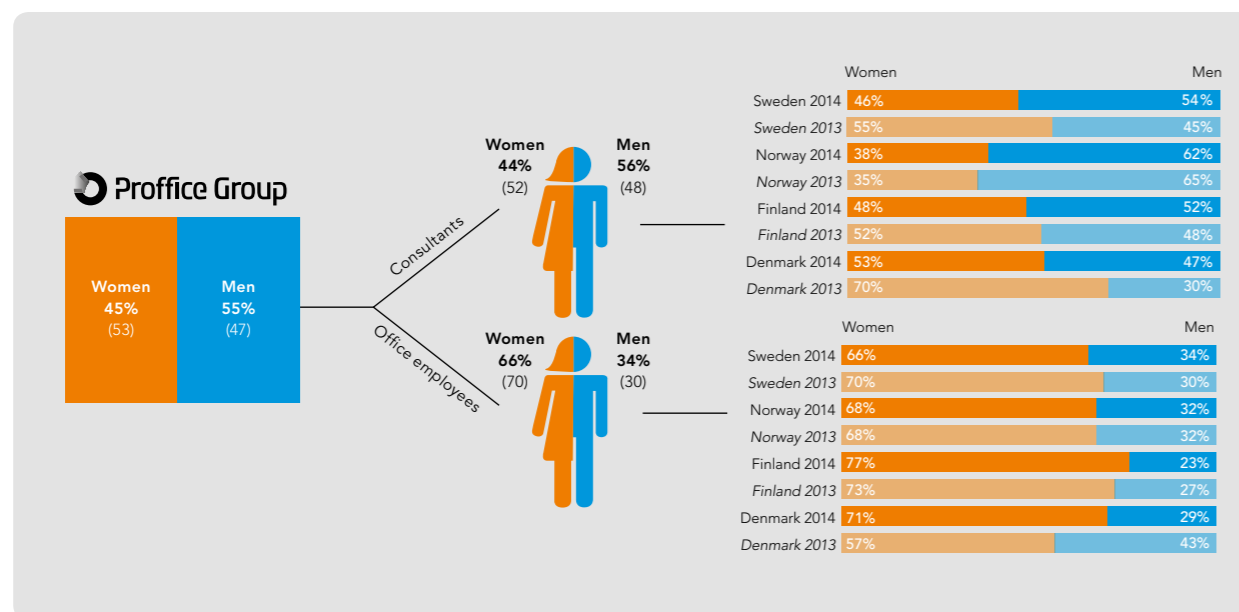
Michel was born in DR Congo and moved to Sweden in 2002.

He finished his studies in international economics with a specialization in finance and French in 2011. Michel immediately became a consultant at Dfind Finance and had assignments at Ericsson followed by Wasa Kredit and building contractor JM AB.

"The advantage of being a consultant is getting to work in different companies, each of which has its own culture and processes. It's very instructive and stimulating and generates a broad network of contacts."

As a result of being a successful consultant, Michel was offered a permanent job at QBE and he took it.

"The offer was tempting because I get to work in finance and I really like it there. You have to love what you do. I always take the best interests of the company to heart in my work and want to contribute to its growth."



# Environmental responsibility

As a service company, Proffice's environmental impact is small. For us it is still important to do what we can to promote a greener society by taking into account the environmental aspects of our business trips and our choice of energy providers.

## Reduced CO2 emissions

Proffice's emissions from travel are its biggest environmental concern and travel by car accounts for most emissions. That is why eco-friendly cars were adopted as a new environmental target as of 2014. Travelling by car is an extensive and integral part of a nationwide sales organization. Choosing eco-friendly cars where possible can result in major environmental gains. By the end of 2017, the Group's pool and company cars will be environmentally certified according to the new standard. Proffice's total carbon dioxide emissions decreased from 885 tonnes in 2013 to 800 tonnes in 2014. Travelling by car accounted for 62 per cent of this figure, down from 71 per cent. Our focus on our Norwegian operations during the year resulted in extra air travel for management and other operations, leading to an increase in the number of flights by 33 per cent.

Carbon dioxide emissions also come from travel by rail as well as electricity consumption in the offices. When we can choose the electricity provider ourselves, we use 100 per cent renewable electricity in the form of hydroelectric power. In 2014 we consumed 2,800 GJ of electricity in our offices, a decrease from 3,000 GJ.

ISO 14001 is an environmental management system standard that aims to continuously reduce the total environmental impact of the business.

### ISO 14001:2004 certified

#### Sweden

Proffice AB  
Proffice Sverige AB  
Proffice Industry & Logistics AB  
Proffice Logistic Solutions AB  
Proffice Care AB\*  
Antenn Consulting AB

#### Norway

Proffice AS  
Proffice Care AS  
Dfind Science & Engineering AS

\*In 2014, Proffice Care AB and Proffice Care Läkarbemann AB were merged under the name Proffice Care AB.

# Human rights

As an organization, employer, and as fellow human beings, it is our responsibility to ensure that those in our business and those we work with treat everyone fairly and equally.

## Working actively to promote equal rights

Proffice works actively to promote equal rights and has a clear policy against discrimination and victimization. Discrimination means unfair or abusive treatment because of gender identity or expression, ethnicity, religion or other belief, disability, or age. No cases of discrimination were noted in 2014. Several training sessions were held during the year on diversity as well as discrimination and privacy legislation. They were primarily aimed at employees who work with candidates, including employees in staffing and recruitment. These courses were also offered to customers since the majority of the workforce work for them on a day-to-day basis.

**Freedom of association and right to collective bargaining**  
For Proffice, the right to bargain collectively is an important issue. In 2014, we received no indication that freedom of association or the right to collective bargaining had been violated by any major suppliers. These suppliers are bound by a commercial agreement to follow Proffice's Code of Conduct, which stipulates that no one should be discriminated against because of union affiliation.

# Sustainable social progress

As a major player in the staffing industry, it is important for Proffice to do what it can to help improve the labour market and promote equality in the labour market.

## Active responsibility

The Proffice Group works with organizations and participates in networks that focus on social responsibility. As a result, we focus on workers' rights by combating discrimination and promoting diversity and equality. In addition, Proffice participates in several local projects on diversity and a sustainable working life.

To actively promote equality in the workplace, Proffice is one of 11 members of the Swedish government's Delegation for Gender Equality in Working Life. The members are tasked with compiling and making available knowledge on how conditions and opportunities differ between women and men and on the circumstances that form the basis for the differences.

The Delegation released two research anthologies in October at a seminar held at Proffice headquarters in Stockholm. They are available in Swedish on the Delegation's website, [www.jamstalldhetiarbetslivet.se](http://www.jamstalldhetiarbetslivet.se).

Representatives from Proffice participated in seminars and panel discussions during Politician Week in Almedalen. They primarily involved youth unemployment, outplacement companies'

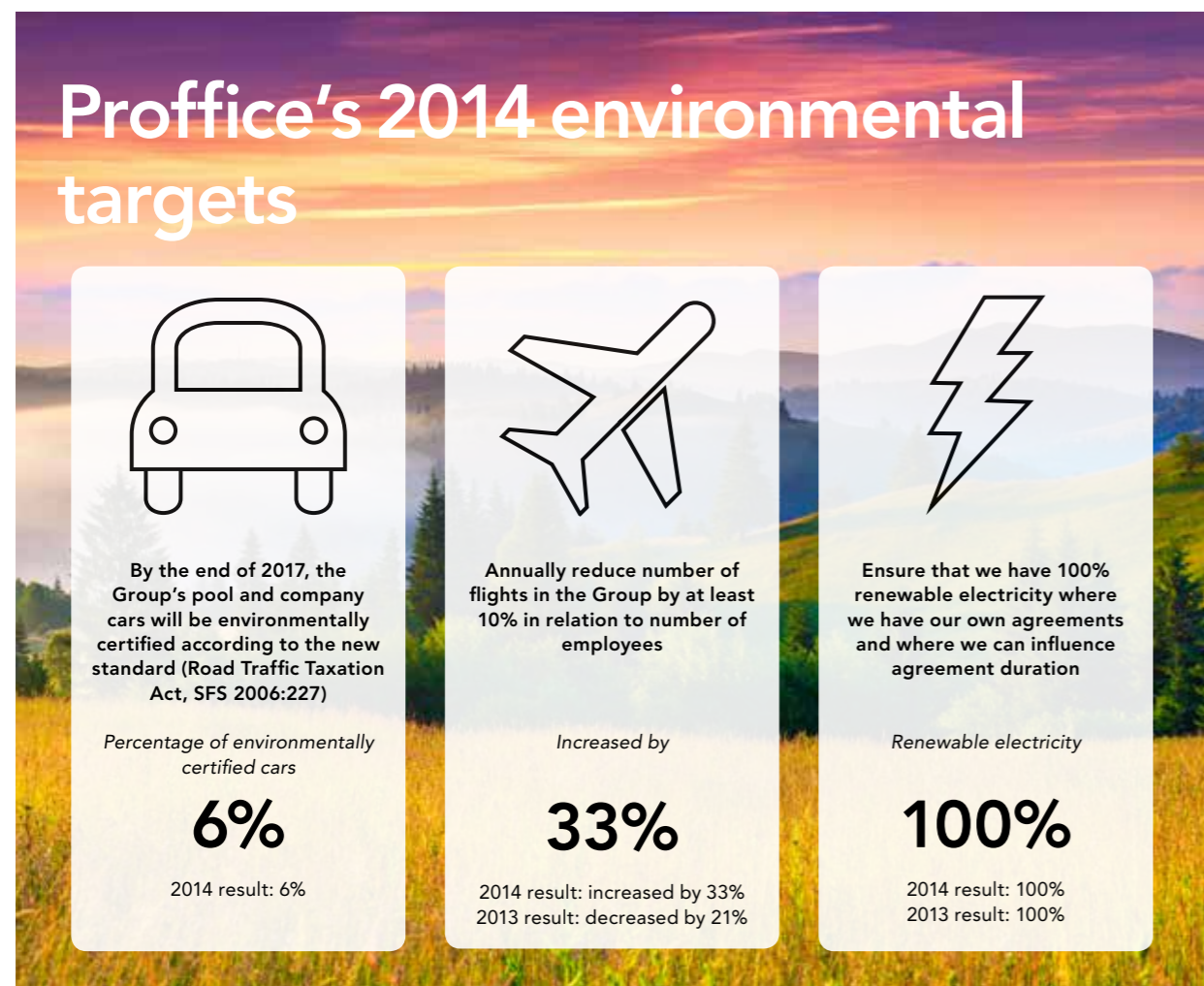


conditions for delivery, social responsibility in public procurements, equality, and diversity. Proffice partnered with Dagens Industri to arrange a seminar on youth unemployment.

During the year Proffice joined "Broaden the Norm", a collaboration led by the Stockholm County Administrative Board, whose purpose is to help Stockholm County become an attractive and inclusive region that promotes the academic skills of Afro-Swedes. The network includes the Swedish Public Employment Service, National Organization of Afro-Swedes, and a number of employers.

Several Swedish ministers visited Proffice during the year. The main focus of these meetings was to show how we utilize the skills of the foreign-born population.

*We offer people and companies opportunities to develop and grow by being a passionate, attentive, and solution-oriented staffing company. Everything we do builds on our business concept.*



# Product liability

Our vision is to be the most successful staffing company in the Nordic region. One way to measure success is to measure how satisfied customers are.

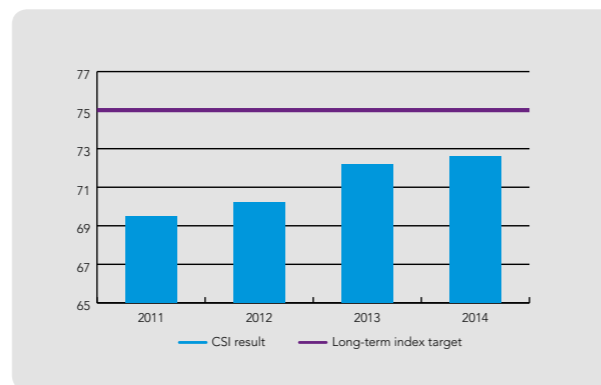
The Group's CSI for 2014 once again reached an all-time high.

## Happier customers once again

A short follow-up is done after each assignment. A comprehensive Group-wide customer satisfaction survey called a customer satisfaction index (CSI) is also conducted once or twice a year. The target is measured against the last CSI survey conducted during the year. The latest survey was conducted in spring 2014. The latest survey before that was conducted in spring 2013.

The target is to increase customer satisfaction by at least one point per year. The long-term target index is 75 and that no team should have an index below 65. The Group's CSI for 2014 once again reached an all-time high of 72.6 (72.2), even though the targets to increase the index by at least one point per year and that no team should have an index under 65 were not attained.

Each CSI result is followed up at the team level, where each team prepares an action plan for increasing customer satisfaction.



# Economic responsibility

Financial focus should be on areas where competitive advantages and sustainable profitability can be achieved. The Proffice Group's business must generate a financial surplus to safeguard operations and relationships with stakeholders.

## Long-term, balanced consideration

One challenge from the perspective of economic sustainability is that the company's profitability should be the result of a long-term, balanced consideration of people, the environment, and the economy.

The following table shows how the Proffice Group generated and distributed economic value over the last two years. The Proffice Group also made donations in 2014 totalling SEK 250 thousand to Doctors Without Borders, Fryshuset, and Unga KRIS.

SEK million	Stakeholder	2014	2013
<b>Directly generated economic value</b>			
Income	Customer	4,203	4,321
	Banks	2	3
	<b>Direct economic value generated</b>	<b>4,205</b>	<b>4,324</b>
<b>Economic value distributed</b>			
Operating expenses	Supplier	-684	-600
Wages, salaries, and employee benefits*	Employees	-3,368	-3,582
Payment to financiers	Shareholders/Financiers	-43	-26
Payments to public sector	Public sector	-32	-19
	Sweden	-21	-8
	Norway	-10	-10
	Finland	0	-1
	Denmark	-1	-
Societal investments	Society	0	-
	<b>Retained economic value</b>	<b>78</b>	<b>97</b>

\*Including taxes and social charges.

# Proffice's sustainability efforts

Strategy and profile			
Disclosure/Indicator	Description	Page reference annual report	Comment
<b>Strategy and analysis</b>			
1.1	Statement from the most senior decision-maker (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	4, 18, 31	
<b>Organizational profile</b>			
2.1	Organization's name.	43	
2.2	Primary brands, products, or services.	12–16, 43	
2.3	Organizational structure, entities, business areas, subsidiaries, and joint ventures.	32, 67	
2.4	Location of organization's headquarters.	43, 74	
2.5	Number of countries in which the organization operates.	10, 11, 43, 59	
2.6	Ownership structure and corporate form.	27, 32, 44	
2.7	Markets served.	9–11, 43, 59	
2.8	Size of reporting organization.	43–46	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	43–46	
2.10	Honours and awards received in the reporting period.	25	Dfind Finance received CFO World's Recruitment Company of the Year award.
<b>Information on reporting</b>			
3.1	Reporting period for information provided.	43	Calendar year.
3.2	Date of publication of the latest annual report.	25	16 April 2014
3.3	Reporting cycle.	43	Annual.
3.4	Contact for the report or its contents.	25	
3.5	Process for defining report content.	19	
3.6	Delimitation of the report.	18, 19, 25	
3.7	Specific limitations on the scope and delimitation of the report.	25	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other activities that can significantly affect comparability from period to period and/or organizations.	25	All subsidiaries are included in the report.
3.10	Explanation of change in information previously provided.	-	No changes were made in 2014 to information previously provided.
3.11	Material changes.	-	No material changes were made in 2014 to delimitation, scope, or measurement methods.
3.12	Table of contents.	25	

Strategy and profile			
Disclosure/Indicator	Description	Page reference annual report	Comment
<b>Governance, obligations, and stakeholder relationships</b>			
4.1	Corporate governance.	30–40	
4.2	Chairman of the Board's position.	31–37	
4.3	Number of independent, non-executive Board members.	35–36	
4.4	Mechanisms for shareholders and employees to provide recommendations.	32, 39–40	
4.14	Stakeholders in the organization.	19	
4.15	Basis for identification and selection of stakeholders.	19, 25	
<b>Economic responsibility</b>			
EC1	Direct economic value.	24	
<b>Environmental responsibility</b>			
EN4	Indirect energy consumption by primary source.	22	
EN17	Other relevant indirect greenhouse gas emissions by weight.	22	
<b>Human rights</b>			
HR4	Number of incidents of discrimination and corrective measures.	23	
HR5	Freedom of association and right to collective bargaining.	23	
<b>Working terms and conditions</b>			
LA4	Percentage of employees covered by collective bargaining agreements.	20	
LA5	Minimum notice period regarding significant operational changes, including whether it is specified in collective agreements.	21	Presented by country.
LA9	Health and safety topics covered in formal agreements with trade unions.	20	
LA12	Regular evaluation and monitoring of employee performance and career development.	20	
LA13	Composition of Board of Directors, management, and employees.	20, 33–39	In Sweden it is illegal to register minority groups. It is also not relevant to Proffice's business; we recruit on the basis of skills. Therefore, it is not reported here.
<b>Product liability</b>			
PR5	Practices related to customer satisfaction, including results of surveys.	24	
<b>The organization's role in society</b>			
SO5	Public policy positions and participation in public policy development and lobbying.	23	

## About Proffice's sustainability reporting

This sustainability report, according to the GRI guidelines for sustainability accounting, concerns Proffice companies in the Nordics, unless otherwise specified, and covers the 2014 calendar year. The preceding table indicates what is reported and where the information is located. The bases of the accounting and materiality are our business processes and the issues Proffice deem to be most important for stakeholders. Proffice is of the opinion that the sustainability report meets the disclosure requirements for Level C according to G3.1. The information has not been audited by an external party. The contact for sustainability reporting is the Proffice Group's communication manager, info@proffice.com.

# The Proffice share

Proffice's share capital at year-end amounted to SEK 17,169,443, allocated to 2,000,000 class A shares and 66,677,773 class B shares. Proffice's B shares were listed on NASDAQ OMX Nordic Exchange Stockholm AB, Small Cap, on 11 October 1999. Proffice's B shares have been listed on NASDAQ Stockholm, MidCap since 1 January 2011.

## Share performance

The Proffice share price decreased 21 per cent in 2014. During the same period, the NASDAQ Stockholm Mid Cap index rose 14 per cent. The highest price paid for the Proffice share during the year was SEK 28.30 and the lowest was SEK 16.50. At the end of the year, the Proffice share was listed at SEK 20.70, which corresponds to a market value of SEK 1,380 million.

## Trading volume

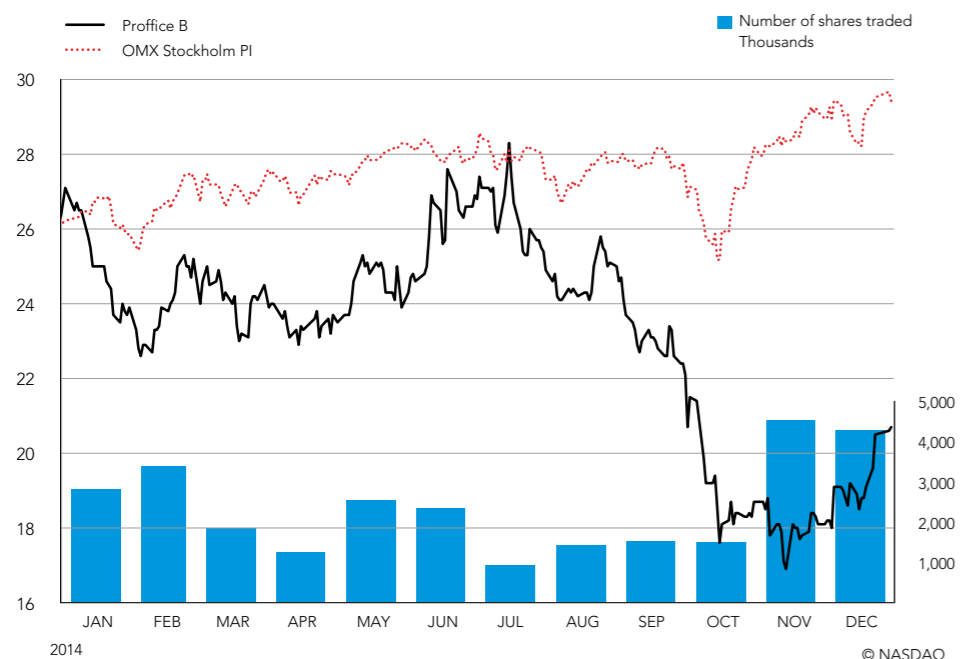
A total of 28,449,987 Proffice shares were traded during the year, which corresponds to a turnover rate of 41.4 per cent when calculated on the total number of B shares traded. The number of transactions for the year was 29,856, with an average daily volume of 114,257.

About 67 per cent of trade in Proffice shares in 2014 was on the NASDAQ Stockholm exchange and about 32 per cent were OTC trades. OTC trades were reported retroactively to the BATS OTC and BOAT marketplaces and to the Stockholm exchange for registration.

## Shareholders

The number of Proffice Group shareholders at the end of 2014 was 4,643. In terms of number of shares, the Swedish shareholders comprised the largest shareholder category, representing 63.5 per cent of total shareholders. Of shares held by the Swedish shareholders, 54.5 per cent were held by legal entities and 9.0 per cent by individuals.

## Share performance in 2014



*The Board proposes to the AGM a dividend of SEK 0.90 per share for the year, an increase of SEK 0.30.*

At the end of the year, the ten largest shareholders controlled 64.38 per cent of the capital and 71.79 per cent of the votes.

## Acquisitions and buy-backs

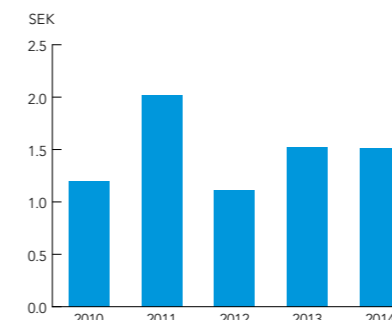
At the AGM on 22 May 2014, the Board was authorized to pass resolutions on acquiring and reacquiring treasury shares. No shares were acquired or bought back in 2014. Proffice's treasury shareholdings totalled 438,919 B shares at year-end.

## Dividends

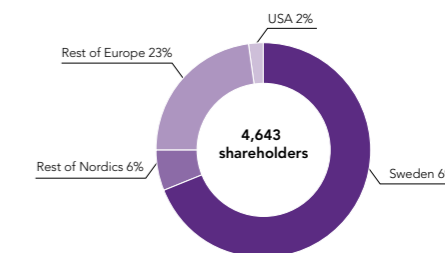
Proffice's dividend policy specifies that dividends should be 50 per cent of consolidated net profit after tax on average over time. The Board proposes to the AGM a dividend of SEK 0.90 per share for the year, an increase of SEK 0.30. The dividend for the year would thereby total SEK 61 million.

The proposed dividend corresponds to a yield of 4.4 per cent based on the price at year-end.

## Earnings per share



## Ownership categories 31 Dec 2014



## Proffice's 10 largest shareholders at 31 Dec 2014

	A shares	B shares	Share of capital, %	Share of votes, %*
Capman Public Market Investment	2,000,000	3,803,588	8.45	27.46
Swedbank Robur Funds	0	9,190,567	13.38	10.60
Nordea Investment Funds	0	8,764,722	12.76	10.11
Carnegie Funds	0	4,730,364	6.89	5.46
Handelsbanken Funds AB	0	4,116,473	5.99	4.75
Fourth AP Fund	0	3,209,731	4.67	3.70
Unionen	0	2,557,100	3.72	2.95
Nordea Swedish Ideas Equity FU	0	2,269,995	3.31	2.62
JPM Chase NA	0	1,980,814	2.88	2.29
DnB – Carlson Funds	0	1,598,621	2.33	1.84
<b>Total 10 largest owners</b>	<b>2,000,000</b>	<b>42,221,975</b>	<b>64.38</b>	<b>71.79</b>

\*Including treasury shares, 438,919 B shares.

## Share distribution at 31 Dec 2014

Holdings	No. of shareholders	A shares	B shares	Holdings, %	Votes, %*	Market value (SEK thousand)
20,001–	126	2,000,000	60,763,832	91.38	93.18	1,257,813
15,001–20,000	31	0	569,262	0.83	0.66	11,784
10,001–15,000	50	0	639,538	0.93	0.74	13,238
5,001–10,000	154	0	1,170,979	1.71	1.35	24,239
1,001–5,000	899	0	2,202,774	3.21	2.54	45,597
501–1,000	899	0	782,294	1.14	0.90	16,193
1–500	2,484	0	549,094	0.80	0.63	11,366
<b>Total</b>	<b>4,643</b>	<b>2,000,000</b>	<b>66,677,773</b>	<b>100.00</b>	<b>100.00</b>	<b>1,380,230</b>

\*Including treasury shares, 438,919 B shares.

## Number of shares and votes

	Number of shares	Number of votes	Share of capital, %	Share of votes, %*
A, 10 votes	2,000,000	20,000,000	2.90	23.19
B, 1 vote	66,677,773	66,677,773	97.10	76.81
<b>Total</b>	<b>68,677,773</b>	<b>86,677,773</b>	<b>100.00</b>	<b>100.00</b>

\*Votes are adjusted for treasury shares, 438,919 B shares.

# Risks and opportunities

Like all businesses, Proffice's operations are subject to risk. By creating awareness of the risks inherent in the business, they can be limited, controlled, and managed – and sometimes even turned into opportunities.

The Proffice Group assesses and evaluates the risks to which the Group is or may be exposed on an ongoing basis. Policies and guidelines help the organization to identify and minimize risks. Group management reports any risks that arise to the Board.

## Market and industry-related risks

The staffing industry is affected by macroeconomic factors such as the economic trend, structural market changes, and legislation. Potential negative impacts can be minimized via continuous business intelligence gathering and close dialogues with customers.

Risk	Management
<b>Economic and market changes</b> Economic trends affect the market, and customers adapt their businesses accordingly. One challenge for Proffice is to manage fluctuations in the economy while maintaining profitability.	Proffice has several areas of activity and geographic markets, each with slightly different economic cycles that help offset them against each other.
<b>Market changes</b> The staffing sector is characterized by tough competition and low entry barriers. The needs of our customers change, the economy is restructured, and workplaces are transformed, resulting in new business areas for the staffing industry. Increasingly, customers now require a provider that can take on more responsibility than was previously the case. Size and specialized services are factors that are becoming increasingly important for staffing companies.	Proffice has customers in several countries and in various industries, including both public and private sectors, and provides expertise in many professional fields along with end-to-end solutions and partial services. This boosts Proffice's capabilities to meet customers' flexibility and skills management needs, which spreads the risk.
<b>Changing competition</b> The Nordic market is dominated by three major players: Proffice, Manpower, and Adecco. There are also a variety of local and industry-specific players.	Finding a niche and positioning oneself relative to other players is very important. Proffice has positioned itself as a leading provider in order to be the customer's first choice whether times are good or bad. Our organizational structure increases specialization and proximity to customers. Proffice is represented in approximately 80 locations throughout the Nordics.
<b>New legislation and other political decisions</b> Proffice's industry is controlled by a number of regulations that are subject to constant change. These changes could affect operations both positively and negatively.	Proffice employs business intelligence gathering on an ongoing basis at different levels and works closely with its national industry associations to influence policy decisions at the national and international levels and to be prepared for the changes that occur.
<b>Seasonal and calendar effects</b> Proffice's revenue and earnings are affected by seasonal variations, such as the number of working days. Q3 and Q4 are normally stronger than the rest of the year.	Proffice keeps in close contact with customers on a regular basis in order to find out whether or not their businesses will remain open during holidays and when they need consultants. If possible, holidays for consultants and office staff are scheduled in periods when customer needs are less urgent.

## Operational risks

The Group may be exposed to risks that are directly attributable to business activities with a potential impact on earnings and financial position. Operational risks include personnel-related risks, incident management, and customer dependence. Risks can be limited through quality-assured processes, ongoing human resources efforts, and continuous dialogues with customers.

Risk	Management
<b>Shortage of office workers, consultants, and candidates</b> Proffice's greatest and most important asset is its staff. Risks include difficulty in finding people with the right skillsets. Qualified employees are essential to being able to fulfil customer orders with good results and satisfied clients. The industry is characterized by relatively high staff turnover. It is not uncommon for customers to recruit our consultants and office staff, which is an acknowledgment of a job well done, but it can cause fluctuations in the volume of business.	When recruiting new employees, Proffice works actively to ensure the company has access to the skills it needs. This is done using quality-assured recruitment procedures and active solicitation of candidates through advertising at favourable prices where the right candidates are located, through continuous contact that includes newsletters and social media, and through our own large databases and networks. Proffice takes an active approach to employer branding in order to be an attractive employer.

### Dependence on key personnel

Proffice is to some extent dependent on certain key personnel and their knowledge, such as consultant managers.

In order to retain persons with key skillsets, Proffice works on personnel issues on an ongoing basis, ranging from employment processes and criteria to health and safety, skills development, and remuneration issues. In order to reduce this dependence Proffice's processes have documentation requirements and orders of succession in place.

### Incident management

Proffice may be held liable for losses caused by the company's services.

Proffice has comprehensive liability insurance covering various losses incurred by customers. The customers usually supervise their contracted consultants, which limits the risks from a liability and insurance perspective.

### Customer dependence

Some sales in all of Proffice's areas of competence and markets are with a small number of customers that are large in terms of location or company. If these customers were to quickly reduce their demand, operations could be adversely affected.

Proffice currently has framework agreements in several large business relationships that guarantee a portion of consolidated revenue. The agreements also make the relationships long-term. Proffice works closely with its customers and takes note of their plans. Nevertheless, it is necessary to continuously cultivate customers to ensure replenishment. Before drafting agreements, we ensure that they are not only big enough but also profitable enough. If a customer is lost, consultants can often be switched to another customer in the area.

Proffice takes an active approach to customer follow-ups, both in terms of assignment follow-ups and annual customer satisfaction surveys. Proffice also has many small-sized customers and takes an active approach to customer segmentation. No single customer accounts for ten per cent or more of revenue. At the end of the year, 66 per cent of consolidated revenue came from SME customers.

## Financial risks

The Group is exposed through its operation to various financial risks: currency risk, interest rate risk, credit risk, and liquidity risk. The Group's policy for managing these risks is to limit adverse effects on the Group's financial performance. Proffice's financial risk management is governed by the Group's finance policy as updated annually and approved by the Board. Risk management is dealt with centrally according to existing policies and guidelines.

Risk	Management
<b>Currency risk</b> Currency risk (risk that exchange rate fluctuations negatively affect the Group's financial results).	Group companies operate in their local currency and principally in their own markets, which means that exchange risks in commercial flows are very rare. However, the Group is affected by currency risks when translating net assets in foreign subsidiaries to the Swedish krona and in the case of intra-group financing. Proffice limits exposure as far as possible through internal measures such as matching flows and choosing invoicing currencies. Remaining exposure that exceeds SEK 15 million per currency must be hedged in its entirety through external measures.
<b>Interest rate risk</b> Interest rate risk (risk that changes in interest rates negatively affect the Group's financial results).	As the Group has no significant interest-bearing assets besides its bank accounts, consolidated earnings and cash flows from operating activities are not significantly dependent on changes in market interest rates. Interest rate risk can arise with financing through external borrowing. At the end of the fiscal year, there were interest-bearing liabilities to credit institutions of SEK 0 million (57), so the interest rate risk is considered marginal.
<b>Liquidity risk</b> Liquidity risk (risk that Proffice cannot meet its payment obligations).	Financing needs are secured through credit from credit institutions in the form of long-term agreements, borrowing against customer invoices, and bank overdraft facilities. The Group's long-term financing is coupled with covenant requirements from the lender, which are net debt/EBITDA and the equity/assets ratio. The covenants were met during the year. The Group has a central Group accounting system whose purpose is efficient liquidity management within the Group. Management monitors rolling 12-month liquidity forecasts that consist of cash and cash equivalents and unused loan commitments that cover all Group entities. A significant portion of long-term capital raised has maturities of two to five years. At 31 December 2014, the average remaining contract term was 26 months. Data on borrowing limits and due dates of utilized credit are shown in Note 21.
<b>Credit risk</b> Credit risk (risk that the Group's customers cannot meet their payment obligations).	Proffice's assignments are invoiced regularly as services are completed. The Group's credit policy specifies stipulations for credit ratings, credit monitoring, collection management, etc. Normal payment terms are net 15-30 days. Customers are credit-checked before contracts are concluded. Accounts receivable are followed up weekly to ensure that payments are made per payment terms. Interest is charged on late payments, and unpaid invoices are sent to a debt collector. A bank guarantee or prepayment is required from customers with a low credit rating. Historically, Proffice's bad debt losses have been very limited.



# Corporate governance report

## Good corporate governance foundation for success

In 2014 the new Board and management worked on strategy, governance, and organization in order to generate more stable income and enhance profitability.

The work of the Board in 2014 was centred around corporate governance that adds value and strategy issues. The goal is to generate more stable income and higher margins. Proffice benefits from a structurally growing demand for its services.

### Growing demand for our services

Proffice is one of the leading companies in the Nordic market for staffing services. Our customers live in an environment of increased global competition, heavier specialization, and faster economic fluctuations. They have a growing need for a flexible and mobile workforce, to which we cater. There are many indications that long-term demand for our services will be good.

### Proffice promotes a sustainable society

When we help our customers, we are doing work that is also important for a well-functioning labour market. Staffing companies open pathways to employment, especially for young people and the foreign-born population. Our employees make a difference to our customers and work in an orderly manner with a high level of support for collective bargaining.

Diversity is an integral part of Proffice's operations and is an important premise for our ability to provide customers with the right skills. Utilizing all available resources in the labour market is good for Proffice and for our customers.

### Challenges for Proffice

The fact that there is a growing need for our services does not imply that Proffice does not face any challenges. Our business is cyclical and the industry is characterized by low margins. Our goal is stable and profitable growth over time.

In 2014, the Board took measures aimed at improved and more stable income and earnings growth.

### Better corporate governance

Good corporate governance and a sound corporate culture is the foundation for value creation in companies. In 2014, the Board devoted considerable attention to renewing and revising policies, rules, and instructions, and

*Prospects for Proffice's continued success are good.*

to improving reporting and monitoring. The aim is to make governance at all levels simpler and clearer as well as more predictable and structured. This also applies to the Board's own work, which changed during the year due to the new chairman and changed composition. The Board is currently working with two preparatory committees that have new chairmen and whose tasks were broadened in 2014. The members of the Board were deeply engaged in several areas. Particular focus was placed on strategy issues and on setting a clear and profitability-oriented agenda for Proffice. We will present the results of this work as it moves forward.

### Good prospects for future success

Prospects for Proffice's continued success are good. For several years Proffice has demonstrated its ability to adapt to a changing world and this ability has been given an additional boost. The company is financially stable and has a dedicated workforce driven by strong values. In 2014, we invested a great deal in IT systems that improve the interface for customers and job seekers. Last but not least, Henry Højsgaard became Proffice's new CEO in early 2014. At mid-year, he appointed a new Group management team that is skilled, motivated, and works well together and that builds on Proffice's leading market position. With its clear market orientation, Group management has taken a big step closer to our customers. We will make it even easier for new and existing customers to use our services and have their needs met in the coming years.

On behalf of the Board, I would like to thank our customers and shareholders for placing their trust in Proffice and all our employees for their dedication.

Stockholm, 24 March 2014

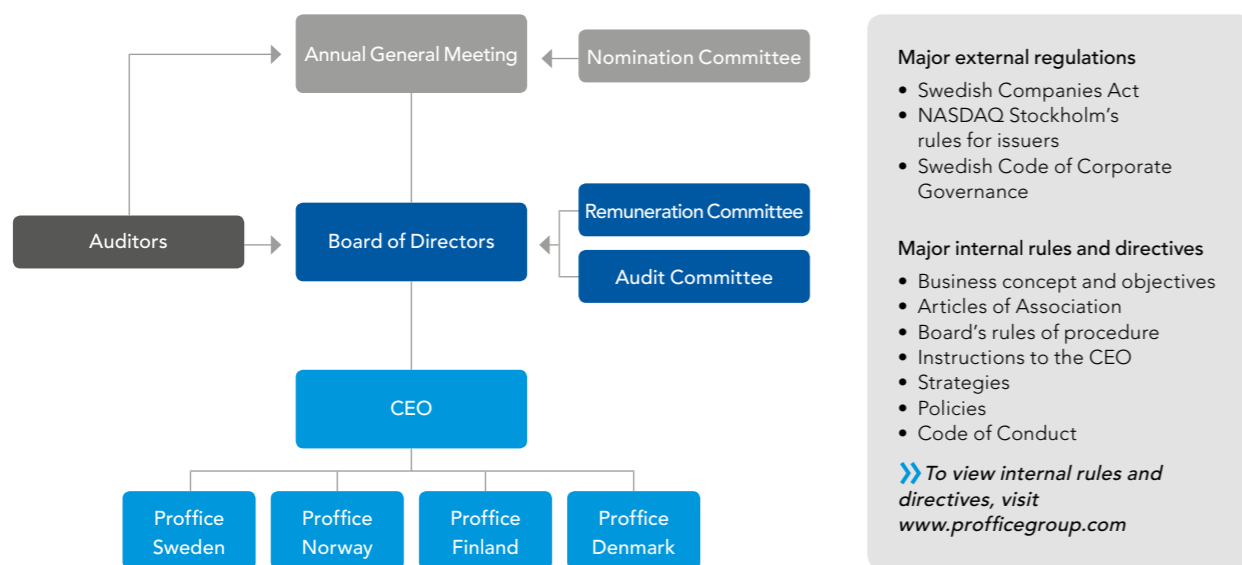


Cecilia Daun Wennborg  
Chairman of the Board

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Governance model



Governance, management, and control of Proffice is distributed among the AGM, Board, CEO, and auditors under the Swedish Companies Act, the Swedish Code of Corporate Governance, and the Articles of Association.

Proffice's corporate governance concerns how the business is governed, managed, and controlled with the objective of creating value for Proffice's owners and other stakeholders. As a listed company, Proffice applies the Swedish Code of Corporate Governance and hereby issues this 2014 Corporate Governance Report.

## Corporate Governance 2014

Proffice's corporate governance is based on internal as well as external regulations and directives. The external directives that form the framework for Proffice's corporate governance are the Swedish Companies Act, the Swedish Annual Accounts Act, other relevant laws and regulations, NASDAQ Stockholm's Rules for Issuers, and the Swedish Code of Corporate Governance (the Code). The principal internal control tools are the Articles of Association, which are established by the shareholders at the AGM. There are also the Board's rules of procedure, its instructions to the CEO, and Board-approved policies, guidelines, and instructions with binding rules for the entire Group.

Proffice applied the Code without exception in the 2014 fiscal year.

No violations of Rules for Issuers or of good stock market practices were reported in 2014. This report was reviewed by Proffice's external auditors. Corporate governance is not part of the formal annual report.

## Shareholders

Proffice's share has been listed on the NASDAQ Stockholm exchange, Mid Cap, since October 1999. The number of shares outstanding amounted to 68,677,773, of which 66,677,773 are class B shares. Each A share represents ten votes and each B share one vote. The total number of voting rights is 86,677,773, of which 20,000,000 are A shares and 66,677,773 are B shares. A and B shares entitle the holder to the same proportion of assets, profits, and dividends.

The number of shareholders at year-end was 4,643 (4,367). For further information about the share and shareholders, see page 26 of the Annual Report and the company website.

Proffice's dividend policy specifies that dividends should be 50 per cent of consolidated net profit after tax on average over time.

These shareholders have direct or indirect shareholdings in the company that represent at least one-tenth of the votes for all Proffice shares as at 31 December 2014:

Shareholders	A shares	B shares	Share of capital, %	Share of votes, %*
CapMan Public Market Investment	2,000,000	3,803,588	8.45	27.60
Swedbank Robur Funds	0	9,190,567	13.38	10.66
Nordea Investment Funds	0	8,764,722	12.76	10.16

\*Votes are adjusted for the Parent Company's treasury shareholdings, 438,919 B shares.  
Source: Euroclear Sweden as at 31 December 2014.

## Annual General Meeting

Proffice's shareholders exercise their influence at the AGM, which is the company's highest decision-making body. The AGM addresses the issues arising under the Swedish Companies Act and Proffice's Articles of Association. Most decisions are taken by simple majority. In some cases, the Swedish Companies Act requires that decisions are taken by a qualified majority, for example, when deciding on changes to the Articles of Association. The AGM is planned and held in such a way as to best enable shareholders to exercise their influence on the company. The notice of meeting and other documents must be formulated such that shareholders are able to make well-founded decisions on issues raised at the AGM.

Proffice works actively to make accurate, clear, and relevant information available on its website for shareholders and other stakeholders.

For the convenience of foreign shareholders, documents from the AGM are translated into English.

### AGM 2014

The 2014 AGM took place on 22 May 2014 at 3 pm at Proffice headquarters, Regeringsgatan 65 in Stockholm. Shareholders representing about 70 per cent of the votes or about 62 per cent of the share capital attended the meeting. The meeting was also

attended by the Board, members of Group management, and the company's auditor.

Shareholders at the 2014 AGM approved the Board's proposal for a dividend of SEK 0.60 per share for the 2013 fiscal year.

In accordance with the Nomination Committee's proposal, the AGM also resolved that the Proffice Board would continue to consist of six members with no deputies. In line with the Nomination Committee's proposal, it was resolved at the AGM to re-elect Board members Cecilia Daun Wennborg, Karl Åberg, Lars Johansson, and Susanna Marcus and to elect Axel Hjärne and Juan Vallejo. Cecilia Daun Wennborg was also elected as Chairman of the Board.

The fees payable to the Board were determined at the AGM as follows:

- SEK 570,000 to the chairman
- SEK 265,000 to each of the other Board members

In addition, remuneration for committee work of SEK 80,000 to the chairman of the Audit Committee and SEK 25,000 to other AGM-elected committee members was approved. The Chairman of the Board does not receive any remuneration for committee work.

PricewaterhouseCoopers AB was elected as auditor for a period of three years. Attendees of the AGM were informed that authorized public accountant Nicklas Kullberg was appointed as auditor in charge.

It was further resolved at the AGM to approve the nomination process for the 2015 AGM in accordance with the Nomination Committee's proposal. In addition, the AGM approved the Board's proposal on remuneration guidelines for senior executives, and authorized the Board to make decisions on any new share issues necessary to undertake or finance acquisitions of the whole or parts of other companies or businesses. The AGM also authorized the Board to make decisions on acquisitions and on the transfer of treasury shares.

### AGM 2015

The 2015 Annual General Meeting will be held on 28 April 2015 at 3 pm at Proffice headquarters, Regeringsgatan 65 in Stockholm.

» Further details can be found on Proffice's website at [www.profficegroup.com](http://www.profficegroup.com)

## Nomination Committee

The Nomination Committee's tasks are to present proposals to the AGM on the number of Board members, prospective Board members, a prospective Board chairman and AGM chairman, and, where appropriate, propose changes to Nomination Committee instructions. The Nomination Committee is also tasked with proposing auditors and auditors' fees as appropriate.

According to the principles for appointment of the Nomination Committee that were adopted at the 2014 AGM and that are valid until further notice, the Board chairman must contact the four largest shareholders, in terms of voting rights, requesting appointments to the Nomination Committee for the next AGM. The Nomination Committee chairman is to be the member who represents the shareholder with the most votes.

A Nomination Committee was appointed for the 2015 AGM based on Proffice's ownership structure as at 31 August 2014. The Nomination Committee consists of:

- Mikael Moll (chairman), appointed by CapMan Public Market Investment (27.46 per cent of votes)
- Marianne Flink, appointed by Swedbank Robur Funds (10.60 per cent of votes)
- Daniel Ovin, appointed by Nordea Investment Funds (10.08 per cent of votes)
- Frank Larsson, appointed by Handelsbanken Fonder (6.22 per cent of votes)

The Nomination Committee represents 54 per cent of the votes in the company. The number of votes is as of 31 Dec 2014 and includes the company's treasury shares (438,919 B shares).

Since the Committee was appointed, there have been changes in the number of votes. As a result, Handelsbanken Fonder AB is no longer one of the four largest shareholders. The change was minor but the Nomination Committee nonetheless chose to

contact Carnegie Funds, which informed the Committee that it declined representation. The Nomination Committee thereby managed the situation in accordance with Nomination Committee instructions.

### The Nomination Committee's efforts in preparation for the 2015 AGM

Based on the company's operations, future development, and circumstances in general, the Nomination Committee discussed the size and composition of the Board as regards industry experience, expertise, and diversity. As a basis for its work the Nomination Committee evaluated the Board and its work and conducted interviews with all Board members and the CEO.

In its efforts to propose Board members, the Nomination Committee weighed in several different factors, including the necessary experience and skills, and the value of diversity, continuity, and gender balance.

The Nomination Committee's proposals are presented in the notice for the 2015 AGM and on Proffice's website. The same applies to the more detailed justification of the proposal to the Board.

Members of the Nomination Committee receive no remuneration for their work.

## Board of Directors

The Board's overall task is, on behalf of the shareholders, to manage the company's affairs in such a way that the owner's interests in good long-term return on capital are met in the best possible way. The Board also has overall responsibility for Proffice's organization and management and appoints a President and CEO who is responsible for day-to-day management in accordance with guidelines and instructions. The CEO is responsible for regularly informing the Board about issues that are significant to Proffice. This includes things such as information on business performance, earnings, financial position, and liquidity.

The Board's tasks include:

- Establishing operational goals and strategies
- Ensuring that there are effective systems in place for monitoring and controlling the company's operations
- Ensuring that there is adequate control of the company's compliance with laws and regulations that apply to the company's operations
- Ensuring that the necessary ethical guidelines for the company's conduct are established
- Ensuring that the company's disclosures are transparent, accurate, relevant, and reliable
- Appointing, evaluating, and if necessary, dismissing the CEO

An important governing document for the Board is its rules of procedure, which are determined annually at the statutory meeting. At the statutory meeting, the Board also passes resolutions on allocating areas of responsibility within the Board and signatory power. In 2014, the Board adopted rules of procedure, including instructions for division of duties between the Board and CEO and for financial reporting. The rules of procedure for the Audit and Remuneration Committees and a resolutions procedure were also adopted.

The Board and all committees take minutes at their meetings, and all minutes are made available to the entire Board and the auditor.

### The Board's composition

The Board's size and composition should ensure its ability to manage company matters with integrity and efficiency. According to Proffice's Articles of Association, the Board shall consist of at least three and no more than eight members, in addition to the employee representatives. The members are appointed at the AGM to serve until the end of the next AGM. There is no limit to the number of times a member can be re-elected.

In 2014, Proffice's Board consisted of six members, each of whom has essential skills and experience in areas such as service companies, finance, selling and marketing of services, and broad knowledge of staffing and consulting companies.

As of the 2014 AGM, the Board consisted of Chairman Cecilia Daun Wennborg and other Board members Karl Åberg, Lars

## Board issues and business in 2014

### A summary

#### February

- Approval of 2013 year-end report and press release
- Reporting and updating concerning the Proffice Care entity
- Presentation of findings from the external auditors
- Strategic decision on ERP system

#### April

- Approval of 2013 Annual Report including Corporate Governance Report
- Notice of Annual General Meeting
- New Board member, employee representative from IF Metall union
- Approval of reorganization and new Group management

#### May

- Approval of Q1 interim report and press release
- Statutory meeting to include:
  - Signatory authorization
  - Election of members to Board committees
  - Adoption of the Board's rules of procedure
  - Adoption of the rules of procedure of the Remuneration and Audit Committees

#### June

- Discussion regarding the Group's vision, business concept, values, and objectives
- Discussion regarding the Group's main strategies and focus areas

#### August

- Approval of Q2 interim report and press release
- Approval of finance, insider, and information policies
- Approval of authorization procedures
- Establishment of the Board's 2014-2015 annual plan

#### October

- Approval of administrative agreement for ERP system

#### November

- Approval of Q3 interim report and press release
- Reporting and updating concerning the Proffice Sweden entity
- Approval of whistleblowing policy
- Decision to manage Swedish payroll in-house

#### December

- Adoption of budget and business plan for the 2015 fiscal year
- Reporting and updating concerning Group sales and marketing strategy
- Review of succession planning and evaluation of Group management
- Review of 2014 employee survey
- Evaluation of CEO and determination of CEO's remuneration in 2015

Johansson, Susanna Marcus, Axel Hjärne, and Juan Vallejo, as well as employee representatives Magnus Bergström and Anette Hellgren from Unionen and Christer Persson and deputy Anna Gustafsson from IF Metall. Proffice's CEO, CFO, and senior legal adviser are additional members of the Board. The Secretary is the company's senior legal adviser.

The Board currently has two established committees: the Remuneration Committee and the Audit Committee.

### The Board's independence

All Board members elected at the AGM are independent of the company and its management. As of the 2014 AGM, all Board members except Karl Åberg are also independent of the company's largest shareholders. Pages 35-36 show which Board members elected by the AGM are considered by the Code to be independent of the company and management, as well as of the company's major shareholders.

### The Board's work during the year

As per the Board's rules of procedure, at least four regular meetings are normally held each year in addition to the statutory meeting. The Board may also meet when circumstances demand. In 2014, the Board held 11 meetings, of which one statutory meeting, eight regular meetings, which included a strategy meeting, and two extra meetings. Most of the meetings were held in Stockholm.

Every meeting follows an approved agenda. Documentation for each item on the agenda is sent in advance to all members. Normally, a regular Board meeting lasts half a day to allow time for presentation and discussion.

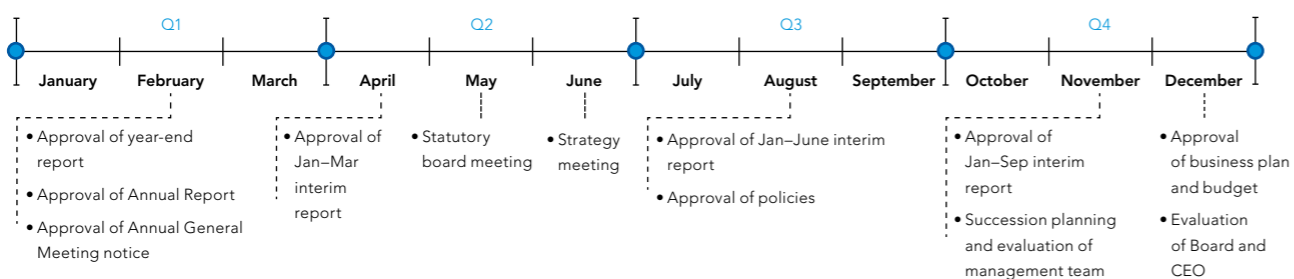
The Board follows an annual plan in order to best fulfil its duties. The Board dealt with regular items that arose at each Board meeting such as market conditions, business plans, financial reporting, ongoing projects, and significant investments. Other issues discussed by the Board during the year were strategy and market trends. Issues discussed at selected Board meetings also included annual accounts, interim reports, and budgets. Current litigation and regulatory compliance issues are presented regularly. At each regular Board meeting, committee chairmen usually report on the work of their respective committees. Minutes of committee meetings are available to all Board members prior to Board meetings.

Observations from the financial audit were presented at the Board meetings in February and November. In addition, the Board meets with Proffice's auditors at least once annually without the presence of the CEO or other members of Group management.

The Board is also responsible for monitoring suspected unlawful activities or breaches of the Code of Conduct. Any irregularities contrary to Proffice's values, Code of Conduct, policies, or laws that could have serious consequences for the Proffice Group are to be reported within the whistleblowing system. During the year the Board updated the whistleblowing policy and set up an Ethics Committee to handle incoming complaints. The Ethics Committee consists of Audit Committee Chairman Karl Åberg, senior legal adviser Anna Svärdeno Alander, and lawyer Erica Wiking Häger from the law firm Mannheimer Swartling. Statistics on complaints are submitted to the Board at least once a year.

Other Board tasks during the year are shown in the "Board annual work plan" diagram.

### Board's annual work plan



## Board members



**CECILIA DAUN WENNBERG**  
Chairman of the Board

**Elected to the Board:** 2010.  
**Born:** 1963.  
**Occupation:** Business owner.  
**Education:** MSc in Business and Economics.  
**Other boards:** ICA Gruppen AB, Getinge AB, Loomis AB, Eniro AB, AB Svensk Bilprovning, Sophiahemmet, Atvexa AB, Hotel Diplomat AB.  
**Work experience:** Deputy CEO Ambea AB, CEO Carema Vård och Omsorg AB, Economy and Finance Director Ambea AB and Carema Vård och Omsorg AB, Interim CEO Skandia AB, Sweden MD Skandia, CEO Skandia Link.  
**Independence:** Independent of the company, its management, and major shareholders.  
**Shareholdings:** Own and related party shareholdings in Proffice: 29,500 B shares.



**KARL ÅBERG**  
Board member

**Elected to the Board:** 2012.  
**Born:** 1979.  
**Occupation:** Partner at private equity company CapMan, partner at Zeres Capital Partners.  
**Education:** MSc in Business and Economics.  
**Other boards:** -.  
**Work experience:** Previously employed at Handelsbanken Corporate Finance.  
**Independence:** Independent of the company and its management but not independent of major shareholders.  
**Shareholdings:** Own and related party shareholdings in Proffice: 0.



**LARS JOHANSSON**  
Board member

**Elected to the Board:** 2013.  
**Born:** 1959.  
**Occupation:** Investment Director Ratos AB.  
**Education:** MSc in Business and Economics.  
**Other boards:** Board member Jøtul AS.  
**Work experience:** CFO Swedavia AB; CFO/COO TV4 AB; Interim CEO, Deputy CEO, and CFO Orc Software AB; partner TIME Ventures AB; accounting and financial management positions AssiDomän Packaging AB, AssiDomän AB, SpectraPhysics AB, and AGA AB.  
**Independence:** Independent of the company, its management, and major shareholders.  
**Shareholdings:** Own and related party shareholdings in Proffice: 10,000 B shares.



**SUSANNA MARCUS**  
Board member

**Elected to the Board:** 2013.  
**Born:** 1965.  
**Occupation:** Business owner.  
**Education:** MSc in Business and Economics.  
**Other boards:** IAMIP AB.  
**Work experience:** President and CEO JB Education AB, CEO Poolia Sverige AB, CEO and Sales Manager Poolia Sverige Teknik AB, CEO ICL AB (later Fujitsu Services AB).  
**Independence:** Independent of the company, its management, and major shareholders.  
**Shareholdings:** Own and related party shareholdings in Proffice: 3,500 B shares.



**AXEL HJÄRNE**  
Board member

**Elected to the Board:** 2014.  
**Born:** 1964.  
**Occupation:** President and CEO Eltel Group.  
**Education:** MSc in Engineering.  
**Other boards:** Vice Chairman Prima Barn- och Vuxenpsykiatri.  
**Work experience:** COO Region North and Deputy CEO Eltel Group, Country Manager/CEO Eltel Networks Sweden, Deputy CEO Swedavia Networks, COO and Deputy CEO Bravida Group, senior positions ABB Group.  
**Independence:** Independent of the company, its management, and major shareholders.  
**Shareholdings:** Own and related party shareholdings in Proffice: 10,000 B shares.



**JUAN VALLEJO**  
Board member

**Elected to the Board:** 2014.  
**Born:** 1957.  
**Occupation:** Business owner.  
**Education:** MSc in Engineering.  
**Other boards:** Board member Coromatic Group AB.  
**Work experience:** CEO Imtech Nordic, President and CEO Niscayah Group, Group management Securitas 1992-2006, Divisional Manager Security Technology, CEO Securitas Sweden, CEO Securitas Spain and Portugal.  
**Independence:** Independent of the company, its management, and major shareholders.  
**Shareholdings:** Own and related party shareholdings in Proffice: 10,000 B shares.



**Elected to the Board:** 2013.  
**Born:** 1976.  
**Independence:** Not independent of the company and its management as a company employee but independent of major shareholders.  
**Shareholdings:** Own and related party shareholdings in Proffice: 0.

**MAGNUS BERGSTRÖM**  
Employee representative, Unionen union



**Elected to the Board:** February 2015.  
**Born:** 1977.  
**Independence:** Not independent of the company and its management as a company employee but independent of major shareholders.  
**Shareholdings:** Own and related party shareholdings in Proffice: 0.

**EVELYN TUSACH**  
Employee representative, Unionen union



**Elected to the Board:** 2014.  
**Born:** 1963.  
**Independence:** Independent of the company, its management, and major shareholders.  
**Shareholdings:** Own and related party shareholdings in Proffice: 0.

**CHRISTER PERSSON**  
Employee representative, IF Metall union

**ANNA GUSTAVSSON**  
Deputy employee representative, IF Metall union

**Elected to the Board:** 2014.  
**Born:** 1967.  
**Independence:** Independent of the company, its management, and major shareholders.  
**Shareholdings:** Own and related party shareholdings in Proffice: 0.

**ANETTE HELLGREN**  
Employee representative, Unionen union

**Elected to the Board:** 2014. Resigned in February 2015.  
**Born:** 1959.  
**Independence:** Not independent of the company and its management as a company employee but independent of major shareholders.  
**Shareholdings:** Own and related party shareholdings in Proffice: 2,000.

## Attendance at Board and committee meetings in 2014

	Board of Directors		Remuneration Committee		Audit Committee
Cecilia Daun Wennborg	Chairman	11/11	Chairman	8/8	6/6
Magnus Bergström		9/11			
Karin Eliasson <sup>3</sup>		5/5		2/2	
Anette Hellgren <sup>2</sup>		4/6			
Axel Hjärne <sup>2</sup>		6/6			
Lars Johansson		11/11			3/3
Sylvia Kristensen <sup>3</sup>		5/5			
Susanna Marcus		10/11		10/10	
Lars Murman <sup>3</sup>		5/5		2/2	3/3
Christer Persson <sup>1</sup>		9/11			
Juan Vallejo <sup>2</sup>		6/6		8/8	
Karl Åberg		11/11			Chairman 6/6

1. Member as of April 2014.  
2. Member as of 2014 AGM.  
3. Member prior to 2014 AGM.

## Board committees

The Board has established two committees: the Remuneration Committee and the Audit Committee. Prior to the 2014 AGM there had been two further committees: the Acquisitions Committee and the IT Committee. The work of the committees is essentially preparatory and advisory in each area, but the Board may in certain matters delegate decision authority to the committees.

The committee members and their chairmen are appointed at the statutory Board meeting for one year at a time. The work of the committees is based on instructions drawn up for each committee.

### Remuneration Committee

The Remuneration Committee is responsible for issues concerning remuneration policies, and for remuneration and other employment terms for Group management and other senior executives.

The Committee monitored and evaluated ongoing programs and programs completed during the year for the variable remuneration of Group management and other senior executives. The Committee also monitored and evaluated application of the guidelines for the remuneration of senior executives that the AGM is required by law to determine, along with current remuneration structures and levels in the company. The Remuneration Committee determined the salaries and other remuneration of Group management and senior executives, excluding the CEO, in accordance with approved guidelines. Decisions on the CEO's salary and remuneration were made by the Board.

The Committee held ten meetings in 2014.

Since the AGM on 22 May 2014, the Remuneration Committee has consisted of Chairman of the Board Cecilia Daun Wennborg (Committee chairman), Susanna Marcus, and Juan Vallejo. Proffice's CEO takes part in Committee proceedings. Proffice's HR Director normally acts as secretary.

### Audit Committee

The Audit Committee's tasks include monitoring the company's financial reporting, which has included monitoring audit procedures and the efficacy of the internal control of financial reporting.

The Audit Committee ensured it was regularly informed of the direction and extent of auditing activities. The Committee also evaluated the auditor's work and the scope of the audit and discussed with the auditor any risks to Proffice in respect of the financial reporting. To ensure the independence of the auditor, the Audit Committee established guidelines for approval of non-audit services performed by the auditors or audit firm.

The Committee informed Proffice's Nomination Committee of the results of its evaluation of auditing activities.

The Audit Committee must hold at least three meetings per year. The Committee held six meetings in 2014.

To comply with the Companies Act and the Code, Audit Committee members may not be employees of the company, the majority of committee members must be independent of the company and its management, at least one of the members who is independent of the company and its management must also be independent of major shareholders, and at least one of the independent members must have accounting or auditing expertise. The Board appointed the following people to the Audit Committee: Chairman of the Board Cecilia Daun Wennborg, Board member Karl Åberg, who is also the Committee chairman, and Board member Lars Johansson. The Board believes that the members have the expertise prescribed by the regulatory requirements within the sphere of the Audit Committee and meet all independence requirements, except for Karl Åberg, who is not independent of major shareholders. Proffice's CEO, CFO, and the company's auditors attend the meetings.

### Acquisitions Committee

The Board had an Acquisitions Committee prior to the 2014 AGM. The Committee did not hold any meetings in 2014.

The main task of the Acquisition Committee was to address issues regarding potential acquisitions.

### IT Committee

An IT Committee was appointed by the Board up until the 2014 AGM. The Committee did not hold any meetings in 2014.

The IT Committee's main task was to deal with IT issues.

Members of Board committees in 2014	
Remuneration Committee	Audit Committee
Cecilia Daun Wennborg, chairman Susanna Marcus Juan Vallejo	Karl Åberg, chairman Cecilia Daun Wennborg Lars Johansson

### Evaluation of the Board's work

Proffice AB's Board is to be evaluated annually using a structured process. The purpose of the evaluation is to take note of how Board members think the Board has performed and gain an understanding of steps that can be taken to improve, develop, and streamline its work. This is also important as the basis of the work of the Nomination Committee for the next AGM.

In 2014, the Board evaluation process was conducted with the help of a questionnaire filled out by Board members, including employee representatives. This produced positive results that were then presented in full to the Board. The evaluation indicated efficiency and a good working relationship between the members, and the results were used to further improve the work of the Board. The evaluation results were also presented to the Nomination Committee, and in conjunction with this, the Nomination Committee also interviewed individual Board members.

## Authorized fees, 2014 AGM (SEK)

	Chairman	Member
Board of Directors	570,000	265,000
Remuneration Committee	0	25,000
Audit Committee	80,000	25,000

## CEO and Group management at 31 Dec 2014



**Born:** 1965.  
**Education:** Niels Brock Business School, Copenhagen.  
**Employed in the Group since:** 2014.  
**Work experience:** CEO Postnord Logistics AB, President and CEO Keolis Nordic AB, CEO TNT International Express AB, various management roles in Sweden and Denmark in the transport and logistics sector.  
**Proffice shareholdings:** 13,000 B shares.

**HENRIK HÖJSGAARD**  
President and CEO, Proffice Group

*The strategic efforts being made to create a more profitable Proffice have begun to show results.*

Henrik Höjsgaard, President and CEO



**Born:** 1965.  
**Education:** MSc in Business and Economics.  
**Employed in the Group since:** 2012.  
**Work experience:** Vice President ATG, CFO Ikano Bank.  
**Proffice shareholdings:** 16,000 B shares.

**BENNO ELIASSON**  
CFO, Proffice Group



**Born:** 1974.  
**Education:** Mechanical engineering Royal Institute of Technology, commercial law and statistics Stockholm University.  
**Employed in the Group since:** 2011.  
**Work experience:** President Komet Sweden AB; Head of Stores, Retail, and Sales Telemor Stores AB.  
**Proffice shareholdings:** 15,000 B shares.

**JOHAN LAGERCRANTZ**  
Director of Proffice Industry & Logistics Sweden



**Born:** 1955.  
**Education:** Economics degree.  
**Employed in the Group since:** 2013 (consultant at Proffice Group since 2011).  
**Work experience:** Vice President Green Cargo, Commercial Director DHL Nordic RIM, Vice President Global Sales & Marketing SAS Cargo.  
**Proffice shareholdings:** 0.

**JAN LILLIEBORG**  
Director of Proffice Nordic



**Born:** 1968.  
**Education:** Accounting and Auditing, Uppsala University.  
**Employed in the Group since:** 2010.  
**Work experience:** CEO ALMI Företagspartner Gotland, senior positions Manpower, Auditor PricewaterhouseCoopers AB.  
**Proffice shareholdings:** 0.

**ANNA LANNERHJELM**  
Director of Dfind Nordic



**Born:** 1963.  
**Education:** MSc in Industrial Engineering and Management, Royal Institute of Technology.  
**Employed in the Group since:** 2014.  
**Work experience:** Interim management of own consulting company Backeberg AB, President and CEO Feelgood Svenska AB, CEO Paynova, CEO Jobline/Monster.  
**Proffice shareholdings:** 3,000 B shares.

**PER SUNNEMARK**  
Director of Proffice Sweden



**Born:** 1971.  
**Education:** MSc in Business and Economics.  
**Employed in the Group since:** 2007.  
**Work experience:** Owner/partner in consulting firms (Etransformer and Keep It Simple).  
**Proffice shareholdings:** 0.

**ÖYVIND RYBER**  
Director of Sales, Proffice Group

## CEO and Group management

### CEO

The CEO is appointed by the Board and is responsible for operating activities in accordance with the Board's guidelines and instructions. This entails being responsible for financial reporting, preparation of informational and decision-making documentation, and ensuring that obligations, contracts, and other legal documents comply with Swedish or foreign laws and statutes.

Henrik Höjsgaard became Proffice's President and CEO on 1 January 2014.

### Composition and duties of Group management

Since 1 June 2014, Proffice's Group management consists of seven positions: CEO, CFO, Sales Director, and the heads of the Group's four largest business entities (Proffice Nordic, Proffice Sweden, Proffice Industry & Logistics Sweden, and Dfind Nordic). Proffice's Group management has extensive experience from various industries and markets, providing a solid foundation. Information on current members of Group management can be found on Proffice's website.

Group management holds weekly meetings to discuss current issues and longer, annual strategy meetings.

Proffice has a decentralized organization based on its specialization strategy where the overall management of operational activities is largely carried out in the business units. Each operating business entity is monitored continuously and business reviews in which the CEO, CFO, and others participate are held quarterly.

An annual business plan is initially developed by the various entities and then by Group management and is presented to Proffice's Board at the end of the year. The business plans thus involve employees at multiple levels within the Group.

The business plan is supplemented a few times a year with new forecasts, making it a dynamic planning document.

## Guidelines for the remuneration of senior executives

Proffice has formal, published processes for determining the remuneration of senior executives. Variable remuneration is linked to predetermined, measurable criteria and aims to promote the company's long-term value creation. If variable remuneration must be paid in cash, a maximum benefit is to be determined.

The guidelines established by Proffice's 2014 AGM for the remuneration of Proffice's senior executives were drafted and approved by the Board. The established guidelines are in accordance with the Swedish Companies Act's regulations relating to executive remuneration. The guidelines govern how fixed and variable remuneration is to be paid, pension benefits, dismissal notice periods, and severance pay.

In practice, the guidelines require remuneration and other employment terms and conditions for senior executives to be market-based. The criteria for determining remuneration are to be based on the significance of the duties to be performed and on the employee's abilities, experience, and performance.

Total remuneration may consist of the following components: base salary, short-term variable incentives (STI), long-term variable incentives (LTI), pension and other benefits, and severance terms and conditions.

The amount of remuneration paid in 2014 is shown in Note 7 of the Annual Report.

The company has no outstanding share-based incentive scheme.

## Auditors

The auditors are appointed at the AGM following proposals from the Nomination Committee. In accordance with Proffice's Articles of Association, one or two auditors and at most just as many deputies, or one or two registered accounting firms, are appointed for a period of three years.

The registered public accounting firm PricewaterhouseCoopers AB was elected at the 2014 AGM to serve until the end of the 2017

AGM. Authorized public accountant Nicklas Kullberg was appointed the auditor in charge.

The auditors always participate in Audit Committee meetings to provide information about current auditing activities.

The auditors attend the AGM and report on their audit of Proffice's management and annual report. The auditors also review the January-September interim report, senior executive remuneration, and the Corporate Governance Report.

## Internal control of financial reporting

Proffice's internal control of financial reporting is designed to provide reasonable assurance as to the reliability of the financial reporting and accounting in accordance with applicable laws and regulations, accounting standards, and other requirements for listed companies.

Proffice's CFO is ultimately responsible for ensuring that monitoring of and work on Proffice's internal control is carried out as determined by the Board. A steering committee headed by the CFO leads the Group's internal control of financial reporting. The steering committee regularly reports its findings to the Board.

Internal control is organized on the basis of Proffice's specific operations and circumstances. The organization and implementation of the internal controls must be continuously adapted to the changes in and needs of the company's operations and business environment.

Proffice's internal control structure is based on the COSO model, whose framework is applied to Proffice's operations and circumstances. As a result, screening and assessment is performed in the areas of control environment, risk assessment, control activities, information and communication, and monitoring.

In reviewing Proffice's operations, certain areas in need of development were identified and prioritized as part of the ongoing internal controls. In 2014, efforts continued to focus on ensuring the quality of the financial statements in conjunction with the business's main workstreams, such as income and salary processes.

### Control environment

The internal control of financial reporting is based on the overall control environment.

One important aspect of Proffice's control environment is that decision-making channels, powers, and responsibilities are clearly defined and communicated between different levels of the organization, and that there are directives in the form of policies, handbooks, guidelines, and manuals. The Board is ultimately responsible for the internal control of financial reporting. Therefore, effective efforts by the Board form the basis of sound internal control. Proffice's Board has established rules of procedure and clear instructions for its work, which also includes the work of the Board's two committees.

The Audit Committee's primary task is to assist the Board in overseeing the accounting and financial reporting processes and ensuring the quality of these reports and processes.

Responsibility for maintaining an effective control environment and the ongoing work on risk management and internal control of financial reporting is delegated to the CEO. In turn, managers at various levels in the company have this responsibility within their respective areas.

Part of the Board's work is to develop and approve a number of basic policies, guidelines, and frameworks. These include the Board's rules of procedure, resolution procedures, instructions to the CEO, finance policy, cost philosophy, and authorization procedures. The Board also ensures that the organizational structure provides clear roles, responsibilities, and processes that facilitate the effective management of business risks and enable targets to be achieved.

Other policies and instructions are determined by Group management, and the relevant Group support managers issue guidelines and monitor the implementation of all policies and instructions.

As a means of strengthening internal control, Proffice has chosen to compile directives, existing policies, rules, and procedures that affect the content and quality of financial reporting in electronic form. On the company's intranet there are also links

to relevant areas such as HR/Personnel and IT. The information is available to all Proffice employees. The document owners verify that the information is current at least once a year. There are established Group accounting and presentation rules that are available to all accounting staff. These rules are reviewed and updated regularly as legislation, accounting standards, and listing requirements change.

#### Risk assessment

The Board and Audit Committee specifically review the risks related to financial reporting. Proffice works continuously and actively to identify, assess, and manage potential risks in the company's financial reporting. An assessment of the risk of errors in the company's financial reporting is conducted annually for each line item of the income statement and statement of financial position. There are specific processes and related internal controls in place to help minimize risk for the line items that pose significant risks collectively and have a greater risk for errors. Such significantly risky line items include goodwill and other intangible items that are based on assessments of future events as well as revenue and personnel-related items that are generated by complex processes. The process descriptions apply not only to the actual financial process but also to aspects such as operations management and business plan processes as well as IT systems.

Proffice works to strengthen its control of these aggravated risks on an ongoing basis. In 2014 work was done in a few areas connected to changes in the IT environment, primarily in the Group's ERP system. In the coming years, the ERP system will also affect risk assessment, since it generates transactions related to the most complex operational processes.

The purpose of risk analysis is to ensure that internal controls for the Group's most significant areas of risk are satisfactory. Internal controls are also regularly monitored and evaluated in meetings with Proffice's auditors, when improvements and actions that can be taken are discussed.

Read more about the risks the business is exposed to, how the Board is involved, and how it exercises its controls on pages 28–29 of the Annual Report.

#### Control activities

The Group's control structure is designed to manage the risks that the Board deems significant for the internal control of financial reporting. The purpose of the appropriate control activities is to detect, prevent, and correct errors and inconsistencies in reporting. Control activities include certification and authorization procedures; bank and account reconciliation; analytical monitoring of income statement and balance sheet items; separation of administrative, controlling, and executive functions (segregation of duties); automated controls embedded in IT systems; and controls in the underlying IT environment.

Each entity has a controller who is responsible for ensuring that the entity's internal control procedures comply with Group standards and that the guidelines and policies are followed. The controller is responsible for ensuring that financial information reported is accurate and complete.

Each subsidiary has an accounting officer who is responsible for identifying and reporting risks in areas such as taxes and accounting. The accounting officer is also responsible for ensuring that reports are submitted on time.

The monthly results of the Group and entities are reviewed at monthly Group management meetings. Updated forecasts, plans, and strategy issues are reviewed on a quarterly basis.

#### Information and communication

Policies and guidelines are especially important for proper accounting, reporting, and disclosure. Proffice's policies and guidelines are communicated primarily via the Group intranet. All middle and line managers are continuously updated through the regular communication at Group management meetings and within other management teams within the Group. Policies and guidelines relating to financial processes are continuously updated within Proffice.

For communication with internal and external parties, there is an information policy that includes a list of spokespersons and guidelines for handling price-sensitive information. There are also whistleblowing and insider trading policies. The purpose of the

information policy is to ensure that all information is handled in such a way that it is accurate and complete. The purpose of the whistleblowing policy is to ensure that all employees are legally entitled to report violations (improprieties). The purpose of the insider trading policy is to meet Proffice's high aspirations in terms of correct ethical behaviour in order to maintain Proffice's good reputation with the public, its customers, and in capital markets.

#### Monitoring

Financial monitoring is undertaken monthly at the Group and operating segment levels. The previous year's budget and the latest forecast are both monitored. Forecasts are generally produced two to four times annually. The results are analysed by the accounting department, financial controllers, and the manager with performance accountability. Variance analyses are prepared and all necessary action is taken.

The CFO reports to the CEO, who in turn submits Group monthly financial statements to the Board. The Board continually evaluates the information provided by the CEO. The CEO provides quarterly reports to the Board that monitor operational goals in the business plan. The CEO also submits proposals for interim and year-end reports that are approved by the Board prior to publication.

The Audit Committee regularly reviews Proffice's reporting on internal controls and procedures for financial reporting and reviews the auditors' report on its audit of internal controls. This forms the basis of the Audit Committee's evaluation of the effectiveness of internal control.

#### Internal auditing

Proffice's Board carries out an annual assessment of the need for an internal audit function. The Board also decides on the format that monitoring of internal control should take.

In 2014, the assessment of the Group's need for internal auditing resulted in a Board decision that there would be no internal auditing function at Proffice in 2015.

### Auditor's opinion on the Corporate Governance Report

*To the annual meeting of the shareholders of Proffice AB (publ),  
Corporate identity number 556089-6572*

The Board of Directors is responsible for the 2014 Corporate Governance Report and for ensuring that it is prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the Corporate Governance Report was prepared and is consistent with the annual and consolidated accounts, we have read the Corporate Governance Report and assessed its statutory content based on our knowledge of the company. As a result, our statutory examination of the Corporate Governance Report 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.

In our opinion, the Corporate Governance Report was prepared and its statutory content is consistent with the annual and consolidated accounts.

Stockholm, 24 March 2015

PricewaterhouseCoopers AB

Nicklas Kullberg  
Authorized Public Accountant

# Financial information

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## Five-year summary for the Group

	2014	2013	2012	2011	2010
<b>INCOME STATEMENT, SEK MILLION</b>					
Revenue	4,203	4,318	4,876	4,770	4,095
Other operating income	4	5	40	-	-
Operating expenses	-4,051	-4,185	-4,790	-4,526	-3,930
<b>Operating profit/loss before depreciation and impairment</b>	<b>156</b>	<b>138</b>	<b>126</b>	<b>244</b>	<b>165</b>
Depreciation/amortization of non-current assets	-16	-13	-16	-17	-25
Impairment of goodwill	-	-	-	-9	-
<b>Operating loss</b>	<b>140</b>	<b>125</b>	<b>110</b>	<b>218</b>	<b>140</b>
Financial items	-3	10	-10	5	-1
<b>Profit after financial items</b>	<b>137</b>	<b>135</b>	<b>100</b>	<b>223</b>	<b>139</b>
Taxes	-33	-31	-22	-69	-42
<b>Profit for the year</b>	<b>104</b>	<b>104</b>	<b>78</b>	<b>154</b>	<b>97</b>
<b>CASH FLOW<sup>1</sup></b>					
Basic cash flow from operating activities, SEK million	148	207	0	128	57
Diluted cash flow from operating activities, SEK million	148	207	0	128	57
Cash conversion rate, %	95	150	0	52	35
<b>KEY RATIOS<sup>1</sup></b>					
Net change in revenue, %	-2.7	-11.4	2.2	16.5	4.8
Operating margin, %	3.3	2.9	2.3	4.6	3.4
Profit margin, %	3.4	3.0	2.3	4.7	3.4
Return on capital employed, %	22.0	19.9	14.7	32.9	22.5
Return on equity, %	17.2	19.2	12.9	22.0	15.7
Return on total capital, %	8.8	8.3	6.0	12.4	8.8
Equity/assets ratio, %	39.6	36.5	28.5	35.7	36.5
Net working capital, SEK million	-37	-13	48	-3	-62
Capital employed, SEK million	639	632	774	747	628
Net debt, SEK million	-74	19	168	-73	-169
Net debt/equity ratio	-0.1	0.0	0.3	-0.1	-0.3
<b>SHARE DATA<sup>1</sup></b>					
Number of shares at year-end, thousand	68,678	68,678	68,678	68,678	68,623
Average number of basic shares, thousand	68,678	68,678	68,678	68,185	68,404
Average number of diluted shares, thousand	68,678	68,678	68,678	68,213	68,641
Holdings of Proffice treasury shares, thousand	439	439	439	439	439
Basic earnings per share, SEK	1.51	1.52	1.11	2.02	1.20
Diluted earnings per share, SEK	1.51	1.52	1.11	2.02	1.19
Basic equity per share, SEK	9.36	8.37	7.50	10.27	8.99
Cash flow from operating activities per share, SEK	2.17	3.03	0.00	1.88	0.83
Dividend per share, SEK	0.90 <sup>2</sup>	0.60	0.30	1.13	0.75
Pay-out ratio, %	59.63	39.37	26.94	55.86	62.78
Dividend yield, %	4.35	2.28	1.34	5.26	2.10
P/E ratio	13.71	17.26	20.11	10.63	29.88
Market value, SEK million	1,380	1,754	1,449	1,391	2,307
Year-end market price, SEK	20.70	26.30	22.40	21.50	35.70
Average number of shares traded per day, thousand	114	105	64	92	132

1. For definition, see page 73.  
2. Proposed dividend.

## Directors' report

The Board and CEO of Proffice AB (publ), corporate registration number 556089-6572, are pleased to present the following Annual Report and consolidated financial statements for the 2014 fiscal year. Figures in parentheses refer to the previous fiscal year.

### Business concept

Proffice's business concept is to enable people and businesses to develop and grow by being a passionate, attentive, solution-oriented staffing company.

### Operations

The Proffice Group is one of the largest staffing specialist companies in the Nordics, with about 10,000 employees in about 80 offices. By being passionate and attentive, Proffice helps people and companies find ways forward.

The Board of Directors is domiciled in Stockholm. Operations are organized and monitored with regard to the countries in which the Group is active. Sweden, Norway, Finland, and Denmark have been defined as operating segments.

Within each country, Proffice's operations are divided into three operating areas: Staffing, Recruitment, and Outplacement. Staffing is the basis of our operations and means that Proffice can provide personnel for shorter or longer assignments. The Recruitment operating area provides recruitment consultants from Proffice's specialist areas who help companies with their competence management. In the Outplacement operating area, job coaches provide support and assistance to individuals in the transition from one job to another.

### Financial goals

Proffice will, over time, ensure financial stability that allows for self-financed expansion and makes us an attractive investment for shareholders. Proffice governs the business based on business plans, goals, and strategies. The overall financial goals identified by the Board are:

- Average long-term operating margin should be at least 6 per cent.
- The cash conversion rate should be 55–60 percent.

### Key events in 2014

- January–March
- Agrikøp entered into new agreement with Proffice in Norway. The agreement related to staffing services and will involve several specialist companies in the Proffice Group.
  - Henrik Højsgaard took over as CEO 1 January 2014.

### April–June

- Proffice Care expanded its services in Norway with recruitment and placement of nurses and specialist nurses.
- Proffice signed an intergroup agreement with Axfood for recruitment services. The framework agreement is for IT, purchasing, finance/marketing, logistics, transportation, HR/salary, sales, business development, and communication services within Axfood's operations in Stockholm, Jönköping, Gothenburg, and Örebro.
- Proffice and the ICA Group extended their staffing services, recruitment, and outplacement partnership. The new three-year agreements involve both wage earners and salaried employees and apply to all service sectors.
- Proffice reinforced Group management and implemented a change in the organization effective 1 June to establish a simple, clear structure. This reinforcement of Group management was done by adding the heads of the Group's four major business entities and the head of Group Sales to Group management.

### July–September

- Proffice signed a framework agreement for recruitment with Nets Holding A/S. The new agreement entails a more in-depth cooperation between Proffice and Nets. The agreement covers all types of services within Nets' Nordic operation.
- Proffice and PostNord AS in Norway signed a new agreement for staffing and outplacement. The Nordic recruitment agree-

ment between Proffice and PostNord was also extended. The contract period is three years and is renewable. Proffice will provide personnel in various administrative functions, customer service, sales, terminal/logistics, and transport.

### October–December

- Telenor Norway extended its staffing agreement with Proffice. The agreement is exclusive and is valid for three years with possible extension.
- Proffice concluded a new agreement with the central purchasing organization of the Swedish Association of Local Authorities and Regions. The agreement runs for three years and concerns recruitment services that include positions in health care, property and energy management, IT, engineering, and finance. Proffice is the preferred supplier in several counties in Sweden.

### Consolidated revenue and profit

Consolidated revenue totalled SEK 4,203 million (4,318), a 3 per cent revenue decrease year-on-year. The change was due to lower demand in the Staffing and Outplacement areas of activity in Sweden and to increased internal focus on profitability.

Consolidated operating profit for the full year improved to SEK 140 million (125). The operating margin totalled 3.3 per cent (2.9). The improvement in operating profit was primarily due to increased profitability in Sweden and reduced Group-wide costs. Restructuring costs reduced operating profit by SEK 13 million (10) for the full year and affected earnings in Sweden. In 2014, restructuring costs consisted of non-recurring charges for the reorganization that was implemented in the Group.

Profit after financial items for 2014 totalled SEK 137 million (135). The profit margin was 3.4 per cent (3.0). Net financial items for 2014 amounted to SEK -3 million (10), including exchange differences of SEK -2 million (12).

### Taxes

Consolidated tax expense for the year totalled SEK 33 million (31). The effective tax rate for the year was 24.1 per cent (23.0). As at 1 January 2014, the corporate tax rate was reduced from 28.0 to 27.0 per cent in Norway, from 24.5 to 20.0 per cent in Finland, and from 25.0 to 24.5 per cent in Denmark.

### Financial position and liquidity

Proffice works actively to streamline business processes. An important part of this work is reviewing financial practices. The aim is to achieve greater efficiency, reduce processing costs, shorten lead times, and tie up less capital. This work includes streamlining consolidated cash flows; cash management in other words.

At 31 December 2014, cash and cash equivalents totalled SEK 74 million (42). Unappropriated cash and cash equivalents totalled SEK 374 million (285), including unused borrowing facilities. Group cash and cash equivalents consisted of bank deposits at year-end.

Consolidated equity at 31 December 2014 totalled SEK 639 million (571) and the equity/assets ratio was 39.6 per cent (36.5). Consolidated equity was encumbered during the year by a dividend of SEK 41 million.

### Cash flow

During the year, consolidated cash flow totalled SEK 33 million (-49). Cash flow from operating activities amounted to SEK 148 million (207), of which change in working capital totalled SEK -21 million (109). Consolidated cash flow is affected by normal seasonal fluctuations over the course of the year. Wide variations in working capital may result because of how certain customer payment due dates fall around the end of the year.

Cash flow from investing activities totalled SEK -16 million (-181), of which investments in business combinations totalled SEK -4 million (-166), acquisition of intangible assets totalled SEK -9 million (-13), and acquisition of equipment totalled SEK -4 million (-4). Purchase of intangible assets relates to an expenditure on the ERP system. Proffice took over development of the system from the vendor in Q4 2013. Cash flow from financing activities totalled SEK -99 million (-75) and consisted largely of dividends paid

totalling SEK 41 million (42) and reduced net borrowings of SEK 58 million (33).

#### Acquisitions

No significant acquisitions were made during the year.

A final additional purchase price of SEK 4 million was paid in Q2 2014 for student staffing company Komet, which was acquired in 2011. That transaction fully settled the purchase.

#### Employees

The average number of full-time employees (FTEs) in the Group totalled 6,061 (6,546), a 7 per cent reduction. About 90 per cent of these are consultants.

Proffice recruits employees on the basis of competence and personal attributes. Proffice is actively involved in making use of all the knowledge and experience available on the labour market. In order to recruit the best employees, the company offers competitive terms and attractive career opportunities. Proffice can motivate its consultants by offering opportunities to work on a wide range of challenging assignments. Proffice's in-house training program helps employees progress and offers opportunities for them to take on new duties.

There are differences in the terms of employment in the Nordic countries. In Sweden, consultants are normally employed for an extended period with a guaranteed salary between assignments. In Norway, Denmark, and Finland consultants usually work under contractual agreements. More information on employees is found in the annual Sustainability Report on page 20.

#### Environment

Proffice's operations are not subject to reporting or permit obligations according to the Swedish Environmental Code. Proffice persistently and systematically reviews and improves its working methods and processes in order to continuously reduce negative environmental impact. As part of our quality and environmental initiatives, the Group is ISO-9001 and ISO-14001 certified. Companies and locations that have received quality or environmental certification are listed at [www.proffice.com](http://www.proffice.com). As of 2013, Proffice's Sustainability Report complies with the Global Reporting Initiative (GRI).

The environmental policy of the Proffice Group is based on gradual environmental adaptation of operations. Since Proffice works with services, the most energy is put into the work environment.

To achieve positive change based on ecological principles, Proffice believes that small, everyday environmental action is at least as important as major changes. Proffice prioritizes using eco-friendly cars, reducing carbon dioxide emissions when travelling, and using renewable energy in offices. Proffice also works actively to reduce the need for travel by replacing physical meetings with voice, video, and web conferencing. Proffice strives to collaborate with partners and suppliers that offer green products and services and to make it easy to sort and recycle waste in offices. More information on the Group's environmental responsibilities and goals is found in the annual Sustainability Report on page 22.

#### Shareholding structure

At the end of 2014, Proffice had 4,643 shareholders. The largest shareholders are CapMan Public Market Investment with 8.5 per cent of the capital and 27.6 per cent of the votes; Swedbank Robur Funds with 13.4 per cent of the capital and 10.7 per cent of the votes, and Nordea Investment Funds with 12.8 per cent of the capital and 10.2 per cent of the votes. Voting percentages were calculated on outstanding shares.

#### The Proffice share

The number of shares as at 31 December 2014 stood at 68,677,773, of which 66,677,773 are class B shares. The Proffice share was listed on NASDAQ Stockholm 11 October 1999 and has been listed on the Mid Cap segment since 1 January 2011. The introduction price was SEK 21. Its ticker is PROE B. Proffice's holdings of treasury shares totalled 438,919 B shares. No acquisitions or disposals of treasury shares occurred in 2014. The shares represent a quotient value of SEK 0.25 per share. The company's treasury share

holdings represent about 0.64 per cent of total shares.

The 2014 AGM authorized the Board to do the following until the 2015 AGM:

- On one or several occasions, decide on new share issues of up to 3,500,000 B shares implying an increase in the company's share capital of a maximum of SEK 875,000.

- On one or several occasions, decide on acquisition of treasury B shares on NASDAQ Stockholm or per acquisition propositions to shareholders.

- Decide on transfer and acquisition of treasury B shares on NASDAQ Stockholm to a maximum of one tenth of all shares in the company. For detailed stipulations regarding these authorizations, see the resolutions of the 2014 AGM.

The Board decided not to exercise these opportunities in 2014.

#### Transactions with related parties and non-controlling interests

Transactions with related parties and non-controlling interests that affected the company's position and earnings significantly during the year are detailed in Note 16.

#### Risks and uncertainty factors

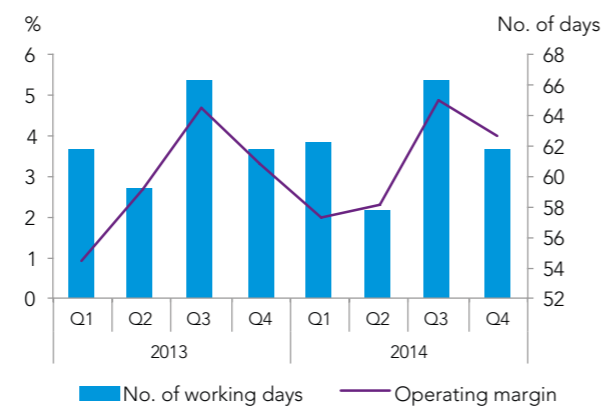
Like all businesses, Proffice's operations are subject to risk. By creating awareness of the risks inherent in the business, they can be limited, controlled, and managed.

The Group's and Parent Company's most significant risk and uncertainty factors consist chiefly of sensitivity to economic fluctuations and market changes. The supply of qualified employees is also considered to be an uncertainty factor. Apart from this and owing to its Nordic presence, Proffice is exposed to financial risks mainly in the form of currency risks. For a detailed description of risks and opportunities, see pages 28 and 29. Influential factors and financial risk management are described in detail in Note 2. Apart from the risks described there, no other significant risks were deemed to exist.

#### Calendar effects

Proffice's revenue and earnings are affected by seasonal fluctuations and variances due to the number of working days. Normally, Q3 and Q4 are stronger than the rest of the year because there are more working days. The normally positive calendar effects of Q4 were dampened over the last two years by the large number of holidays that fell on weekdays. The number of working days that also fell between holidays, so-called bridging days, were unusually high. On the whole, the year had one fewer work day than last year.

Operating margin and number of working days



#### Corporate Governance Report

Proffice's Corporate Governance Report, including a statement from the Chairman of the Board, is contained in the Annual Report on page 30.

#### Events after end of the reporting period

Proffice appointed a new manager in Norway. Eivind Bøe assumed the position of CEO of the Proffice Group's operations in Norway in the second half of February and is part of Group management.

Evelyn Tusach was elected by the Unionen trade union at Proffice to replace Anette Hellgren as employee representative on Proffice AB's Board of Directors. The change took place on 11 February in conjunction with an extraordinary statutory Board meeting.

#### Future trends

The market climate continues to be uncertain and the outlook is difficult to forecast. An uncertain market is often a positive climate for our business, as customers' needs for flexible competence management increase. As a result, the Proffice Group has greater opportunities to offer staffing solutions to new and existing customers and meet its vision to be the most successful staffing company in the Nordics.

A solid financial position, a strong corporate culture, and efficient processes will ensure the best possible conditions for continued growth. In order to take advantage of the potential that exists in the market Proffice has further strengthened its sales organization and system support. This will give rise to a more stable business and better conditions for coping with fluctuations in the economy and generating profitable growth.

#### Proposal to the AGM on guidelines for the remuneration of senior executives

The Board proposes that the following unchanged guidelines for the remuneration of senior executives be approved at the 2015 AGM.

The company will offer market-adjusted total compensation that enables it to recruit and retain senior executives. Senior executives include those reporting directly to the CEO who have authority and responsibility for planning, management, and governance of the Group, and those reporting directly to the CEO who have performance accountability. Remuneration of the CEO and other senior executives constitutes a fixed salary and a variable component. The fixed component consists of salary, pension benefits, and other benefits, such as a car allowance.

The variable salary component can include short- and long-term portions. A maximum limit shall be imposed on the short-term variable salary component for the CEO and other senior executives and must never exceed the fixed salary.

Senior executives with performance accountability are entitled to participate in the company's long-term incentive program, which may be cash- or share-based. Cash-based programs shall be limited to six (6) monthly salaries per annum for all except the CEO, whose program is limited to sixteen (16) monthly salaries per annum.

The variable salary component is mainly based on financial targets, taking into account the cost of any bonuses, that is, the bonus must be self-financed.

Retirement age is 65. Retirement benefits for senior executives shall be adapted to location and market. For the CEO, the company annually sets aside 30 per cent of the CEO's pensionable annual salary for pension and insurance solutions. The company shall accept a salary reduction plan as pension contribution under the condition that it is cost-free for the company.

The CEO's period of notice is 12 months on the company's part and 12 months on the CEO's part. In addition, if the company gives notice of termination, the CEO is entitled to severance pay amounting to one yearly salary. For other senior executives, the notice of termination is 12 months maximum on the company's part and 6 months on the employee's part.

The Board may deviate from these guidelines if specific reasons arise in individual cases.

Proffice has followed the guidelines adopted at the 2014 AGM for the remuneration of senior executives, but the Board has, in accordance with what is permitted by the guidelines, deviated from the guidelines to such an extent that the company has entered into an employment contract with Per Sunnemark, Business

Director at Proffice Sweden, that guarantees him a bonus of three monthly salaries for 2014. The deviation was motivated on market-based grounds.

Guidelines for the remuneration of senior executives that applied prior to the 2014 AGM are described in Note 7.

#### Parent Company

Parent Company operations consist of managing joint functions such as Finance, HR, IT, Facilities Management, and Communication, along with external deliveries from subsidiaries to certain Group-wide customers.

Revenue totalled SEK 377 million (387) in 2014, most of which refers to the internal invoicing of services; SEK 111 million (143) refers to external invoicing. The Parent Company's operating loss totalled SEK -29 million (-41). The Parent Company's external revenue refers to deliveries from subsidiaries to certain Group-wide customers. Profit after financial items totalled SEK 56 million (98). Investments in intangible non-current assets totalled SEK 8 million (13). Investments in equipment totalled SEK 1 million (4). Unappropriated cash and cash equivalents totalled SEK 107 million (82), including credit commitments of SEK 100 million (100).

For more, see the description of the Group.

#### Proposal for appropriation of profits

The following Parent Company profit is at the disposal of the AGM:

Accumulated profit	
(of which share premium reserve SEK 29,947,113)	SEK 100,205,465
Profit for the year	SEK 60,296,343
<b>Total</b>	<b>SEK 160,501,808</b>

The Board proposes that the AGM distribute the profit as follows:  
Dividend to shareholders (SEK 0.90 x 68,238,854)\* SEK 61,414,969  
Carry forward to next year SEK 99,086,839

**Total** **SEK 160,501,808**

\*Number of shares is adjusted for treasury shares.



## Consolidated statement of profit or loss and other comprehensive income

SEK million	Note	2014	2013
Revenue	3, 4	4,203	4,318
Other operating income	5	4	5
<b>Operating expenses</b>			
Employee expenses	7	-3,421	-3,647
Other operating expenses	8.9	-630	-538
Depreciation, amortization, and impairment of assets	13, 14	-16	-13
<b>Operating loss</b>		<b>140</b>	<b>125</b>
<b>Earnings from financial items</b>			
Finance income	10	1	15
Finance expense	10	-4	-5
<b>Profit after financial items</b>		<b>137</b>	<b>135</b>
Tax	12	-33	-31
<b>Profit for the year</b>		<b>104</b>	<b>104</b>
<b>Other comprehensive income</b>			
<b>Items that have been or can be reclassified to profit/loss for the year</b>			
Translation differences in foreign subsidiaries for the year	1, 2	5	-23
<b>Items that cannot be transferred to net profit/loss</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income for the year</b>		<b>5</b>	<b>-23</b>
<b>Comprehensive income for the year</b>		<b>109</b>	<b>81</b>
<b>Profit for the year attributable to:</b>			
Parent Company shareholders	19	103	104
Non-controlling interest	19	1	0
<b>Profit for the year</b>		<b>104</b>	<b>104</b>
<b>Comprehensive income for the year attributable to:</b>			
Parent Company shareholders	19	108	81
Non-controlling interest	19	1	0
<b>Comprehensive income for the year</b>		<b>109</b>	<b>81</b>
<b>Earnings per share attributable to Parent Company shareholders</b>			
Basic earnings per share, SEK	19	1.51	1.52
Diluted earnings per share, SEK	19	1.51	1.52

## Consolidated statement of financial position

SEK million 31 December	Note	2014	2013
<b>ASSETS</b>			
Intangible assets	13	624	622
Equipment	14	10	10
Other long-term securities holdings		1	1
Non-current receivables		0	1
Deferred tax assets	12	9	11
<b>Total financial non-current assets</b>		<b>10</b>	<b>13</b>
<b>Total non-current assets</b>		<b>644</b>	<b>645</b>
Tax claims		7	23
Accounts receivable	17	606	594
Other receivables		8	14
Prepaid expenses and accrued income	18	273	246
Cash and cash equivalents		74	42
<b>Total current assets</b>		<b>968</b>	<b>919</b>
<b>TOTAL ASSETS</b>		<b>1,612</b>	<b>1,564</b>

SEK million 31 December	Note	2014	2013
<b>EQUITY AND LIABILITIES</b>			
Share capital	19	17	17
Other contributed capital		361	361
Reserves		-34	-39
Retained earnings including profit for the year		292	230
<b>Total equity attributable to Parent Company shareholders</b>		<b>636</b>	<b>569</b>
Non-controlling interest		3	2
<b>Total equity</b>		<b>639</b>	<b>571</b>
Liabilities to credit institutions	21	-	25
Deferred tax liability	12	42	43
<b>Total non-current liabilities and provisions</b>		<b>42</b>	<b>68</b>
Liabilities to credit institutions	21	-	32
Other interest-bearing current liabilities		-	4
Accounts payable		127	115
Income tax liabilities		29	7
Other liabilities	22	152	172
Accrued expenses and deferred income	23	623	595
<b>Total current liabilities</b>		<b>931</b>	<b>925</b>
<b>Total liabilities</b>		<b>973</b>	<b>993</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,612</b>	<b>1,564</b>

## Statement of changes in consolidated equity

GROUP, SEK million	Attributable to Parent Company shareholders						Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit for the year	Total equity attributable to Parent Company shareholders	Non-controlling interest	
Equity, 1 Jan 2013	17	361	-16	148	510	2	512
<b>Comprehensive income</b>							
Profit for the year	-	-	-	104	104	0	104
<b>Other comprehensive income</b>							
Translation differences	-	-	-23	-	-23	0	-23
<b>Total comprehensive income</b>	-	-	-23	104	81	0	81
<b>Transactions with shareholders</b>							
Shareholder contribution to non-controlling interest	-	-	-	-1	-1	1	-
Acquisition of non-controlling interest	-	-	-	1	1	-1	0
Dividend	-	-	-	-20	-20	0	-20
Other	-	-	-	-2	-2	0	-2
<b>Total transactions with shareholders</b>	-	-	-	-22	-22	0	-22
<b>Equity, 31 Dec 2013</b>	<b>17</b>	<b>361</b>	<b>-39</b>	<b>230</b>	<b>569</b>	<b>2</b>	<b>571</b>
Equity, 1 Jan 2014	17	361	-39	230	569	2	571
<b>Comprehensive income</b>							
Profit for the year	-	-	-	103	103	1	104
<b>Other comprehensive income</b>							
Translation differences	-	-	5	-	5	0	5
<b>Total comprehensive income</b>	-	-	5	103	108	1	109
<b>Transactions with shareholders</b>							
Acquisition of non-controlling interest	-	-	-	0	0	0	-
Dividend	-	-	-	-41	-41	0	-41
<b>Total transactions with shareholders</b>	-	-	-	-41	-41	0	-41
<b>Equity, 31 Dec 2014</b>	<b>17</b>	<b>361</b>	<b>-34</b>	<b>292</b>	<b>636</b>	<b>3</b>	<b>639</b>

## Consolidated statement of cash flows

SEK million	Note	2014	2013
<b>Operating activities</b>			
Profit after financial items		138	135
Adjustment for items not included in cash flow	24	15	15
Paid/refunded tax		16	-52
<b>Cash flow from operating activities before changes in working capital</b>		<b>169</b>	<b>98</b>
<b>Change in working capital</b>			
Change in receivables		-33	131
Change in liabilities		12	-22
<b>Total change in working capital</b>		<b>-21</b>	<b>109</b>
<b>Cash flow from operating activities</b>		<b>148</b>	<b>207</b>
<b>Investing activities</b>			
Acquisition of business, less acquired cash and cash equivalents	6	-4	-166
Acquisition of intangible assets	13	-9	-13
Acquisition of equipment	14	-4	-4
Amortization of loans receivable		1	2
<b>Cash flow from investing activities</b>		<b>-16</b>	<b>-181</b>
<b>Financing activities</b>			
Dividend to Parent Company shareholders		-41	-20
Dividend to non-controlling interests		0	-22
Change in short-term credit facilities		-33	-58
Loans raised		-	100
Loan repayment		-25	-75
<b>Cash flow from financing activities</b>		<b>-99</b>	<b>-75</b>
<b>Cash flows for the year</b>		<b>33</b>	<b>-49</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>42</b>	<b>94</b>
Exchange-rate difference in cash and cash equivalents		-1	-3
<b>Cash and cash equivalents at year-end</b>		<b>74</b>	<b>42</b>
<b>Additional disclosure about cash flow statement</b>			
Interest received		1	2
Interest paid		-2	-3

## Income statement – Parent Company

SEK million	Note	2014	2013
Revenue	16	374	387
Other operating income	5	3	0
<b>Operating expenses</b>	16		
Employee expenses	7	-120	-133
Other external costs	8, 9	-273	-286
Amortization of intangible fixed assets	13	-10	-6
Depreciation and impairment of equipment	14	-3	-3
<b>Operating loss</b>		<b>-29</b>	<b>-41</b>
<b>Earnings from financial items</b>			
Earnings from shares and participating interests in Group companies	10	82	124
Interest income and similar items	10	9	23
Interest expenses and similar items	10	-6	-8
<b>Profit after financial items</b>		<b>56</b>	<b>98</b>
Appropriations	11	13	-14
Tax	12	-9	-5
<b>Profit for the year</b>		<b>60</b>	<b>79</b>

## Statement of profit or loss and other comprehensive income – Parent Company

SEK million	Note	2014	2013
<b>Profit for the year</b>		<b>60</b>	<b>79</b>
<b>Other comprehensive income</b>			
Items that have been or can be reclassified to profit/loss for the year		-	-
Items that cannot be reclassified to profit/loss for the year		-	-
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Comprehensive income for the year</b>		<b>60</b>	<b>79</b>

## Balance sheet – Parent Company

SEK million 31 December	Note	2014	2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible non-current assets	13	53	55
Equipment	14	6	7
Participating interests in Group companies	15, 16	675	692
Other long-term securities holdings		1	1
Receivables from Group companies		-	91
<b>Total financial non-current assets</b>		<b>676</b>	<b>784</b>
<b>Total non-current assets</b>		<b>735</b>	<b>846</b>
Accounts receivable	17	43	53
Receivables from Group companies		145	135
Other receivables		0	0
Prepaid expenses and accrued income	18	20	21
<b>Total current receivables</b>		<b>208</b>	<b>209</b>
<b>Cash and bank balances</b>		<b>7</b>	<b>0</b>
<b>Total current assets</b>		<b>215</b>	<b>209</b>
<b>TOTAL ASSETS</b>		<b>950</b>	<b>1,055</b>

SEK million 31 December	Note	2014	2013
<b>EQUITY AND LIABILITIES</b>			
Share capital	19	17	17
Statutory reserve		277	277
<b>Total restricted equity</b>		<b>294</b>	<b>294</b>
Share premium reserve		30	30
Accumulated profit		71	33
Profit for the year		60	79
<b>Total non-restricted equity</b>		<b>161</b>	<b>142</b>
<b>Total equity</b>		<b>455</b>	<b>436</b>
<b>Untaxed reserves</b>	20	<b>56</b>	<b>68</b>
Liabilities to credit institutions	21	-	18
Accounts payable		21	16
Liabilities to Group companies		375	483
Other liabilities	22	14	8
Accrued expenses and deferred income	23	29	26
<b>Total current liabilities</b>		<b>439</b>	<b>551</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>950</b>	<b>1,055</b>
Pledged assets	25	36	0
Contingent liabilities/guarantees	26	-	-

## Statement of changes in equity – Parent Company

PARENT COMPANY, SEK million	Restricted equity		Unrestricted equity			Total equity
	Share capital	Reserve fund	Share premium fund	Accumulated profit	Profit for the year	
Equity, 1 Jan 2013	17	277	30	-3	57	378
<b>Comprehensive income</b>						
Profit for the year	-	-	-	-	79	79
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	<b>79</b>	<b>79</b>
Appropriation of profits	-	-	-	57	-57	0
<b>Transactions with shareholders</b>						
Dividend	-	-	-	-20	-	-20
Other	-	-	-	-1	-	-1
<b>Total transactions with shareholders</b>	-	-	-	<b>-21</b>	-	<b>-21</b>
<b>Equity, 31 Dec 2013</b>	<b>17</b>	<b>277</b>	<b>30</b>	<b>33</b>	<b>79</b>	<b>436</b>
Equity, 1 Jan 2014	17	277	30	33	79	436
<b>Comprehensive income</b>						
Profit for the year	-	-	-	-	60	60
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	<b>60</b>	<b>60</b>
Appropriation of profits	-	-	-	79	-79	0
<b>Transactions with shareholders</b>						
Dividend	-	-	-	-41	-	-41
<b>Total transactions with shareholders</b>	-	-	-	<b>-41</b>	-	<b>-41</b>
<b>Equity, 31 Dec 2014</b>	<b>17</b>	<b>277</b>	<b>30</b>	<b>71</b>	<b>60</b>	<b>455</b>

## Cash flow statement – Parent Company

SEK million	Note	2014	2013
<b>Operating activities</b>			
Profit after financial items		56	98
Adjustment for items not included in cash flow	24	-27	-36
Tax refund		0	3
<b>Cash flow from operating activities before changes in working capital</b>		<b>29</b>	<b>65</b>
<b>Change in working capital</b>			
Change in receivables		92	-25
Change in liabilities		-14	-6
<b>Total change in working capital</b>		<b>78</b>	<b>-31</b>
<b>Cash flow from operating activities</b>		<b>107</b>	<b>34</b>
<b>Investing activities</b>			
Acquisition of subsidiaries	6	0	-166
Acquisition of intangible non-current assets	13	-8	-13
Acquisition of equipment	14	-1	-4
Shareholders' contributions paid		-3	-23
Amortization of loans receivable		-	1
<b>Cash flow from investing activities</b>		<b>-12</b>	<b>-205</b>
<b>Financing activities</b>			
Paid dividends		-41	-20
Change in short-term credit facilities		-28	-20
Change in other current interest-bearing liabilities from Group companies		-80	144
Group contributions received		61	24
<b>Cash flow from financing activities</b>		<b>-88</b>	<b>128</b>
<b>Cash flows for the year</b>		<b>7</b>	<b>-43</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>0</b>	<b>43</b>
<b>Cash and cash equivalents at year-end</b>		<b>7</b>	<b>0</b>
<b>Additional disclosure about cash flow statement</b>			
Interest received		9	11
Interest paid		-4	-7

## Notes

Proffice AB (publ), the Parent Company of the Proffice Group, is a Swedish public limited company with its registered office in Stockholm, Sweden. The postal address of the head office is Box 70368, SE-107 24 Stockholm, and the street address is Regeringsgatan 65, Stockholm. The Proffice share is listed on the NASDAQ Stockholm MidCap.

The Annual Report and consolidated financial statements were approved for publication by the Board on 24 March 2015. Final approval of the Annual Report and consolidated financial statements occurs at the Parent Company's AGM on 28 April 2015.

Unless otherwise specified, figures in tables represent SEK in millions. Figures in parentheses refer to the previous fiscal year.

### Note 1 Important accounting policies

#### Basis of preparation of the Parent Company's and Group's financial statements

##### Compliance with standards and regulations

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Regulations for Groups has been applied.

The Parent Company applies the same accounting policies as the Group, except in the cases stated below in the Parent Company accounting policies section.

##### Valuation basis used in preparing the financial statements

Assets and liabilities are recognized at historical cost.

##### Functional and presentation currencies

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

##### Assessments and estimates in the financial statements

Preparation of the financial statements using IFRS requires company management to make assessments and estimates, and to make assumptions that affect application of the accounting policies and the recognised amounts of assets, liabilities, revenue, and expenses. The actual results may differ from these estimates and assessments.

Estimates and assumptions are reviewed periodically. Changes are recognized in the period the change is made if the change only affects that period, or in the period the change is made and future periods if it affects both current and future periods.

Assessments made by management in the application of IFRS that have significant impact on the financial statements, and estimates made that can lead to significant adjustments in the following year's financial statements, are described in Note 28.

##### Important applicable accounting policies

The following accounting policies were applied consistently in the consolidated financial statements unless otherwise stated.

#### Changed accounting policies in 2014

The revised accounting policies applied by the Group as of 1 January 2014 are described in the following sections. Other amended IFRSs effective from 2014 did not have a material effect on the consolidated accounts.

##### IFRS 10 Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements replaces IAS 27 Separate Financial Statements concerning the rules for consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities. IFRS 10 provides guidance on assessing whether control does or does not exist for all of a company's investments.

##### IFRS 12 Disclosure of Interests in Other Entities

The change to IFRS 12 entails the disclosure of a wider range of interests in other entities in the consolidated financial statements and increased disclosure requirements for subsidiaries, joint arrangements, associates, and so-called unconsolidated structured entities.

None of the mentioned changes have had any substantial impact on the Group's performance or financial position.

#### Changed accounting policies in 2015 and beyond

A number of new and revised standards and interpretive statements come into effect in future financial years and beyond and have not been applied in advance in preparing these financial statements. There are no plans to apply new or amended standards that are effective from fiscal years after 2015 in advance. To the extent that expected effects of applying the following new or amended standards and interpretations to the financial statements are not described below, the Group has determined that they will not have any significant effect on the consolidated accounting.

##### IFRS 9 Financial Instruments

IFRS 9 Financial Instruments addresses classification and measurement of and accounting for financial assets and liabilities. The standard replaces those parts of IAS 39 that address classification and measurement of financial instruments. IFRS 9 contains a mixed measurement approach with three measurement categories for financial assets: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. How an instrument is to be classified depends on the company's business model and the instrument's characteristics. IFRS 9 also includes scaled down requirements for applying hedge accounting.

##### IFRS 15 Revenue from Contracts with Customers

IFRS 15 governs how accounting for revenue is to be done and is based on the principle that users of financial statements should be given more useful information about the company's revenue. The expanded disclosure requirements mean that information about the type of revenue, the date of settlement, uncertainties related to revenue recognition, and cash flow attributable to the company's customer contracts shall be provided. To comply with IFRS 15, revenue should be recognized when the customer obtains control of the sold goods or services and is able to use and receive the benefits of the product or service. IFRS 15 supersedes IAS 18 Revenue and IAS 11 Construction Contracts along with related SIC and IFRIC standards and interpretations.

#### Classification of current and non-current items

Non-current assets and liabilities essentially consist of amounts expected to be recovered or paid after more than 12 months from the end of the reporting period. Current assets and liabilities essentially consist of amounts expected to be recovered or paid within 12 months from the end of the reporting period.

#### Operating segment reporting

An operating segment is a part of the Group that conducts business from which it may earn income and incur expenses and for which separate financial information is available. The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker monitors and evaluates the segment's performance and allocates resources to the operating segment. See Note 3 for an additional description of the division and presentation of operating segments.

#### Cash flow statement

The cash flow statement shows changes in cash and cash equivalents for the period. The cash flow statement is prepared using the indirect method, whereby earnings after net financial items are adjusted for transactions that do not involve receipts or disbursements during the period, grouped according to the various lines of business.

*Operating activities:* Income and expenses that are included in operating profit/loss, interest received and paid, taxes paid, and change in working capital

*Investing activities:* Acquisition of non-current assets and other types of investments

*Financing activities:* Borrowings and loan repayments, dividends and share buy-backs, and issues

#### CONSOLIDATED FINANCIAL STATEMENTS (CONSOLIDATION POLICIES)

##### General

In addition to the Parent Company, the consolidated financial statements include all subsidiaries under the controlling influence of the Parent Company. Controlling influence means that the Group is exposed to or has rights to variable returns from its holdings in the company and is able to affect yields through its influence in the company.

Subsidiaries are recognized using the acquisition method. Using this method, acquisition of a subsidiary is viewed as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. In the acquisition analysis, the fair value of the identifiable assets acquired, liabilities assumed, and any non-controlling interest is fixed on the acquisition date.

In business combinations in which transferred consideration, any non-controlling interest, and fair value of previously owned participating interest (in step acquisitions) exceed the fair value of assets acquired and liabilities assumed that are recognized separately, the difference is recognized as goodwill. When the difference is negative (bargain acquisition), it is recognised directly in profit/loss for the year.

Consideration transferred in connection with the acquisition does not include payments for settlement of past business dealings. This type of settlement is recognized in profit/loss.

Conditional transferred considerations/additional purchase prices are recognized at fair value on the date of acquisition. Other conditional purchase prices are revalued at each reporting date and the change is recognized in profit/loss for the year.

Transaction expenditures that arise, with the exception of transaction expenditures that are attributable to issued equity instruments or debt instruments, are recognized in profit/loss for the year. Financial statements of subsidiaries are consolidated from the date of acquisition until the date that control ceases. In cases where the subsidiary's accounting policies do not comply with Group accounting policies, adjustments are made to the Group accounting policies.

#### Transactions with non-controlling interests

Non-controlling interests are recognized as their proportional share of net assets. Transactions with non-controlling interests are recognized in equity, that is, between the Parent Company shareholders and non-controlling interests. For acquisitions from non-controlling interests, the difference between the purchase price paid and the actual acquired share of the carrying amount of the subsidiary's net assets is recognized as a transaction within equity. Hence, no goodwill arises in these transactions. Gains and losses on disposals of non-controlling interests are also recognized in equity.

Losses attributable to non-controlling interest are apportioned even in cases where non-controlling interest will be negative.

#### Transactions eliminated on consolidation

Intra-group receivables and liabilities, income or expenses, and unrealized gains or losses arising from intra-group transactions between Group companies are eliminated in full when preparing the consolidated financial statements.

#### Translation of foreign subsidiaries

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from the foreign operation's functional currency to the Group's reporting currency, the Swedish krona, at its exchange rate at the end of the reporting period. Income and expenses in foreign operations are translated to the Swedish krona at an average rate that is an approximation of the exchange rates on the respective transaction date. Translation differences that arise for currency translation of foreign operations are recognized in consolidated other comprehensive income and are accumulated in a separate component of equity called the translation reserve. When disposing of foreign operations, they are realized in the operation for accumulated translation differences, when they are reclassified from translation reserve in equity to profit/loss for the year.

#### Internal pricing policies

Pricing of transactions between entities within the Group is founded on market-based conditions, which means that internal customers are not treated differently from external customers.

#### INCOME

Income is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services sold, net of VAT and discounts. The Group recognizes revenue when the amount can be measured reliably and it is probable that future economic benefits will flow to the Group. Consolidated revenue comprises sales of staffing, recruitment, and outplacement services.

Income is recognized in the period that services were rendered. Earned but not yet invoiced work at the end of the reporting period is recognized as accrued income. Revenue from recruitment and outplacement is recognized in conjunction with completion of the service as contracted.

#### Other operating income

Other operating income relates to income from activities outside the Group's main business.

#### EXPENSES

##### Operating expenses

Operating expenses mainly refer to employee expenses. Wages, salaries,

paid vacation, paid sick leave, social charges, and pensions are charged to the income statement for the period in which the services are performed. Other operating expenses include administrative expenses such as rental charges and IT. Expenses are carried in the period in which they arise.

#### Operating leases

A crucial factor in the classification of leasing agreements is the extent of the economic risks and benefits associated with ownership of the actual leasing object to the lessor or lessee. To facilitate this, an annual review is conducted of all agreements individually. The Group only has operating leases. Lease payments are recognized in profit/loss for the year on a straight-line basis over the term of the lease. Variable fees are expensed in the periods in which they are incurred.

#### FINANCE INCOME AND EXPENSE

Finance income comprises interest income on financial investments and dividend income. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

Finance expense comprises interest expenses on borrowings, accounts payable, and other finance expenses. Interest expenses are accrued over the duration. Other finance expenses mainly include bank charges.

Exchange gains and losses are reported net.

#### Receivables and liabilities in foreign currencies

The foreign currency receivables and liabilities of Group companies are first recognized at the transaction date rate and then revalued at the closing rate at the end of the reporting period. Realized and unrealized exchange-rate differences are recognized in consolidated profit/loss for the year. Exchange differences attributable to operational receivables and liabilities are recognized as other operating income/expense. Exchange differences attributable to loans and investments in foreign currencies are recognized as financial items.

#### TAXES

Tax recognized in profit/loss for the year consists of current and deferred tax. Taxes are recognized in profit/loss for the year except when the underlying transaction is recognized in other comprehensive income or in equity, in which case the related tax effect is recognized in other comprehensive income or in equity. Current tax is tax that will be paid or received in current and prior years. Deferred tax is calculated using the balance sheet method on temporary differences between the recognized and written-down value of assets and liabilities.

Deferred tax assets in deductible temporary differences and loss carryforwards are only recognized to the extent that it is likely they will lead to lower future tax payments. Tax liabilities are always recognized. Current and deferred tax is calculated using the tax rules enacted or substantially enacted at the end of the reporting period in the countries in which the Parent Company and its subsidiaries are active and generate taxable income.

#### EARNINGS PER SHARE

The calculation of earnings per share is based on consolidated profit/loss after tax for the year attributable to Parent Company shareholders and on the weighted average number of basic and diluted shares outstanding during the year.

#### INTANGIBLE ASSETS

##### Goodwill

For business combinations, goodwill is recognized in the consolidated statement of financial position for those cases in which transferred consideration, any non-controlling interests, and the fair value of previously owned interests exceeds the fair value of identifiable assets acquired and liabilities assumed.

Goodwill is valued at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating entities and tested at least annually for impairment.

##### Other intangible assets

Other intangible assets include capitalized system development expenses and capitalized customer contracts.

Directly attributable expenditures that are capitalized as part of software for internal use are recognized as assets in the consolidated statement of financial position, provided that future economic benefits are probable and exceed accrued expenditures. Expenditures for feasibility studies, training, and ongoing maintenance are expensed as incurred. In the consolidated statement of financial position, other intangible assets are recognized at cost less accumulated depreciation and any impairment losses.

Capitalized customer contracts have been acquired as part of business

combinations. Capitalized customer contracts have a finite useful life, and in the statement of financial position, capitalized customer contracts are recognized at fair value on the acquisition date less accumulated amortization in subsequent periods and any impairment losses.

#### Amortization of intangible assets

Amortization of intangible assets is based on their estimated useful lives. Amortization is on a straight-line basis over the asset's estimated useful life. Capitalizable intangible assets are amortized from the date they are taken into use. The following rates of amortization are applied:

Systems development	4–10 years
Customer contracts	Length of agreement

Goodwill is not amortized but is tested for impairment annually, or more frequently if circumstances indicate that the asset in question has declined in value.

Useful life is reassessed annually.

#### EQUIPMENT

Equipment is recognized as an asset in the statement of financial position if it is probable that future economic benefits will flow to the Group and the cost of the asset can be measured reliably.

Equipment is recognized at cost less accumulated depreciation and any impairment losses. The cost includes the purchase price and costs directly attributable to bringing the asset to its destination in useable condition.

Gains or losses arising from disposal or retirement of equipment is the difference between the selling price and the carrying amount net of direct selling expenses. The resulting item is recognized as other operating income/expense.

#### Depreciation of equipment

Depreciation of equipment is based on estimated useful life.

Depreciation is on a straight-line basis over the asset's estimated useful life. The following rates of amortization are applied:

Computers	3 years
Furniture	5–10 years
Building alterations to another party's property during the lease period	2–5 years
Other equipment	4–5 years

Depreciation methods used and useful lives of assets are reviewed at each year-end.

#### FINANCIAL INSTRUMENTS

Financial instruments recognized in the consolidated statement of financial position consist on the assets side of cash and cash equivalents, accounts receivable, and loans receivable, and on the liabilities side of accounts payable and loans payable.

#### Recognition of financial assets and liabilities

A financial asset or financial liability is carried when the Group becomes party to the instrument's contractual terms. Accounts receivable are carried when invoices are sent. A receivable is carried when the Group has delivered and contractual obligations are due for payment from the contracting party, even if the invoice has not been sent yet. Accounts payable are carried when invoices are received. Loans payable are carried when the other party has delivered and contractual obligations are due for payment.

A financial asset is removed from the consolidated statement of financial position when the entitlements of the agreement are realized, fall due, or the Group loses control of them. Financial liabilities are removed when contractual obligations are fulfilled or are otherwise extinguished.

#### Classification and measurement

A financial instrument is classified when acquired based on the purpose of the acquisition. The classification determines how the financial instrument is valued at initial recognition, as described below. Financial instruments are recognized initially at cost, corresponding to the instrument's fair value plus transaction costs, except for the category recognized at fair value via the consolidated statement of profit or loss and comprehensive income, which is recognized less transaction expenses.

#### Loans receivable and accounts receivable

Loans receivable and accounts receivable are financial assets that are not derivatives, that have fixed or fixable payments, and that are not listed on an active market. They are included in current assets, except for those items with due dates more than 12 months after the end of the reporting period, which are classified as non-current assets. Group loans and accounts receivable consist of accounts receivables and accrued income.

These are measured at the amortized cost.

The carrying amounts represent a good approximation of fair value since they will soon mature. Accounts receivable are recognized at the amount at which they are expected to be received less bad debts that are assessed individually. The expected term of accounts receivable is short, which is why the value is recognized at a nominal amount without discounting.

#### Cash and cash equivalents

Cash and cash equivalents constitute cash on hand, bank balances, and investments in securities with a term of less than three months that are exposed to minimal risk for fluctuations in value.

#### Financial liabilities are valued at amortized cost

Consolidated financial liabilities consist of accounts payable and interest-bearing current and non-current liabilities. These are recognized at the amortized cost.

Carrying amounts of the current liabilities represent a good approximation of fair value since they will soon mature. Carrying amounts are also assumed to represent a good approximation of fair value when calculating fair value for non-current liabilities. The reason for this is that these liabilities bear variable interest rates, and the Group assumes that the credit margin is constant as long as there is no obvious evidence that the credit margin changed.

#### IMPAIRMENT

The carrying amounts of the Group's assets are estimated at the end of each reporting period in order to determine any impairment losses. The carrying amount is also tested when an impairment loss is identified. IAS 36 Impairment of Assets is applied to impairment of assets other than financial assets, which are accounted for under IAS 39.

#### Impairment of non-financial non-current assets

Where an indication of impairment exists, the asset's recoverable amount is calculated. For goodwill and other intangible assets with indefinite useful lives, the recoverable amount is calculated annually. An asset is impaired if its carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an assets net realizable value and value in use. When calculating value in use, future cash flows are discounted at a discount rate that reflects the risk-free interest and the risk that is associated with the specific asset. If unable to essentially determine the individual cash flows to a particular asset, and its fair value less selling expenses cannot be used, the assets, when tested for impairment, are grouped at the lowest level at which there are identifiable individual cash flows – a so-called cash generating entity. Impairment losses are charged against profit/loss.

#### Impairment of financial assets

On each reporting date, the Group evaluates whether there are any objective indications that a financial asset or group of financial assets need to be written down. The recoverable amount for assets in loans and accounts receivable that are recognized at amortized cost are calculated as the present value of future cash flows discounted by the effective rate that applied when the asset was first recognized. Assets with short terms are not discounted. An impairment loss is charged against profit/loss.

#### Reversal of impairment losses

An impairment of assets included in the scope of IAS 36 is reversed if there is an indication that the impairment no longer exists and there has been a change in the assumptions underlying the calculation of the recoverable amount. Goodwill impairment is never reversed, however. An impairment loss is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognized, net of depreciation where applicable, if no impairment loss had been recognized.

Impairment losses on loans and accounts receivables carried at amortized cost are reversed if the previous reasons for the impairment no longer exist and that full payment is expected.

#### PROVISIONS

Provisions differ from other liabilities in that there is uncertainty about the date of payment or the amount required to settle the provision. Provisions are recognized in the statement of financial position when the Group has a legal or informal obligation resulting from a past event that definitely or probably occurred, that is, when it is probable that an outflow of resources is required to settle the obligation, and when the amount can be reliably estimated. Provisions are recognized at the amount that is the best estimate of what is required to regulate the existing obligation. Where the payment date is significant, provisions are calculated by discounting anticipated

future cash flows at an interest rate before tax that reflects current market assessments of money's period value and, if applicable, the risks associated with the liability.

#### EMPLOYEE BENEFITS

##### Retirement benefits

The Group offers its employees retirement benefits under the usual terms of each country. Employees in Sweden are covered by pension benefits as per existing collective agreements. This means that salaried employees are covered by ITP plans, and other workers as per the SAF/LO collective agreement retirement pension. In other countries, employees receive prevailing market pension solutions.

Defined contribution plans are classified as those plans for which the Group's obligation is limited to the premiums the Group has agreed to pay. The company's obligations for premiums paid to defined contribution plans encumber profit/loss as employees earn them for performing services for the Group.

For salaried employees in Sweden, the ITP 2 plan's defined benefit pension commitment for retirement and survivor pensions is secured through an insurance policy with Alecta. In accordance with a statement from the Swedish Financial Reporting Board's UFR 3 (Classification of ITP plans that are financed through insurance policies with Alecta), this is a defined benefit plan that encompasses several employers. For fiscal year 2014, the Group did not have access to such information that would enable it to recognize this plan as a defined benefit pension plan. Therefore, the ITP 2 pension plan secured through an insurance policy with Alecta is recognized as a defined contribution plan. The premium for the defined benefit retirement and survivor pension is calculated individually and is dependent on factors such as salary, previously earned pension, and expected remaining period of employment.

The collective consolidation level is the market value of Alecta's assets as a percentage of the insurance commitments as calculated with Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective consolidation level is normally allowed to vary between 125 and 155 per cent. If Alecta's collective consolidation level falls below 125 per cent or rises above 155 per cent, measures must be taken so that the consolidation level returns to the normal range.

Certain employees are able to exchange part of their ITP plan for a defined contribution retirement plan, in which the Group's only obligation is to pay the stipulated premiums.

Employees in Norway are mainly covered by defined contribution pension plans, but there is also a very small percentage covered by defined benefit pension plans.

##### Termination benefits

An expense for benefits in connection with termination of employment is only recognized if the company is demonstrably obligated by a formal detailed plan to prematurely terminate employment. When benefits are offered to encourage voluntary redundancy, an expense is recognized if it is likely that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

##### Short-term employee benefits

Short-term employee benefits are calculated without discounting and are recognized as an expense when the related services are rendered. A provision is recognized for the expected expense of profit-sharing and bonus payments when the Group has a current legal or informal obligation to make such payments as a result of services rendered by employees and the obligation can be reliably estimated.

#### CONTINGENT LIABILITIES (GUARANTEES)

A contingent liability is recognized when a possible obligation arises from past events whose existence is confirmed by one or more uncertain future events, or when there is an obligation that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required.

#### PARENT COMPANY ACCOUNTING POLICIES

The financial statements of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's statements on quoted companies are also applied. RFR 2 means that the Parent Company, in its own financial statements, applies all of the EU-approved IFRS and interpretations as far as possible within the framework of the Swedish Annual Accounts Act, the Swedish Act on Safeguarding of Pension Commitments, and with due regard to the relationship between accounting and taxation. This recommendation specifies which exceptions and additions must be applied with regard to IFRS.

#### Changed accounting policies in 2014

Unless otherwise stated below, the Parent Company accounting policies in 2014 were changed as per that which was specified for the Group.

#### Changed accounting policies in 2015 and beyond

See changed accounting policies for the Group.

#### Differences between Group and Parent Company accounting policies

The differences between Group and Parent Company accounting policies are indicated below. The accounting policies for the Parent Company specified below were applied consistently to all periods presented in the Parent Company's financial statements.

#### Classification and formats

An income statement and a statement of profit or loss and other comprehensive income are reported for the Parent Company, while in the Group these two reports constitute the consolidated statement of profit or loss and comprehensive income. In addition, the balance sheet and cash flow statement designations are used in the Parent Company for the reports that in the Group are called consolidated statement of financial position and statement of cash flows. The Parent Company's income statement and balance sheet are prepared in accordance with the Swedish Annual Accounts Acts, while the statement of profit or loss and other comprehensive income, statement of changes in equity, and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in Parent Company reporting versus Group reporting as seen in the Parent Company income statement and balance sheet mainly constitute reporting of finance income and expense, non-current assets, equity, and the existence of provisions as a separate item on the balance sheet.

#### Subsidiaries

Participations in subsidiaries are recognized in the Parent Company using the cost method. Transaction expenses are included in the carrying amount of holdings in subsidiaries.

Conditional purchase prices are valued according to the probability that the purchase price will be charged. Any changes to the provision/claim are imposed on/reduce the cost of acquisition.

#### Goodwill

Goodwill and other intangible assets with indefinite useful lives that are not subject to amortization in the Group are written down in the Parent Company as per the Annual Accounts Act.

#### Untaxed reserves

On the Parent Company balance sheet, untaxed reserves are recognized without breakdown into equity and deferred tax liabilities, in contrast to the Group. Similarly, on the income statement for the Parent Company, there is no breakdown of appropriations into deferred tax expense.

#### Group contributions and shareholder contributions

Group contributions that the Parent Company receives from a subsidiary are recognized in the Parent Company using the same principles as ordinary dividends from subsidiaries. Group contributions paid by the Parent Company to subsidiaries are recognized as an increase in participating interests in subsidiaries. Shareholder contributions are posted directly against the recipient's equity and as an increase in participating interests in subsidiaries for the grantor, to the extent that impairment is not required.

## Note 2 Financial risk management

The Group is exposed through its operation to various financial risks: currency risk, interest rate risk, credit risk, and liquidity risk. The Group's policy for managing these risks is to limit adverse effects on the Group's financial performance. Proffice's financial risk management is governed by the Group's financial policy as updated annually and approved by the Board. Risk management is dealt with centrally according to existing policies and guidelines.

No offset of financial assets and liabilities has occurred.

FINANCIAL RISK	
<b>Currency risk</b>	The risk that exchange rate fluctuations negatively affect the Group's financial results.
<b>Interest rate risk</b>	The risk that changes in interest rates negatively affect the Group's financial results.
<b>Liquidity risk</b>	The risk that Proffice cannot fulfil its liability obligations.
<b>Credit risk</b>	The risk that the Group's customers cannot fulfil their payment obligations that are related to Group receivables.

#### Currency risks

Proffice runs operations in Sweden, Norway, Finland, and Denmark. Currency risks arise from commercial transactions, recognized assets and liabilities, and net investments in foreign operations. Group companies operate in their local currency and principally in their local markets, which means that exchange risks in commercial flows are very rare. However, the Group is affected by currency risks when translating net assets in foreign subsidiaries to the Swedish krona and when financing the Group internally. Currency exposure and the extent of the risk is followed up and reported to the Board regularly for the purpose of facilitating future hedging decisions.

Translation of the foreign operations net assets is from EUR, DKK, and NOK to the Swedish krona. In 2014, translation of the foreign subsidiaries affected consolidated equity by SEK 5 million (-23). Currency exposure is managed primarily through the Group's cash pool.

No hedging was required in 2014.

A change in exchange rates of 5 per cent influences consolidated earnings and financial position as follows.

CURRENCY CHANGE, +/-5%	SEK million	SEK million	SEK million
Translated currency	NOK	EUR	DKK
Change in translation/exchange difference	+/-12.3	+/-4.5	+/-0.9

These exchange rates were used:

EXCHANGE RATE	2014		2013	
	Average	Reporting date	Average	Reporting date
EUR	9.097	9.516	8.649	8.943
DKK	1.220	1.278	1.160	1.199
NOK	1.089	1.052	1.109	1.058

#### Interest rate risk

As the Group has no significant interest-bearing assets besides its bank accounts, changes in market interest rates have a limited effect on consolidated earnings and cash flows from operating activities. Interest rate risk arises with financing through external borrowing. At year-end, there were no interest-bearing liabilities to credit institutions, SEK 0 million (57), so the total interest rate risk is considered marginal.

Proffice strives to structure the interest rate on interest-bearing assets and liabilities in such a way that one percentage point of negative interest fluctuation does not affect earnings negatively by more than SEK 2 million (2) over a rolling 12-month period. An interest rate change of one percentage point would affect consolidated earnings negatively by less than SEK 1 million.

#### Liquidity risk

Financing needs are secured through long-term agreements with credit institutions, borrowing against customer invoices, and bank overdraft facilities. The Group's long-term financing from the lender is coupled with covenant requirements, such as net debt/EBITDA and the equity/assets ratio. The covenants were met during the year. The Group has a central Group multi currency cash pool.

Management monitors rolling 12-month liquidity forecasts, which consist of cash and cash equivalents and unused loan commitments that cover all Group entities. A significant portion of long-term capital procurement is to have maturities of two to five years. At 31 December 2014, the average remaining contract term was 26 months. Data on confirmed, granted, and utilized borrowing limits and due dates of credit facilities are shown in Note 21.

#### Credit risk

Credit risk arises in the Group's operation largely in conjunction with selling on credit. Proffice's assignments are invoiced regularly as services are completed. The Group has a credit policy detailing how customer credit should be managed. The credit policy includes terms and conditions for credit ratings, credit monitoring, and collection management. Normal payment terms are net 15–30 days. Longer payment terms exist. The Group checks the creditworthiness of customers by obtaining information about the financial position of each customer from a credit rating agency. Accounts receivable are followed up every week to ensure that payments are made per payment terms. Interest is charged on late payments, and unpaid invoices are sent to a debt collector. A bank guarantee or prepayment is required from customers with low creditworthiness. Historically, Proffice's bad debt losses have been very limited.

Credit risks attributable to the Group's accounts receivables are distributed among a large number of customers. There was no significant concentration of credit exposure at the end of the reporting period. The company's accounts receivables that are neither impaired nor past due are of good quality on average. Note 17 includes an age analysis of accounts receivable. The Groups credit risk is made up of accounts receivables of SEK 606 million (594) and accrued income of SEK 247 million (227).

#### Fair value of financial instruments

Group loans and accounts receivable are valued at the amortized cost. The recognized amount at the end of the reporting period was SEK 852 million (816). The carrying amounts represent a good approximation of fair value since they will soon mature.

The Group's other financial liabilities are valued at amortized cost. The recognized amount at the end of the reporting period was SEK 127 million (176). Carrying amounts of the current liabilities represent a good approximation of fair value since they will soon mature. Carrying amounts are also assumed to represent a good approximation of fair value when calculating fair value for non-current liabilities. The reason for this is that these liabilities bear variable interest rates, and the Group assumes that the credit margin is constant as long as there is no obvious evidence that the credit margin changed.

## Note 3 Distribution by operating segment

The Group's operating segments were determined based on the information that is processed by the operations most senior executive decision-maker and that is used to monitor and assess earnings and allocate resources to segments. The Group's operations are organized in such a way that management monitors revenue and operating profit/loss by the geographic areas in which the Group operates: Sweden, Norway, Finland, and Denmark. Segment information is provided as it is reported and is monitored internally by the most senior executive decision-maker.

The Group-wide item refers to the Parent Company's operations, consisting of joint functions for Group companies, such as Finance, HR, IT, Marketing, Facility Management, and Communication. The Group-wide item also includes non-current assets related to capitalized systems development expenditures for the Group's operational systems. Accounts receivable below are recognized after the reserve for bad debts. Pricing of transactions between segments is founded on market-based conditions.

	2014						
	Sweden	Norway	Finland	Denmark	Group-wide	Elimination	Total
INCOME AND EARNINGS							
External revenue	2,998	1,011	144	50	-	-	4,203
Internal revenue	142	13	2	0	263	-420	-
<b>Revenue</b>	<b>3,140</b>	<b>1,024</b>	<b>146</b>	<b>50</b>	<b>263</b>	<b>-420</b>	<b>4,203</b>
Other operating income	3	1	-	-	-	-	4
Depreciation, amortization, and impairment of intangible assets and equipment	-2	-1	-	-	-13	-	-16
<b>Operating profit/loss</b>	<b>128</b>	<b>34</b>	<b>2</b>	<b>5</b>	<b>-29</b>	<b>-</b>	<b>140</b>
Financial items							-3
<b>Consolidated earnings before tax</b>							<b>137</b>
ASSETS							
Non-current assets <sup>1</sup>	366	136	73	-	59	-	634
Accounts receivable	478	108	15	5	-	-	606
Unallocated assets							372
<b>Total assets</b>							<b>1,612</b>
EQUITY AND LIABILITIES							
Equity							639
Unallocated liabilities							973
<b>Total equity and liabilities</b>							<b>1,612</b>
Investments <sup>1</sup>	-1	-3	-	-	-9	-	-13

	2013						
	Sweden	Norway	Finland	Denmark	Group-wide	Elimination	Total
INCOME AND EARNINGS							
External revenue	3,162	998	118	40	-	-	4,318
Internal revenue	179	22	1	0	244	-446	-
<b>Revenue</b>	<b>3,341</b>	<b>1,020</b>	<b>119</b>	<b>40</b>	<b>244</b>	<b>-446</b>	<b>4,318</b>
Other operating income	5	-	-	-	-	-	5
Depreciation	-4	0	-	-	-9	-	-13
<b>Operating profit/loss</b>	<b>123</b>	<b>35</b>	<b>3</b>	<b>5</b>	<b>-41</b>	<b>-</b>	<b>125</b>
Financial items							10
<b>Consolidated earnings before tax</b>							<b>135</b>
ASSETS							
Non-current assets <sup>1</sup>	368	134	68	-	62	-	632
Accounts receivable	487	89	13	5	-	-	594
Unallocated assets							338
<b>Total assets</b>							<b>1,564</b>
EQUITY AND LIABILITIES							
Equity							571
Unallocated liabilities							993
<b>Total equity and liabilities</b>							<b>1,564</b>
Investments <sup>1</sup>	0	0	-	-	-17	-	-17

1. Intangible and tangible.

Within each country, Proffice's operations are divided into three operating areas: Staffing, Recruitment, and Outplacement. Staffing is the basis of our operations and means that Proffice can provide personnel for shorter or longer assignments. The Recruitment operating area provides recruit-

ment consultants from Proffice's specialist areas who help companies with their competence management. In the Outplacement operating area, job coaches provide support and assistance to individuals in the transition from one job to another.

REVENUE BY OPERATING AREA	2014				
	Sweden	Norway	Finland	Denmark	Total
Staffing	2,811	980	141	46	3,978
Recruitment	131	29	3	4	167
Outplacement	56	2	0	0	58
<b>Total</b>	<b>2,998</b>	<b>1,011</b>	<b>144</b>	<b>50</b>	<b>4,203</b>

REVENUE BY OPERATING AREA	2013				
	Sweden	Norway	Finland	Denmark	Total
Staffing	2,943	972	114	34	4,063
Recruitment	134	24	4	6	168
Outplacement	85	2	-	-	87
<b>Total</b>	<b>3,162</b>	<b>998</b>	<b>118</b>	<b>40</b>	<b>4,318</b>

#### Note 4 Breakdown of income

Staffing is Proffice's largest operating area and is divided into seven areas of competence: Industry & Logistics, Office & Customer Service, IT & Technology, Aviation, Care, Finance, and Life Science.

Breakdown by area of competence	2014	2013
<b>Revenue</b>		
Industry & Logistics	1,374	1,454
Office & Customer Service	1,037	1,105
IT & Technology	399	443
Aviation	352	245
Care	349	346
Finance	321	329
Life Science	146	141
<b>Total</b>	<b>3,978</b>	<b>4,063</b>

#### Note 5 Other operating income

	Group		Parent Company	
	2014	2013	2014	2013
Reversed contingent consideration <sup>1</sup>				
- Komet Holding AB <sup>2</sup>	0	5	-	-
Other	4	0	3	-
<b>Total</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>-</b>

1. Deviation between actual contingent consideration from previous acquisition and estimated contingent consideration at acquisition.  
2. See Note 6 on business combinations.

#### Note 6 Business combinations

##### Acquisitions in 2014

No significant acquisitions were made in 2014.

##### Settlement of contingent considerations

The preliminary estimated additional purchase price for the acquisition of student staffing company Komet Holding AB in 2013 was finalized and paid in 2014, resulting in a business combination charge of SEK -4 million that encumbered consolidated cash flow for the year.

Deviation between the contingent consideration and the estimated contingent consideration at acquisition was recognized as other operating income in 2013 and 2014; the amount is reported in the consolidated statement of profit or loss and other comprehensive income (see Note 5). In the Parent Company, the deviation reduced the cost for participating interests in Group companies (see Note 15).

##### Acquisitions in 2013

No acquisitions were made in 2013.

##### Settlement of contingent considerations

On 5 July 2011, Proffice AB acquired all shares in student staffing company Komet Holding AB and its subsidiaries Komet Sweden AB and Komet Sales AB (Komet, collectively).

The purchase agreement states that a contingent consideration is to be paid to the Komet Group's previous owners. The contingent consideration consists of two parts that may not exceed SEK 33 million and SEK 9 million, respectively.

The first part is based on the 2011 operating profit/loss before amortization and impairment of goodwill, and the other part on the 2013 operating profit/loss before amortization and impairment of goodwill. The contingent consideration was calculated using a discount rate of 4.5 per cent and totalled SEK 40 million on the date of acquisition, which corresponds to the maximum purchase price.

Deviation between the contingent consideration and the estimated contingent consideration at acquisition was recognized as other operating income in 2013; the amount is reported in the consolidated statement of profit or loss and other comprehensive income (see Note 5).

In the Parent Company, the deviation reduced the cost for participating interests in Group companies (see Note 15).

The additional purchase price, depending on outcomes for 2013, was finalized in conjunction with Komet's AGM.

Business combinations had an effect on consolidated cash flow of SEK

-166 million in 2013. The amount resulted primarily from two events: the proceeds paid for the remaining 49 per cent of Dfind AB amounting to SEK 159 million and the SEK 6 million that was paid as an additional purchase price for the acquisition of student staffing company Komet Holding AB.

#### Note 7 Employees and employee expenses

AVERAGE NUMBER OF FTES <sup>1</sup>	2014		2013	
	Total no. of employees	Women, %	Total no. of employees	Women, %
<b>Parent Company</b>				
Sweden	97	71	100	77
<b>Subsidiaries</b>				
Sweden	3,986	48	4,526	48
Norway	1,401	39	1,471	40
Denmark	86	37	69	74
Finland	491	52	380	56
<b>Total subsidiaries</b>	<b>5,964</b>	<b>46</b>	<b>6,446</b>	<b>47</b>
<b>Group total</b>	<b>6,061</b>	<b>46</b>	<b>6,546</b>	<b>48</b>

1. Hours used to calculate hours worked per year is 1,980 (1,988).

	Group		Parent Company	
	2014	2013	2014	2013
<b>Salaries, other remuneration, and social charges</b>				
Salaries and remuneration	2,608	2,737	76	70
Social charges	595	571	28	25
Pension expenses	125	185	13	12
<b>Total</b>	<b>3,328</b>	<b>3,493</b>	<b>117</b>	<b>107</b>
<b>Allocation of salaries and remuneration</b>				
Other employees	2,588	2,720	59	57
Board, CEO, and other senior executives <sup>2</sup>	20	17	17	13
<b>Total</b>	<b>2,608</b>	<b>2,737</b>	<b>76</b>	<b>70</b>

2. Specified in the following Board, CEO, and other executives table.

##### Defined benefit pension plans

Charges for the year for pension insurance policies with Alecta for pension insurance policies as per the ITP plan amounted to SEK 32 million (35). Charges for ITP 2 insurance policies from Alecta are expected to total SEK 33 million for 2015. Alecta's surplus may be distributed to policyholders and/or the insured. At the end of 2014, Alecta's preliminary surplus in the form of the collective consolidation level totalled 143 per cent (148).

##### Gender distribution among the Board and senior executives, 31 Dec 2014

The Board of Directors has 9 (8) members, of whom 6 (4) are male. In Group Management the number of senior executives, including the CEO, is 7 (4), of whom 6 (3) are male.

The Boards of Directors for all Group companies have 11 (9) male members and 7 (8) female members.

Board, CEO, and other senior executives, SEK thousand	Group		Parent Company	
	2014	2013	2014	2013
<b>Chairman of the Board</b>				
Cecilia Daun Wennborg (as of 22 May 2014)	333	-	333	-
Lars Murman (until 21 May 2014)	208	500	208	500
<b>Board members</b>				
Axel Hjärne (as of 22 May 2014)	155	-	155	-
Cecilia Daun Wennborg (until 21 May 2014)	133	320	133	320
Christer Hägglund (until 23 April 2013)	-	83	-	83
Juan Vallejo (as of 22 May 2014)	169	-	169	-
Karin Eliasson (until 21 May 2014)	120	290	120	290
Karl Åberg	312	260	312	260
Katarina Mellström (until 23 April 2013)	-	88	-	88
Lars Johansson (as of 24 April 2013)	280	177	280	177
Susanna Marcus (as of 24 April 2013)	280	177	280	177
<b>CEO</b>				
Henrik Höjsgaard	5,420	-	5,420	-
Lars Kry	-	5,841	-	5,841
Other senior executives <sup>3</sup>	12,968	9,212	9,773	5,103
<b>Total</b>	<b>20,378</b>	<b>16,948</b>	<b>17,183</b>	<b>12,839</b>

3. There were 6 (3) other senior executives in the Group and 3 (3) in the Parent Company.



## Remuneration of senior executives

Guidelines for remuneration as resolved at the 2014 AGM

Guidelines for the remuneration of senior executives were adopted at the 2014 AGM. Senior executives include those reporting directly to the CEO who have authority and responsibility for planning, management, and governance of the Group, and those reporting directly to the CEO who have performance accountability. Proficce shall offer market-adjusted remuneration that enables it to recruit and retain senior executives.

### Base salary/variable remuneration and pension

Total remuneration of the CEO and other senior executives constitutes a base salary, a variable salary, pension benefits, and other benefits.

The level and scope of remuneration and benefits are evaluated annually. The evaluation takes into account responsibilities, competence, experience, performance, and market comparable statistics for remuneration.

Remuneration for variable salary may consist partly of a short-term incentive (STI) program and partly of a long-term incentive (LTI) program. Variable salary is mainly based on financial results, and these results should be charged with costs for the variable remuneration before calculating the outcome (self-financing).

All variable salary components have an upper limit. The outcome of the STI program may not exceed an amount equal to the fixed annual salary (12 monthly salaries). The outcome of cash-based LTI programs is maximized to six (6) monthly salaries per annum for senior executives and is limited to no more than sixteen (16) monthly salaries per annum for the CEO.

Only senior executives with performance accountability are entitled to participate in the company's LTI program, which may be cash- or share-based. The company currently has no outstanding share-based incentive scheme.

Retirement age is 65 for all senior executive. Pension benefits are defined contribution plans and are based on market conditions, taking into account national law and local agreements. The company accepts salary reduction plans as pension contributions for senior executives under the condition that it is cost-free for the company.

### CEO

In 2014, CEO Henrik Højsgaard received a fixed salary of SEK 3,620 thousand and a guaranteed variable remuneration (STI) equivalent to six (6) monthly salaries, which amounted to SEK 1,800 thousand. The guaranteed bonus of six monthly salaries deviates from existing guidelines. The deviation was reported at the 2014 AGM and was motivated on market-based grounds.

The CEO is participating in a three-year LTI program during the period 1 Jan 2014 to 31 Dec 2016. Payment, if any, will be made in 2017. In addition, the CEO gets a company car, hospitalization insurance, health insurance, and a free daily newspaper.

In 2013, Proficce's former CEO Lars Kry received total remuneration of SEK 5,841 thousand, and of this amount SEK 2,475 thousand constituted reserved final salary. Lars Kry received company car and travel benefits as well as hospitalization and health insurance, but he did not receive any variable remuneration in 2013.

According to the guidelines, pension benefits, including pension savings and health insurance, should not exceed a premium of 30 per cent of the fixed annual salary. A pension provision of SEK 1,080 thousand has been made for the current CEO, which also corresponds to 30 per cent of fixed annual salary. A pension provision of SEK 1,752 thousand was made for the previous CEO, which corresponds to 30 per cent of fixed annual salary. During the periods reported, no salary reductions occurred.

The CEO's period of notice is 12 months on the company's part and 6 months on the CEO's part, which is a deviation from the guidelines stipulating 12 months. This deviation was reported at the 2014 AGM.

In addition, if the company gives notice of termination, the CEO is entitled to severance pay amounting to one yearly salary.

### Senior executives in Group management

The number of senior executives, excluding the CEO, was 17 for the period January to March 2013. The organization was then changed, and for the

period from April 2013 until 31 May 2014, the number of senior executives in Group management was three, excluding the CEO.

In June 2014 Group management was expanded to seven senior executives, excluding the CEO. In September 2014, the number of senior executives was reduced by one and at 31 December 2014 the number of executives was six, excluding the CEO.

In 2013 Group management received base salaries totalling SEK 9,212 thousand, and of this amount, SEK 4,109 thousand was fixed salaries for Q1 2013. Pension expense for the latter period was SEK 1,261 thousand. Senior executives received no variable remuneration (STI) for 2013's results. The 2013 results were charged with a severance payment of six monthly salaries.

In 2014, Group management received SEK 10,568 thousand in fixed salaries, and variable remuneration (STI) totalled SEK 2,400 thousand. A deviation from the applicable 2014 guidelines was noted concerning a guaranteed bonus of three monthly salaries for newly recruited senior executives. The deviation was motivated on market-based grounds. Group management did not participate in any LTI plans in 2014.

Severance pay for one senior executive in 2014 was expensed at 12 monthly salaries.

In addition to base salaries, variable salaries, and pension benefits, members of Group management have also received taxable benefits such as company cars, hospitalization insurance, and health insurance. Provisions for pension premiums have been made for senior executives in Group management in accordance with applicable ITP agreements and with an exception to other defined contribution pension solutions that reflect the terms and conditions of ITP1. One employee utilized a salary reduction plan in 2014.

For Group management, the notice of termination is 12 months maximum on the company's part and 6 months on the employee's part.

### Senior executives in the Parent Company

In the Parent Company, the number of senior executives, excluding the CEO, was 3 (3) in 2014.

Senior executives in the Parent Company received remuneration totalling SEK 9,773 thousand (5,103). Total remuneration in 2014 compared with corresponding information from 2013 was affected by the change of persons in the senior executives group.

### Remuneration of the Board as adopted at the 2014 AGM

At the 2014 AGM it was resolved that Board fees for the period up to and including the 2015 AGM should be SEK 570 thousand to the Chairman of the Board and SEK 265 thousand to each of the other AGM-elected members. It was also resolved that remuneration for committee work of SEK 80 thousand would be paid to the Audit Committee and SEK 25 thousand to other AGM-elected committee members. The Chairman of the Board does not receive any fees for committee work.

Fees can be paid as salary or, under certain conditions, be invoiced from a member's company. Invoiced fees are adjusted upwards by an amount corresponding to the social charges for which Proficce is thereby not liable.

### Remuneration to the Board in 2014

Remuneration to the Board is resolved annually at the AGM for the period up to and including the next AGM. This means that for five months Board fees are those which were resolved at the 2013 AGM, and fees for the remaining seven months are those which were resolved at the 2014 AGM. Remuneration for Board and committee work for 2014 totalled SEK 1,990 thousand (1,895) excluding social charges. Of this SEK 1,990 thousand, SEK 899 thousand (908) was invoiced from members' own companies. Employee representatives do not receive Board fees.

### Preparation and decision-making processes

The remuneration of Group management and senior executives, excluding the CEO, was determined by the Remuneration Committee. Decisions on the remuneration of the CEO were made by the Board. These decisions are made based on guidelines that are determined at the AGM.

The Board may deviate from these guidelines if specific reasons arise in individual cases. During the year, Proficce followed the guidelines adopted by the 2014 AGM, unless otherwise stated.

GROUP	Base salary/ Board fees		Variable remuneration		Other benefits		Pension expenses		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Remuneration and other benefits, SEK thousand										
Chairman of the Board	541	500	-	-	-	-	-	-	541	500
Other Board members	1,449	1,395	-	-	-	-	-	-	1,449	1,395
CEO	3,620	5,841	1,800	-	116	379	1,080	1,752	6,616	7,972
Other senior executives <sup>1</sup>	10,568	9,212	2,400	-	375	392	3,027	2,719	16,370	12,323
<b>Total</b>	<b>16,178</b>	<b>16,948</b>	<b>4,200</b>	<b>-</b>	<b>491</b>	<b>771</b>	<b>4,107</b>	<b>4,471</b>	<b>24,976</b>	<b>22,190</b>

1. The number of other senior executives in the Group is 6 (3).

PARENT COMPANY	Base salary/ Board fees		Variable remuneration		Other benefits		Pension expenses		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Remuneration and other benefits, SEK thousand										
Board members	1,990	1,895	-	-	-	-	-	-	1,990	1,895
CEO	3,620	5,841	1,800	-	116	379	1,080	1,752	6,616	7,972
Other senior executives <sup>1</sup>	7,977	5,103	1,796	-	311	175	2,484	1,457	12,568	6,735
<b>Total</b>	<b>13,587</b>	<b>12,839</b>	<b>3,596</b>	<b>-</b>	<b>427</b>	<b>554</b>	<b>3,564</b>	<b>3,209</b>	<b>21,174</b>	<b>16,602</b>

1. The number of senior executives in the Parent Company is 3 (3).

## Note 8 Auditors' fees

	Group		Parent Company	
	2014	2013	2014	2013
Audit engagement	4	5	1	1
Auditing aside from audit engagement	0	-	0	-
Tax consultancy	0	0	0	0
Other services	0	0	0	0
<b>Total<sup>1</sup></b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>1</b>

1. The AGM resolved in May 2014 to switch auditors from KPMG to PwC. Of the 2014 total, SEK 3 million went to PwC and SEK 1 million went to KPMG. For the Parent Company, SEK 1 million went to PwC and SEK 0 million went to KPMG.

The audit engagement concerns fees for the statutory audit, reviewing the annual and interim reports, bookkeeping, and the Board's and CEO's administration, that is, such undertakings as are necessary to issue the auditor's report and the auditor guidance submitted in conjunction with the audit engagement. The engagement also includes auditing and other reviews as agreed or contracted.

## Note 9 Operating leases

Information on the year's operating lease fees and future payment distribution of minimum leasing fees is shown in the table below.

	2014		
	Group Costs	Parent Company	
		Of which premises Costs	Costs
Leasing and rental costs for the year	62	54	30
<b>Minimum lease payment due dates</b>			
Within 1 year	55	46	35
Between 1 and 5 years	137	119	101
After 5 years	5	5	5

	2013		
	Group Costs	Parent Company	
		Of which premises Costs	Costs
Leasing and rental costs for the year	58	47	24
<b>Minimum lease payment due dates</b>			
Within 1 year	62	51	30
Between 1 and 5 years	128	116	98
After 5 years	27	27	27

Leases consist mainly of office space rental. Other agreements mostly have to do with cars and IT equipment. Leases are concluded based on market conditions with respect to rates and duration. No leases have variable charges in their terms and conditions.

## Note 10 Net financial items

	Group		Parent Company	
	2014	2013	2014	2013
<b>Earnings from interests in Group companies<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>124</b>
Interest income	1	2	9	11
Other	-	1	-	0
Net exchange rate fluctuations	0	12	0	12
<b>Total finance income</b>	<b>1</b>	<b>15</b>	<b>9</b>	<b>23</b>
Interest expense	-2	-4	-4	-8
Other	0	-1	0	0
Net exchange rate fluctuations	-2	-	-2	-
<b>Total finance expense</b>	<b>-4</b>	<b>-5</b>	<b>-6</b>	<b>-8</b>
<b>Net financial items</b>	<b>-3</b>	<b>10</b>	<b>85</b>	<b>139</b>

1. Earnings from interests in Group companies concern Group contributions received of SEK 53 million (61), impairment of shares of SEK -20 million (-17), and dividends of SEK 49 million (80).

Interest income and interest expense originate largely from bank deposits and loans payable. In the Parent Company, interest income from other Group companies totalled SEK 9 million (10) and interest expense was SEK 4 million (7).

## Note 11 Appropriations

	Parent Company	
	2014	2013
Difference between recognized depreciation/ amortization and depreciation/amortization according to plan	-	-20
Tax allocation reserve, year's allocation	-14	-
Tax allocation reserve, year's reversal	27	6
<b>Total</b>	<b>13</b>	<b>-14</b>

## Note 12 Tax

	Group		Parent Company	
	2014	2013	2014	2013
<b>Current tax expense</b>				
Tax expense/income for the year	-31	-18	-9	-
Adjustment of tax attributable to prior years	-1	-1	-	-
<b>Total</b>	<b>-32</b>	<b>-19</b>	<b>-9</b>	<b>-</b>
<b>Deferred tax</b>				
Deferred tax on temporary differences and loss carryforwards	-1	-11	-	-5
Deferred tax income in capitalized taxable value for the year	0	-	-	-
Revaluation of deferred tax <sup>1</sup>	-	-1	-	-
<b>Total</b>	<b>-1</b>	<b>-12</b>	<b>-</b>	<b>-5</b>
<b>Total recognized tax expense/ income</b>	<b>-33</b>	<b>-31</b>	<b>-9</b>	<b>-5</b>

The difference between tax according to the current tax rate and recognized tax expense is presented in the following table.

	Group		Parent Company	
	2014	2013	2014	2013
<b>Reconciliation of effective tax</b>				
Net profit before tax	138	135	69	84
Tax according to each country's current tax rate	-32	-32	-15	-18
Tax effects of non-deductible expenses	-1	-1	-5	-4
Tax effects of non-taxable income	1	2	11	17
Adjustment for previous years' tax	-1	-1	-	-
Standard interest on tax allocation reserve	-	-	0	0
Increase in current year loss carryforwards without corresponding capitalization	0	0	-	-
Capitalization of previously uncapitalized loss carryforwards	1	2	-	-
Revaluation of deferred tax <sup>1</sup>	0	-1	-	-
Other	-1	0	-	-
<b>Recognized tax expense</b>	<b>-33</b>	<b>-31</b>	<b>-9</b>	<b>-5</b>

1. As of 1 January 2014, the corporate tax rate is 27 per cent in Norway and 20 per cent in Finland.

Of the Parent Company's other receivables, 0 constitute tax assets (0). Deferred tax assets and tax liabilities are distributed as per the following table.

	Group		Parent Company	
	2014	2013	2014	2013
<b>Deferred tax asset attributable to:</b>				
Equipment	0	0	-	-
Intangible assets/non-current assets	1	2	-	-
Loss carryforwards	8	9	-	-
<b>Total</b>	<b>9</b>	<b>11</b>	<b>-</b>	<b>-</b>
<b>Deferred tax liability attributable to:</b>				
Tax allocation reserves	37	38	-	-
Difference between booked depreciation/amortization and depreciation/amortization according to plan	5	5	-	-
Other	0	0	-	-
<b>Total</b>	<b>42</b>	<b>43</b>	<b>-</b>	<b>-</b>
<b>Recognized tax expense</b>	<b>-33</b>	<b>-31</b>	<b>-9</b>	<b>-5</b>

Reporting of tax benefits in loss carryforwards is based on the fact that Proffice considers it probable that sufficient taxable income will be earned in the foreseeable future.

Change in deferred tax in temporary differences and loss carryforwards.

GROUP	Equipment	Intangible assets	Loss carry forwards	Tax allocation reserves	Difference between booked depreciation/amortization and depreciation/amortization according to plan	Other	Total
<b>Opening balance, 1 Jan 2013</b>	<b>1</b>	<b>4</b>	<b>17</b>	<b>-38</b>	<b>0</b>	<b>0</b>	<b>-16</b>
Recognized in profit/loss	-1	-2	-4	0	-5	0	-12
Recognized against equity	-	-	-4	-	-	-	-4
<b>Closing balance, 31 Dec 2013</b>	<b>0</b>	<b>2</b>	<b>9</b>	<b>-38</b>	<b>-5</b>	<b>0</b>	<b>-32</b>
Recognized in profit/loss	0	-1	-1	1	-	0	-1
<b>Closing balance, 31 Dec 2014</b>	<b>0</b>	<b>1</b>	<b>8</b>	<b>-37</b>	<b>-5</b>	<b>0</b>	<b>-33</b>

#### Unrecognized deferred tax assets

In addition to the capitalized value of loss carryforwards of SEK 8 million (9), there are tax loss carryforwards for which deferred tax assets have not been recognized as an asset in the consolidated statement of financial position. The assessed deficit deductions are attributable to companies in those countries in which the Group operates. The value of unrecognized deficit deductions as of 31 December 2014 was SEK 32 million (32).

Deferred tax assets were not recognised for this item, as it is not probable that the Group will utilize them against future taxable profits within a five year period. Of the unrecognized tax loss carryforwards, SEK 1 million falls due under current tax rules; of this amount, SEK 0.8 million falls due within five years.

## Note 13 Intangible assets

GROUP	Goodwill		Customer contract		Systems development		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Opening accumulated cost	594	605	14	12	79	74	687	691
Translation difference	5	-11	0	-	0	-	5	-11
Purchases	1	-	-	-	8	13	9	13
Disposals/Impairments	-15	-	-	-	-5	-8	-20	-8
Reclassification/redistribution	1	0	0	2	-	-	1	2
<b>Closing accumulated cost</b>	<b>586</b>	<b>594</b>	<b>14</b>	<b>14</b>	<b>82</b>	<b>79</b>	<b>682</b>	<b>687</b>
Opening accumulated impairment/amortization	-37	-35	-5	-3	-23	-21	-65	-59
Translation difference	-1	-1	0	-	0	-	-1	-1
Amortization for the year	-	-	-1	-1	-7	-7	-8	-8
Disposals/Impairments	15	-	-	-	2	5	17	5
Reclassification/redistribution	-	-1	-1	-1	0	0	-1	-2
<b>Closing accumulated impairment/amortization</b>	<b>-23</b>	<b>-37</b>	<b>-7</b>	<b>-5</b>	<b>-28</b>	<b>-23</b>	<b>-58</b>	<b>-65</b>
<b>Carrying amount</b>	<b>563</b>	<b>557</b>	<b>7</b>	<b>9</b>	<b>54</b>	<b>56</b>	<b>624</b>	<b>622</b>
<b>Group intangible assets are broken down into the following cash-generating entities:</b>								
Sweden	357	357	7	8	1	1	365	366
Norway	133	132	0	1	-	-	133	133
Denmark	0	0	-	-	-	-	0	0
Finland	73	68	-	-	-	-	73	68
Group-wide	-	-	-	-	53	55	53	55
<b>Total</b>	<b>563</b>	<b>557</b>	<b>7</b>	<b>9</b>	<b>54</b>	<b>56</b>	<b>624</b>	<b>622</b>

PARENT COMPANY	Systems development	
	2014	2013
Opening accumulated cost	77	69
Purchases	8	13
Divestments/disposals	-4	-5
<b>Closing accumulated cost</b>	<b>81</b>	<b>77</b>
Opening accumulated amortization	-22	-17
Amortization for the year	-7	-6
Divestments/disposals	1	1
<b>Closing accumulated amortization</b>	<b>-28</b>	<b>-22</b>
<b>Carrying amount</b>	<b>53</b>	<b>55</b>

The useful life of intangible assets other than goodwill are limited and are described in Note 1.

#### Impairment tests for cash-generating entities containing goodwill

Impairment testing of goodwill is conducted annually and when there are indications that impairment exists.

Recoverable amounts for cash-generating entities are determined based on calculations of value in use. Impairment tests were carried out on the country operating segment level, which is the lowest level on which separable cash flows were identified.

The value in use of goodwill attributable to Proffice's cash-generating entities was calculated based on discounted cash flows. The calculation of value in use is based on assumptions and assessments. The most important assumptions concern organic sales growth, developments in the operating margin, utilization of operating capital employed, and the relevant weighted average cost of capital (WACC). The projections for 2015 are based on the budget for each entity. The trend for 2016–2019 and beyond is based on growth and margin development assumptions for the market in general and the operation's anticipated growth. The growth rate after the explicit projection period, the so-called terminal value, is expected to amount to 2 per cent (2). The company's assumptions and assessments were shown to be consistent with the historical outcomes.

The present value of projected cash flows was calculated using a discount rate, which is based on the WACC for the required return on equity and cost of external borrowing.

Each cash-generating entity has a locally calculated WACC for which the risk-free interest payable and the tax rate are adjusted based on local conditions.

The following discount rates before tax were used:

Sweden 9.3 per cent (10.4)  
Norway 9.9 per cent (10.2)  
Finland 9.0 per cent (9.8)

Value in use exceeds the carrying amount for all tested entities. No impairment losses existed at 31 December 2014.

Company management estimates that for the Group's cash-generating entities, moderate changes in terminal value, discount rate, or projected cash flows would not have such an impact as to reduce the value in use to a value equal to or less than the carrying amount.

## Note 14 Equipment

	Group		Parent Company	
	2014	2013	2014	2013
<b>EQUIPMENT</b>				
Opening accumulated cost	65	75	15	13
Translation difference	0	-1	-	-
Purchases	4	4	1	4
Divestments/disposals	-26	-13	-	-2
Reclassification/redistribution	0	-	-	-
<b>Closing accumulated cost</b>	<b>43</b>	<b>65</b>	<b>16</b>	<b>15</b>
Opening accumulated depreciation	-55	-62	-8	-7
Translation difference	0	0	-	-
Depreciation for the year	-4	-5	-2	-3
Divestments/disposals	26	12	-	2
Reclassification/redistribution	0	-	-	-
<b>Closing accumulated depreciation</b>	<b>-33</b>	<b>-55</b>	<b>-10</b>	<b>-8</b>
<b>Carrying amount</b>	<b>10</b>	<b>10</b>	<b>6</b>	<b>7</b>

	Group		Parent Company	
	2014	2013	2014	2013
<b>BUILDING ALTERATIONS TO ANOTHER PARTY'S PROPERTY</b>				
Opening balance, new construction and reconstruction	2	8	1	1
Divestments/disposals	-1	-6	-	-
Reclassification/redistribution	0	-	-	-
<b>Closing balance, new construction and reconstruction</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>
Opening depreciation	-2	-8	-1	-1
Depreciation for the year	0	0	-	0
Reclassification/redistribution	0	-	-	-
Divestments/disposals	1	6	-	0
<b>Closing accumulated depreciation</b>	<b>-1</b>	<b>-2</b>	<b>-1</b>	<b>-1</b>
<b>Carrying amount</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Note 15 Participations in Group companies

	Parent Company	
	2014	2013
Opening accumulated cost	692	687
Shareholder contribution paid	3	27
Additional purchase price settled <sup>1</sup>	0	-5
Impairment	-20	-17
<b>Closing carrying amount</b>	<b>675</b>	<b>692</b>

1. For detailed information on acquisitions, see Note 6.

PARENT COMPANY HOLDINGS	Corporate ID number	Principle place of business	Share of capital, %	Share of votes, %	No. of shares	Carrying amount	Carrying amount
						2014	2013
Antenn Consulting AB	556517-7143	Stockholm	100	100	1,000	100	115
Dfind AB	556633-3612	Gothenburg	100	100	10,000	160	154
Proffice Logistic Solutions AB	556721-6485	Stockholm	100	100	1,000	3	3
Proffice Technical Services AB in liquidation	556499-2310	Gothenburg	100	100	1,000	0	0
Proffice A/S	25 05 05 41	Copenhagen	100	100	6,500	11	11
Proffice Industry & Logistics AB	556584-8941	Stockholm	100	100	600	63	21
Dfind Finance and Executive AB	556803-3145	Stockholm	97.12	97.12	48,560	17	5
Proffice Finland Oy	1642464-1	Helsinki	100	100	571	50	50
Dfind Science & Engineering AB	556548-3905	Stockholm	100	100	3,000	1	0
Proffice Mediakompetens AB	556094-2715	Stockholm	100	100	1,260	9	11
Proffice Norge AS	977 278 910	Oslo	100	100	165,000	197	197
Proffice Sverige AB	556242-1718	Stockholm	100	100	10,000	36	0
Proffice Partner Solutions AB	556451-7968	Stockholm	100	100	30,000	4	4
Proffice Vård AB	556543-1979	Stockholm	100	100	1,000	24	24
Komet Holding AB	556685-3262	Stockholm	100	100	2,007,127	0	97
<b>Total</b>						<b>675</b>	<b>692</b>

Subsidiaries' major holdings in Group companies<sup>2</sup>

Proffice AS	948 762 404	Oslo	100	100
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2. A complete list can be ordered from the company's head office.

## Note 16 Transactions with related parties

The Parent Company has a controlling influence over its subsidiaries (see Note 15).

The Parent Company's income from other Group companies totalled SEK 264 million (244), and expenses from other Group companies totalled SEK 151 million (197). Interest income from other Group companies totalled SEK 9 million (10) and interest expenses totalled SEK 4 million (7). The Parent Company has non-current receivables in other Group companies of SEK - million (91), current receivables in other Group companies of SEK 145 million (135), and current liabilities of SEK 375 million (483). Transactions between companies in the Group are based on market terms and conditions.

At 31 December 2014, the Group's reserve for bad debts totalled SEK 2 million (3). The receivables for which an impairment is deemed to exist are individually assessed in the Group and subsidiaries. Assessment showed that a portion of the reserved receivables are expected to be recoverable. Historically, the Group's bad debt losses have been very limited. Provisions and impairment losses related to accounts receivable are recognized in other operating expenses in the statement of profit or loss and other comprehensive income.

In 2014 the Parent Company invoiced for external deliveries to some Group-wide customers.

There is no single customer that accounts for more than ten per cent of consolidated revenue.

## Note 17 Accounts receivable

	Group		Parent Company	
	2014	2013	2014	2013
<b>Accounts receivable</b>	<b>608</b>	<b>597</b>	<b>43</b>	<b>53</b>
Bad debts	-2	-3	0	-
<b>Total</b>	<b>606</b>	<b>594</b>	<b>43</b>	<b>53</b>
<b>Age analysis, accounts receivable</b>				
Non-overdue accounts receivable	515	540	40	51
Overdue accounts receivable, 1-7 days	22	13	0	-5
Overdue accounts receivable, 8-30 days	50	30	3	6
Overdue accounts receivable, 31-60 days	5	6	0	0
Overdue accounts receivable, more than 60 days	16	8	0	1
<b>Total</b>	<b>608</b>	<b>597</b>	<b>43</b>	<b>53</b>

## Note 18 Prepaid expenses and accrued income

	Group		Parent Company	
	2014	2013	2014	2013
Prepaid rent	10	7	9	4
Prepaid lease payments	1	1	0	-
Accrued income	247	227	4	12
Prepaid items, other	15	11	7	5
<b>Total</b>	<b>273</b>	<b>246</b>	<b>20</b>	<b>21</b>

## Note 19 Equity, including share data

	A shares		B shares		Total	
	Number of shares	Number of votes	Number of shares	Number of votes	Number of shares	Number of votes
Shares at start of year	2,000,000	20,000,000	66,677,773	66,677,773	68,677,773	86,677,773
Shares at end of year	2,000,000	20,000,000	66,677,773	66,677,773	68,677,773	86,677,773
Reconciliation of share capital						
Total shares	68,677,773					
Quotient value	0.25					
<b>Total share capital</b>	<b>17,169,443</b>					

	Group	
	2014	2013
<b>EARNINGS PER SHARE</b>		
Basic earnings per share (SEK)	1.51	1.52
Diluted earnings per share (SEK)	1.51	1.52
Average number of basic shares	68,677,773	68,677,773
Average number of diluted shares	68,677,773	68,677,773
Holdings of Proffice treasury shares	438,919	438,919
Average number of basic shares outstanding	68,238,854	68,238,854
Average number of diluted shares outstanding	68,238,854	68,238,854

### Shareholders holding more than ten per cent of votes at 31 Dec 2014

Detailed, current information about company shareholders is available on the company website. These shareholders have direct or indirect shareholdings in the company that represent at least one tenth of the votes for all company shares:

	A shares		B shares		Total	
	Number of shares	Number of votes	Number of shares	Number of votes	Share of capital, %	Share of votes, %*
<b>SHAREHOLDERS</b>						
CapMan Public Market Investment	2,000,000	20,000,000	3,803,588	3,803,588	8.45	27.60
Swedbank Robur Funds	0	0	9,190,567	9,190,567	13.38	10.66
Nordea Investment Funds	0	0	8,764,722	8,764,722	12.76	10.16

\*Votes are adjusted for the Parent Company's treasury share holdings: 438,919 B shares.

### Dividend

The goal of the Board is that, over time, dividends should be at least 50 per cent of consolidated earnings after tax on average. The Board aims to maintain long-term, stable dividends over time. In assessing the size of the dividend, the company's investment needs, funding requirements, general position, and future development must be taken into account. For fiscal year 2014, the Board proposes a dividend to shareholders of SEK 0.90 (0.60) per share, totalling SEK 61 million (41).

### Share buy-back and cancellation

At Proffice AB's AGM on 22 May 2014, the Board was authorized to make decisions on acquisition and transfer of treasury shares. No treasury shares were acquired in 2014. Proffice holds 438,919 reacquired shares.

### Presentation method for Group equity

In the consolidated financial statements, equity is specified in these components:

- Share capital
- Other contributed capital
- Reserves
- Retained earnings including profit/loss for the year
- Non-controlling interest

The share capital item refers to the registered share capital for the Parent Company.

Other contributed capital includes the sum of transactions that Proffice has had with shareholders. The transactions made with shareholders are premium share issues. The figure presented in this sub-item corresponds to equity received (less transaction costs) above the nominal amount of the issue. Other contributed capital totalled SEK 361 million (361).

Reserves consist of the revenues and costs that, by some standards, are to be recognized in other comprehensive income. In Proffice's case, this item contains only translation differences attributable to the translation of foreign subsidiaries in accordance with IAS 21. The reserves item includes a currency translation reserve of SEK 34 million (39), of which SEK 0 million (0) is attributable to non-controlling interest.

The retained profits item corresponds to the total accumulated gains and losses generated in the Group.

Non-controlling interest refers to participating interests in subsidiaries not owned by Proffice. For more, see the consolidated statement of changes in equity.

### Parent Company equity

Equity in the Parent Company is recognized as per the Swedish Annual Accounts Act and recognized separately as restricted equity and unrestricted equity. Share capital and statutory reserve are recognized as restricted equity. Share premium reserve, accumulated profit/loss, and profit/loss for the year are recognized as non-restricted equity.

### Statutory reserve

The purpose of the statutory reserve is to save that portion of net profit that is not needed for covering losses brought forward. The statutory reserve also includes amounts that were added to the share premium reserve before 1 January 2006.

### Share premium reserve

When shares are issued at a premium, that is, more than the share's quotient value will be paid for the shares, an amount corresponding to the amount received over and above the quotient value of the shares is added to the share premium reserve. Amounts added to the share premium reserve as of 1 January 2006 are included in non-restricted equity.

For more, see the Parent Company's statement of changes in equity.

## Note 20 Untaxed reserves

	Parent Company	
	2014	2013
Accumulated amortization in excess of plan	20	20
Tax allocation reserves		
Fiscal year 2009	-	26
Fiscal year 2010	16	16
Fiscal year 2011	2	2
Fiscal year 2012	4	4
Fiscal year 2013	-	-
Fiscal year 2014	14	-
<b>Total</b>	<b>56</b>	<b>68</b>

## Note 21 Liabilities to credit institutions

	Group		Parent Company	
	2014	2013	2014	2013
<b>Long-term credit facilities</b>				
Bank loans	-	25	-	-
<b>Total</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>
<b>Short-term credit facilities</b>				
Bank overdraft facilities	-	18	-	18
Borrowing against pledged assets	-	14	-	-
<b>Total</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>18</b>

The Group has the following credit agreements:

Credit granted	Line of credit	Credit period	Extension period	Other
Bank overdraft facility	SEK 100 million	-31 Dec 2015	12 months	-
Invoice factoring	SEK 100 million	-31 Dec 2015	12 months	-

Credit confirmed	Line of credit	Credit period	Extension period	Other
Bank loans	SEK 100 million	-15 Feb 2018	-	Commitment fee

All credit facilities are in Swedish krona (SEK) and have variable interest rates.

Agreements relating to the Group's bank loans contain certain financial obligations that must be met to retain the loans and to avoid an increase in borrowing costs. The obligations are net debt/EBITDA and equity/total assets. During the year, the financial obligations were met by a good margin.

Accounts receivable were pledged for borrowings against collateral (see Note 25).

At the end of the reporting period, the Group's exposure related to borrowing for changes in interest rates and contracted dates for rate negotiations are as follows:

	Group		Parent Company	
	2014	2013	2014	2013
<b>MATURITY STRUCTURE FOR INTEREST-BEARING LIABILITIES</b>				
Less than one year	-	32	-	18
One to five years	-	25	-	-
More than five years	-	-	-	-

The carrying amount for 2013 was estimated to be nearly equivalent to fair value, since the discounting effect was insignificant and the credit risk had not changed since the loan was taken.

## Note 22 Other liabilities

	Group		Parent Company	
	2014	2013	2014	2013
VAT	88	88	2	1
Withholding tax	63	67	2	2
Other interest-bearing liabilities	-	-	-	4
Other liabilities	1	17	10	1
<b>Total</b>	<b>152</b>	<b>172</b>	<b>14</b>	<b>8</b>

## Note 23 Accrued expenses and deferred income

	Group		Parent Company	
	2014	2013	2014	2013
Holiday pay liability including social charges	249	211	8	14
Social charges	56	59	2	2
Accrued wages and salaries including social charges	244	234	13	7
Accrued expenses, other	74	48	6	3
Deferred income	0	43	-	-
<b>Total</b>	<b>623</b>	<b>595</b>	<b>29</b>	<b>26</b>

## Note 24 Adjustment for items not included in cash flow

	Group		Parent Company	
	2014	2013	2014	2013
Reversal of depreciation, amortization, and impairment losses	12	13	29	26
Deviation between actual and estimated additional purchase price	-	-5	-	-
Group contributions received but not paid	-	-	-53	-61
Other	3	7	-3	-1
<b>Total</b>	<b>15</b>	<b>15</b>	<b>-27</b>	<b>-36</b>

## Note 25 Pledged assets

	Group		Parent Company	
	2014	2013	2014	2013
For own liabilities				
Shareholdings in subsidiaries	37	84	36	0
Guarantees	-	-	-	-
Floating charges	60	64	-	-
Accounts receivable	248	105	-	-
Other (restricted bank balances)	2	2	-	-
<b>Total</b>	<b>347</b>	<b>255</b>	<b>36</b>	<b>0</b>

## Note 26 Contingent liabilities

	Group		Parent Company	
	2014	2013	2014	2013
Contingent liabilities	-	-	-	-

## Note 27 Events after end of the reporting period

Proffice appointed a new manager in Norway. Eivind Bøe assumed the position of CEO of the Proffice Group's operations in Norway in the second half of February.

Evelyn Tusach was elected by the Unionen trade union at Proffice to replace Anette Hellgren as employee representative on Proffice AB's Board of Directors. The change took place on 11 February in conjunction with an extraordinary statutory Board meeting.

## Note 28 Important estimates and assessments

Preparation of the financial statements in compliance with IFRS presumes that the Board and company management make assessments and assumptions that affect application of the accounting policies and the recognized amounts of assets, liabilities, income, and expenses. These assessments and assumptions are based on historic experience and industry knowledge of Proffice's sector, and what is reasonable taking current conditions into consideration. The results of the assessments and assumptions are used to determine the carrying amount of assets and liabilities that are not otherwise clear from other sources. The actual outcome may differ from these assessments.

The assessments and assumptions are regularly reviewed, and the effect on recognized amounts is reported on the income statement. Assessments made by the Board and company management when implementing IFRS accounting policies that may have a key impact on the financial statements and assessments that can lead to substantial adjustments to the following year's financial statements are described below.

### Impairment testing of goodwill and other acquisition-related intangible assets

In conjunction with impairment testing of goodwill and other intangible assets related to acquisitions, the carrying amount is to be compared with the recoverable amount. The recoverable amount is the higher of an asset's net realizable value and value in use. Since under normal circumstances no listed market prices are available to assess an asset's net realizable value, the carrying amount is normally compared with value in use. The calculation of value in use is based on assumptions and assessments. The most important assumptions concern organic sales growth, developments in the operating margin, utilization of operating capital employed, and the relevant WACC, which is used to discount future cash flows. All in all, this means that measurement of the goodwill and intangible asset items related to acquisitions are subject to critical estimates and assessments. A description of these can be found in Note 13.

### Deferred tax assets

The Group recognizes deferred tax assets related to loss carryforwards. The carrying amount of these tax assets were tested at year-end, and it was considered likely that the deductions could be used against surpluses within the foreseeable future. Group operations are expected to generate profit, so the loss carryforwards that the tax assets are attributable to are considered to be utilizable against future taxable income. Rules for loss carryforwards are complex, with many factors affecting their value. Changes to assumptions on projected future taxable income may result in differences in the measurement of deferred tax assets.

### Measurement of accounts receivable and provision for bad debt losses

Accounts receivable is one of the most significant balance sheet items. Accounts receivable are reported net less provision for anticipated losses on accounts receivable. The provision for anticipated losses on accounts receivable is thus subject to critical estimates and assessments. For more information on credit risk in accounts receivable see Notes 2 and 17.

The consolidated accounts and the Annual Report were prepared in accordance with the international accounting standards that are defined in ordinance (EC) 1606/2002 of the European Parliament and Council of 19 July 2002 on application of international accounting standards and generally accepted accounting principles and provide a fair presentation of the Group's and Parent Company's position and earnings.

The Directors' Report for the Group and Parent Company provides a fair summary of performance in the Group and Parent Company operations, their position, and earnings, as well as describes significant risks and uncertainties faced by the Parent Company and Group companies.

The Annual Report and consolidated accounts were, as stated above, approved for publication by the Board and CEO.

Stockholm, 24 March 2015

Cecilia Daun Wennborg  
Chairman of the Board

Axel Hjärne  
Board member

Juan Vallejo  
Board member

Lars Johansson  
Board member

Karl Åberg  
Board member

Susanna Marcus  
Board member

Magnus Bergström  
Board member  
(employee representative)

Christer Persson  
Board member  
(employee representative)

Evelyn Tusach  
Board member  
(employee representative)

Henrik Höjsgaard  
CEO

Our auditors' report was submitted on 24 March 2015  
PricewaterhouseCoopers AB

Nicklas Kullberg  
Authorized Public Accountant

## Audit Report

To the annual meeting of the shareholders of Proffice AB (publ), corp. ID 556089-6572

### Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Proffice AB (publ) for the year 2014. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 41–71.

#### 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 preparing annual accounts and consolidated accounts that give a fair presentation in accordance with the Annual Accounts Act and for such internal control as the Board of Directors and the Managing Director determine is necessary in order to prepare 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 judgement, 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 and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present a fair picture, in all material respects, of Proffice AB's (publ) and the group's financial position as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statements and balance sheets of the parent company and the group.

#### Other disclosures

The 2013 annual accounts were revised by another auditor, who in his audit report dated 11 April 2014 expressed an opinion in accordance with the standard wording of the annual accounts.

### 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 Proffice AB (publ) for the year 2014.

#### 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.

#### 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 the bases for our opinion on the Board of Director's proposed appropriations of the company's profit or loss we examined the Board of Director's 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 the bases 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 Board member 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 is sufficient and appropriate to provide a basis for our audit opinions.

#### 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.

Stockholm, 24 March 2015  
PricewaterhouseCoopers AB

Nicklas Kullberg  
Authorized Public Accountant

## Definitions

#### Number of working days

Total number of working days in Sweden, less public holidays and work-free days, in accordance with salaried employee contracts.

#### Market value

Share price at year-end multiplied by number of B shares at year-end.

#### Cash conversion rate

Cash flow from operating activities related to earnings before financial items, tax, and deduction for depreciation, amortization, and impairment of intangible assets and equipment.

#### Dividend yield

Dividend per share as a percentage of year-end share price.

#### Equity per share

Equity attributable to Parent Company shareholders divided by average number of basic shares outstanding.

#### Cash flow from operating activities per share

Cash flow from operating activities for the year divided by average number of basic shares outstanding.

#### Average number of FTEs

Total hours worked during the year divided by normal hours worked per year for a full-time employee.

#### Net debt

Total interest-bearing liabilities less cash and cash equivalents, including short-term investments.

#### Net working capital

Non-interest-bearing current assets less non-interest-bearing current liabilities.

#### Net debt/equity ratio

Net debt divided by equity.

#### P/E ratio

Share price at year-end divided by diluted earnings per share.

#### Earnings per share

Earnings after tax attributable to Parent Company shareholders divided by average number of basic and diluted shares outstanding.

#### Return on equity

Earnings after tax as a percentage of average equity.

#### Return on capital employed

Earnings after finance income as a percentage of average capital employed.

#### Return on total capital

Earnings after finance income as a percentage of average total assets.

#### Operating margin

Operating profit/loss as a percentage of revenue.

#### Equity/assets ratio

Equity as a percentage of total assets.

#### Capital employed

Total assets less non-interest-bearing liabilities and provisions.

#### Pay-out ratio

Dividend per share as a percentage of diluted earnings per share.

#### Profit margin

Earnings after finance income, excluding any positive exchange rate effects, as a percentage of revenue.

## Company/Industry-specific glossary

#### Authorized staffing company

A quality guarantee for the sector in Sweden. Authorization is through a committee consisting of representatives from the industry, the trade association for staffing, and the unions. The chairman for the authorization committee is impartial. Authorization is for a prescribed period and is valid for 12 months at a time (not calendar year), after which companies must reapply.

#### Swedish Staffing Agencies

Swedish Staffing Agencies is an employer and trade association for staffing, contracting, recruitment, outplacement, and job procurement companies. Swedish Staffing Agencies is part of Almega and is a member of the Confederation of Swedish Enterprises.

#### Outplacement

Process in which job coaches provide support and assistance to individuals in the transition from one job to another.

#### Market penetration

Measure of the percentage of the employed population who work for staffing companies, calculated from employees and the total number of employed individuals in the labour market concerned.

#### Staffing

Personnel in various specific areas who are employed by Proffice but can be contracted out for short or extended periods by other companies.

#### Recruitment/recruitment process

Process for hiring the person(s) a company needs to ensure qualified employees. Needs analyses, searches, interviews, tests, and follow-ups are included in the process.

#### Revideret Arbetsgivare

Seal of approval of NHO Service, a Norwegian industry association. One of its goals is to sharpen the focus on employer quality among buyers of staffing services.

## Invitation to the Annual General Meeting

### 2015 Annual General Meeting

Proffice's Annual General Meeting will take place on 28 April 2015 at 3 pm at Proffice headquarters, Regeringsgatan 65 in Stockholm.

### Notice of intention to participate

Shareholders who wish to participate in the AGM must be registered in the Euroclear Sweden AB share register by 22 April 2015 and must send notice of their intention to participate before 4 pm on 22 April 2015, preferably before 4 pm, to Proffice AB (publ), Shareholder Service, Box 70368, SE-107 24 Stockholm, Sweden, or by telephone on +46 08-787 17 00, or by email to [ir@proffice.com](mailto:ir@proffice.com).

When registering, shareholders must include their name, address, civil identification or corporate identity number, telephone number, the number of shares represented, and the number of legal representatives attending, if any. If participation is by proxy, the proxy form must be submitted prior to the AGM. Proxy forms in Swedish and English are available on the company website at [www.profficegroup.com](http://www.profficegroup.com).

Shareholders whose shares are registered under a nominee name must temporarily re-register them in their own names in addition to notification of their intention to participate in the AGM. For such registration to be completed by 22 April 2015, shareholders should contact their banks or nominees well in advance.

### Proffice Nomination Committee

The Nomination Committee consists of:

- Mikael Moll, appointed by CapMan Public Market (27.46 per cent of votes)
- Marianne Flink, appointed by Swedbank Robur Funds AB (10.60 per cent of votes)
- Daniel Ovin, appointed by Nordea Investment Funds (10.11 per cent of votes)
- Frank Larsson, appointed by Handelsbanken Funds AB (5.46 per cent of votes)

The nomination committee represents 54 per cent of the votes in the company. The number of votes are as of 31 December 2014 and include the company's 438,919 B shares.

## Contact details

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