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Addnode Group

Q1 2026



Speakers



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Kristina Elfström Mackintosh

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Operator



Thomas Nielsen

Analyst | Nordea

Prepared Remarks

**Operator**

Welcome to the presentation of Addnode Group's interim report January to March 2026. During the Q&A session, participants are able to ask questions by dialing pound key five on their telephone keypad. Now, I will hand the conference over to the CEO and President, Johan Andersson, and CFO, Kristina Elfström Mackintosh. Please go ahead.

**Johan Andersson**

CEO and President | Addnode Group

Hello, everyone, and welcome to the presentation of the Addnode Group Q1 report for 2026. I'm the CEO, Johan Andersson of Addnode Group, and with me I also have Kristina Elfström Mackintosh, our CFO, Addnode Group. Today, we will give you an insight on Addnode Group, talk about our divisions, a little bit of acquisitions, touch upon AI, and we will end with a Q&A. Q1, it was a quarter where we improved earnings and we could see stronger cash flow. We delivered solid earnings growth. The companies acquired in 2025 performed well, and combined with cost savings contributed to our favorable earnings performance. EBITA was up 26% to SEK 274 million, and EBITA margin increased to 17.9% from 14.9. Earnings per share increased by 24%.

**Johan Andersson**

CEO and President | Addnode Group

We can see the increase in cash flow from operating activities increased to SEK 363 million compared to SEK 203 million the previous quarter in 2025. We can also see an acquisition, Technia acquired a customer contract base in Germany. We continued to lay also the foundation for future earnings growth by continuing to implement AI, develop new offerings, and optimize organizations. If you look at from a longer perspective that you can see in the graph to the right there, we can see that from 2025 to the rolling twelve months ending this quarter, EBITA has doubled from SEK 461 million-SEK 960 million. I will later walk you through Q1 by divisions, but I would like to hand over to Kristina, our CFO.

**Kristina Elfström Mackintosh**

CFO | Addnode Group

Thank you, Johan. I'm gonna take you through the net sales development from Q1 last year to Q1 this year. We can see that net sales increased by 5% to SEK 1,531 million, and the growth is mainly supported by acquisitions. From the organic position, the currency adjusted organic growth amounted to -6%, and the negative organic growth was attributable to mainly design and PLM divisions. In design divisions, Symetri saw a slower market in Europe and U.S., and lower share of three-year contracts compared to the same period last year. As we have previously communicated, 2024 last year was one of the years where there's a lot of volume, high volume of three-year contracts being renewed.

**Kristina Elfström Mackintosh**

CFO | Addnode Group

The market situation in Germany, where PLM is operating, remains challenging. Looking at the acquisition, they contributed to PLM and with SEK 223 million. The integration of the new acquisitions are progressing well, and the acquired businesses delivered in line with expectations. Currency movements had significant impact during the quarter, and mainly the weaker US dollar had a negative impact of -SEK 61 million in the quarter. That lies mainly in the design division, where a majority of the US dollar denominated business resides. We're gonna have a look at the cash situation and cash flow. In Q1 2026, cash flow from operating activities improved by 79% to SEK 363 million compared to SEK 203 million last year.

**Kristina Elfström Mackintosh**

CFO | Addnode Group

This increase was mainly attributable to stronger earnings and changes, positive changes in working capital. This graph that we have shown past meetings shows the cash conversion over the past decade, where we calculate the cash free cash flow in relation to EBITA for the rolling 12 months quarter by quarter. You can see in the pink line we have had cash conversion rate about 70% up to the time when Autodesk contracts allowed us to obtain the three-year payments upfront for all the three years. That changed in 2023, and now we are getting the payments yearly in advance, year by year. You can also see the graph now reflects an upward trend in the most recent quarters in line with what we have previously communicated.



Kristina Elfström Mackintosh

CFO | Addnode Group

We have also historically observed the working capital effect and the cash conversion tends to vary between quarters, and we expect such volatility to persist going forward. We're going to have a look at the financial position also. As of March 2026, the net debt, including leasing, amounted to SEK 2.2 billion. It was also supported by around SEK 900 million in cash balance, and the leverage amounted to 2.1 times as a result of the recent acquisition activity. From the facilities, we currently have about SEK 800 million in available unutilized capacity. During 2025 and in Q1 2026, we have completed 11 acquisitions, which have resulted in a temporary increase in the leverage. We're also going to look at the return on capital employed in the next slide.



Kristina Elfström Mackintosh

CFO | Addnode Group

Return on capital employed amounted to 14.6%, as of March 2026, and the main and many large acquisitions that we completed last year temporarily impacted the reported return on capital. While the results of the acquired companies are included only from the time of acquisition, and that's, if you remember, SolidCAD came in by the end of October last year, FF Solutions in Brazil in the beginning of August, and Genus in Norway from beginning of July. The full amount of the capital employed is added immediately at the point of acquisition, and this timing effect creates a short-term dilution of return on capital employed, which you can see in this graph. Now we're gonna go into more details about the divisions. I'm gonna hand back to you, Johan.



Johan Andersson

CEO and President | Addnode Group

Thank you, Kristina. Some of you may know we are organized in three divisions. We call them Design Management, Product Lifecycle Management, and Process Management. I'm gonna walk you through the development in Q1 for each of our three divisions. Before we do that, we can see that the two bigger divisions, if you look at the share of EBITA, you will find it's the Process Management and Design Management, and then we also have Product Lifecycle Management. Let's start with Design Management. Before we do that, I just want to remind you that as of January 1, 2026, Tribia has been transferred from Design Management division to the Process Management divisions.



Johan Andersson

CEO and President | Addnode Group

All the comparative figures you will see today have been restated to reflect the scenario which Tribia has already been transferred in 2025, so the numbers are like for like, so there are no effect from the transfer in the numbers that we can see here. With that as a start, we can see that the Design Management division's net sale increased with 7% to SEK 659 million. As Kristina mentioned earlier, the weak US dollar had a negative impact, and adjusted for currency effect, organic growth was -12% in the division. However, EBITA increased by 7% to SEK 158 million, and the EBITA margin increased to 24%. The acquisitions in Canada and Brazil has developed according to plan and contributed to improved net sales and earnings.



Johan Andersson

CEO and President | Addnode Group

In Brazil, growth was driven by continued investment in infrastructure, and in Canada, we can see that customers continued to show renewed confidence in us as their partner. Looking at Europe, we can see that net sales in Europe and U.S. it was negatively impact by a few things. We had a lower volume of the subscriptions that was up for renewal. Out of those that were up for renewal, we can see that more customers than historically has chosen a one-year subscription over a three-year when they renew. We can see that trend is continuing. That means that there are still customers with us, but with regards as we explained earlier on that, as we are considered an agent, we are reporting the full value of the contract at the time of the sale.



Johan Andersson

CEO and President | Addnode Group

If we sell a three-year contract, we boost the sales, and if we sell a one-year contract compared to having sold a three-year before, it has a negative effect in that quarter compared to that. But it means that we are still having the same underlying business value, so that's important to have with you. We can also see that there are some geopolitical changes in the world, and we have some effect also from the market. That has probably also affected the choices from the customers, which you could imagine that in a more uncertain world, you're probably going for more for a one-year compared to three-year if you have the options. The number of customers have increased in Europe and U.S. during this period.



Johan Andersson

CEO and President | Addnode Group

We also have Service Works Group in the division who are more focused on facility management solutions, has delivered a stable earnings performance compared with the preceding year. If we look at long term, this is a division that's, if you look at the graph to the right, we have moved from net sales in 2021 of around short of SEK 1 billion to the +SEK 2 billion that we are today, and we increased the profit. The trend is long term. We can see that in this quarter, acquisitions performed really well. As I mentioned, net sales in Europe and U.S. are a little bit lower than we would have liked, but the results and the margins are with us.



Johan Andersson

CEO and President | Addnode Group

Looking at division PLM, we can see we have a decrease in net sales to SEK 420 million in the first quarter. If you adjust for currency effect, it's -4%. Here we can also see that we have a trend of customers choosing subscription solution rather than perpetual licenses. That has sort of had effect also on top line. The demand for PLM systems, design and simulation software, and related services from strategically important segments, such as aerospace and defense, remain strong, and we have expanded several customer engagements, particularly in the Nordic countries. The market situation in Germany is still challenging, and there are investment decisions regarding major products are still being approached with caution from our customers. EBITA has increased to SEK 33 million compared to SEK 4 million last year.



Johan Andersson

CEO and President | Addnode Group

Those of you who were with us last year know that we'd had some restructuring costs last year. Those have had a positive effect, and we can see the positive of that. Margin's going up. If we add back the restructuring cost and compare, we can see that still that we have a growth in EBITDA of 18% compared to the comparable quarter last year in the run-rate. It's a good performance, and we can see that the cost-efficient measures taken have had an effect in the business. We have made an acquisition here in Q1. Technia acquired a customer base in Germany of the Dassault Systèmes software, added 80 new customers to the 6,000 that we already have here.



Johan Andersson

CEO and President | Addnode Group

Net sales on that customer base is roughly around SEK 18 million and is something that we can add to the organization that we already have in the German part of the business of Technia. Looking at Process Management, continued their positive streak that they have for seven quarters in a row right now. Net sales increased by 15% to SEK 466 million in net sales. EBITDA was up 27% to SEK 104 million, and the EBITDA margin increased to 22.3% from 20.3%. This was the seventh consecutive quarter in which the EBITDA margin improved year-over-year. Along with good efficiency and effective cost control, margin-enhancing acquisitions, such as Genus in Norway, have contributed to this earnings improvement.



Johan Andersson

CEO and President | Addnode Group

Sales to public sector, still stable, but we can see that there is an uncertainty in the world, and those larger project that we probably did more of a couple of years ago are still being approached with some caution. As we mentioned earlier on, Tribia has changed to this division, and all the comparative figures have been addressed with that. We think this is a good change. It's in line with the group strategy, and it aims to strengthen collaboration between companies focusing on the public sector and digital case management. It will create conditions for further growth and efficiency improvements. It also means that Process Management division will have a stronger node in Norway with the companies Genus, Decisive and Tribia.



Johan Andersson

CEO and President | Addnode Group

We have touched upon acquisitions, and as we mentioned, we had a really strong year in 2025, adding at least SEK 700 million net sales and strength to the group. Had a good effect of that, meaning that we were able to build, for example, Symetri to be the world-leading global Autodesk partner with presence in Europe as well as North and Latin America. We also strengthened Process Management with a strong Nordic footprint and acquisition of Genus in Norway. In Q1, we can see that the acquisition climate has been characterized by greater uncertainty in valuation discussions, mainly driven by AI concerns and a more complex macroeconomic geopolitical environment. As I mentioned earlier on, we have made one acquisition of the customer base here in Germany.



Johan Andersson

CEO and President | Addnode Group

We are still continuing to look at acquisitions, but with our, as we did so many acquisitions in 2025, and with the uncertainties in the world, we probably will see a slower acquisition rate this year, and we expect to pick it up by the end of the year. You know, just to touch upon AI. AI is something that we're all talking about, something that will have an effect, and it's having an effect on all of us. It's an important focus area for Addnode Group. We believe it enable continued innovation. It will increase customer value and our internal efficiency. We are, as a group, focused on a few nodes around software and digital solutions for engineering, design, asset management, and public sector workflows, and we think that's an important asset.



Johan Andersson

CEO and President | Addnode Group

Our strong customer relationships and our in-depth knowledge of the processes paired with the data created and stored in the digital solutions we provide represent a strong platform for development of new AI-based services. What is core in all our domains and the nodes that I mentioned is that we have a deep domain expertise and provide software for entire workflows. We provide mission-critical systems that are embedded with our customers. We are a trusted ecosystem partner in regulated environments. We are supported by strong partnerships with, for example, Autodesk, Bluebeam, Dassault Systèmes and Esri. That means that they are able to invest in things that we are able to provide to our customers. We also embrace AI because we believe that is something that will make us stronger and our customer value. I believe we have a good starting point where we are.



Johan Andersson

CEO and President | Addnode Group

Just to give you some examples, we have if you look at the last, I think it's three, four quarterly reports, we have presented some new AI products that just to give you a flavor of what we are talking about. If you look at what we are presenting this quarter is, for example, with the Induce Connect IoT platform, one of our customers, the machine manufacturer, Alma, has been able to increase its production efficiency, cut costs, and reduce its service calls. We look at the other example with AI simplifying streamlining inspections, then we are in Sweden, and then we have a demand that you need to do ventilation controls and report it to the local authorities, and the local authorities are our customers.



Johan Andersson

CEO and President | Addnode Group

With the software wing and Atome, you can automate and create an end-to-end digital workflow that enables Swedish municipalities to fulfill their statutory responsibility for mandatory ventilation inspection. This has resulted in shorter lead times, lower energy consumption, improved public health. These are two very good examples where we can infuse existing solutions with AI to provide more value to our customers. AI is definitely an enabler for increased customer value. It's innovation efficiency. The technology which is being integrated to our customer solution internal processes is an important aspect of how we create value. We as a group do believe in decentralization, but it means that we push through a few themes to make things happen within our group.



Johan Andersson

CEO and President | Addnode Group

All the different companies in the group are doing a fantastic job, but what we specifically push and help each other with is to make sure that we continue to develop AI-driven customer solutions. We are doing that by ourselves. We're doing that with our partners, and it's a constant development. An important thing is this is leadership and how we make these things happen because it has an effect. We try to work together. We push it through our executive summits. We have different meetings within our divisions to make sure that we have the right leadership to make things happen. Then also on a more subject matter level, looking at development, sales, market example, there are different networks within the group that goes over group level, but also in the different divisions to push this, to make this happen.



Johan Andersson

CEO and President | Addnode Group

We try to promote by showing good examples. For example, Addnode Innovations. I think this is. We have 60 very good applicants, and now it's down to seven in a final. Most of them are actually in production because you can see the potential in AI. They started by coding a couple of months ago, and it's already now happening. It's a lot of things happening, and we're trying to push for it. We are a decentralized organization. That means that we have a lot of things happening in the group. Trying to sum this up, we can see that we are delivering on our growth strategy. We are combining organic growth with a value-creating acquisition strategy. If you look for a full-year perspective, even though we have a quarter with lower inorganic growth.



Johan Andersson

CEO and President | Addnode Group

Our financial target is to grow EBITA with 15% year-on-year. That means that we aim to continue to double EBITA every fifth year. Since 2016, we have a compounded annual growth rate EBITA of 19%, and we are increasing EBITA margin. With the presence in various regions in the industries where our digital solutions are mission-critical, we have built a robust business that remains strong, even in a challenging economic climate dominated by geopolitical turmoil. Looking forward, growth and improved earnings will continue to originate from the development of new offerings, the implementation of AI and acquisitions. We will continue to optimize our organization as technology, market conditions, and economy changes. Addnode Group has shown and will continue with the creativity, perseverance, and commitment needed to generate value for both our customers and our shareholders.



Johan Andersson

CEO and President | Addnode Group

With that as an introduction, we would like to open up for Q&A and questions.

Q&A



Operator

The next question comes from Erik Larsson from SEB. Please go ahead.



Kristina Elfström Mackintosh

CFO | Addnode Group

Hello, Erik.



Erik Larsson

Analyst | SEB

Hi. Can you hear me?



Johan Andersson

CEO and President | Addnode Group

Yes.



Kristina Elfström Mackintosh

CFO | Addnode Group

Now we can hear you. Thank you.



Erik Larsson

Analyst | SEB

Hi. Okay. Sorry for that. Great. I have a few questions. First off, if you look at your customer base for the rest of the year, do you see fewer agreements that are up for renewal, or was that more isolated to Q1?



Johan Andersson

CEO and President | Addnode Group

What we can see is that we had here in Q1, yes, a few agreements. We would probably see that we go back to more of a historical, sort of normal activity over the years, that Q2 is usually slower, Q3 okay, and Q4 better. We probably have seen that pattern during the year as well, what I would believe.



Erik Larsson

Analyst | SEB

All right. I wanted to ask about the M&A contribution-



Johan Andersson

CEO and President | Addnode Group

Mm-hmm



Erik Larsson

Analyst | SEB

which was strong here in Q1.



Johan Andersson

CEO and President | Addnode Group

Mm-hmm.



Erik Larsson

Analyst | SEB

If you could just give some flavor if that also reflects the seasonality in, like, SolidCAD and FF Solutions or to what extent we could extrapolate this to Q2, for instance.



Johan Andersson

CEO and President | Addnode Group

Yeah. It's a very good question. Yes, there's seasonality in that. Basically, Q1 is to be very strong. Yes, there is definitely seasonality in that, so you cannot extrapolate it for Q2. You should probably expect more, like I mentioned, that it's Q1, yes, very strong, and we are proud of that. Then we will probably see that Q2 is the slowest quarter during the year, and then Q3 will be sort of okay, and Q4 will. But that's sort of it. We're talking about the full year here.



Johan Andersson

CEO and President | Addnode Group

If you look at the guidance we're at, we said that we are probably around +SEK 700 million on the run-rate for the acquisition we did in 2010-2015, and then you compare it with the very good contribution in Q1, you'll see that there's a sort of an overachievement compared to that in Q1, and that has to do with some expectation that Q1 should be better, so to speak. There definitely is some seasonality there.



Erik Larsson

Analyst | SEB

Okay, perfect. A final question on cash flows. I think you talked about it a bit, but we see now two strong quarters and this normalization that you've mentioned several times is currently taking place. Historically, we have seen limited cash flows in Q2 and Q3. The question is: should we assume that in 2026 as well, or is there still some catching up to do, so to speak?



Kristina Elfström Mackintosh

CFO | Addnode Group

Yes. If you look at the cash flow, we have the strongest cash flow quarters in Q4 and Q1, and based on historical patterns, Q2 is slower and the lowest pattern in cash flow is in Q3. We expect the same pattern going forward as well.



Erik Larsson

Analyst | SEB

Okay. That was all from me. Thank you.



Kristina Elfström Mackintosh

CFO | Addnode Group

Thank you.



Operator

The next question comes from Thomas Nielsen from Nordea. Please go ahead.



Thomas Nielsen

Analyst | Nordea

Thank you for taking my question. When you mentioned a lower share of three-year contracts in Q1.



Johan Andersson

CEO and President | Addnode Group

Mm.



Thomas Nielsen

Analyst | Nordea

When it comes to the -12% organic growth we see in Design Management, how much of this 12% negative organic growth comes from a lower share of three-year contracts in Q1?



Johan Andersson

CEO and President | Addnode Group

We don't have an exact figure for that, but just to help you to give you some guidance is that we started off, and this has to do with the way the base of the business that we. For example, the contract that was sold one year and three years ago, those are the g-contracts that we expected to be renewed this quarter. That means that we had a lower base that was sort of previous sold to be renewed compared to the last quarter last year. We expected a slower net sales compared to that. We have an effect of that, and that was expected. Then of the contract that was renewed, the customer shows a move to go with a one-year contract, and we expect that pattern to continue going forward. We'll see that.



Johan Andersson

CEO and President | Addnode Group

The good thing is that the customers are increasing, the number of customers are increasing, so we can see that we're at least sort of flattish on the underlying customer value of the contracts if we try to sort of annualize the value of the three-year contracts. We are sending a signal that it's not 12% organic down. It has this effect on the going from the one to three, and you can see the strong cash flow as well. You will not get a sort of full number of that, but we are saying that we are more on a flattish on the growth rate of the underlying business.



Thomas Nielsen

Analyst | Nordea

In terms of organic growth at group level, when do you expect we'll return to organic growth for the group? Will it be in the remainder of 2026?



Johan Andersson

CEO and President | Addnode Group

I think best guess is that to expect that we will not as a group have organic growth this year. It has to do with also has to do with us as a. We will continue to protect the bottom lines. You can see that, for example, we are increasing our EBITA, and we are increasing our earnings per share with 24%. We'll have a focus on that. I wouldn't expect us as a group to have organic growth this year. It has to do with we started with this quarter. You can see that we will not be able to sort of catch up that during the year, and we are not planning.



Johan Andersson

CEO and President | Addnode Group

I think we said, going back to our capital markets in last autumn, we said that we expected low digital organic growth for the next year. Now we can see that there are definitely the sort of the geopolitical situation and the market has not probably expected as we expected at that time. If now we are probably saying that that low sort of organic percentage of growth has probably turned around to say, "Let's be, strive for organic growth," we are not planning for that.



Thomas Nielsen

Analyst | Nordea

Okay. Thank you very much. One final question. Do you see any risk on the horizon, AI-native startups in your business areas?



Johan Andersson

CEO and President | Addnode Group

Of course, we see risks because we also see all the opportunities by ourselves what we can do. The next question is probably: has something of that materialized? No, because there are the things that, as I mentioned, what we are moving, we are very much still embedded in our systems. It's more we are working in regulated environments, so that sort of two, three-man startups are not the relevant options for our customers to handle it. Having said that, we are also seeing so many things that you can do. Of course, there are risks, and we try to address them. We address them as best as we can, and we develop ourselves. There are always risks in running a business, and within the risk also lies the opportunities.



Thomas Nielsen

Analyst | Nordea

Okay. Thank you very much.



Operator

The next question comes from Daniel Thorsson from ABG Sundal Collier. Please go ahead.



Daniel Thorsson

Analyst | ABG Sundal Collier

Yes, thank you very much. I also have a question on Design Management here in Q1. Do you think that the one- and three-year agreement changes here is to some extent explained by some AI uncertainties as well? Both because customers may not know what competition and pricing may look like two years out, but also that they may face headcount reductions internally themselves. Is that something you hear in customer discussions?



Johan Andersson

CEO and President | Addnode Group

We're not hearing them saying that, "Okay, this is because we are looking at AI." We're also hearing some customers saying that, "What do you think about changing your system?" That's not an option because we are so heavily embedded in our processes and routines. For example, if you are an architect or a technical consultant, all the new development that you're doing, all the historical, everything is so heavily embedded, so it's a very sort of long and painstaking process. It's like trying to change SAP for Ericsson. It's a lot of things. Having said that, it's quite tough to understand what is sort of normal geo things affecting business and what is AI.



Daniel Thorsson

Analyst | ABG Sundal Collier

No, I understand that businesses are embedded by the customers, and they may not change it. I also think that some of the customers that, you know, consider-



Johan Andersson

CEO and President | Addnode Group

Mm.



Daniel Thorsson

Analyst | ABG Sundal Collier

a three-year agreement now.



Johan Andersson

CEO and President | Addnode Group

Yeah.



Daniel Thorsson

Analyst | ABG Sundal Collier

They may think that the-



Johan Andersson

CEO and President | Addnode Group

It could be.



Daniel Thorsson

Analyst | ABG Sundal Collier

Prices for this will be lower two years out.



Johan Andersson

CEO and President | Addnode Group

Yeah.



Daniel Thorsson

Analyst | ABG Sundal Collier

Where our 100 architects today-



Johan Andersson

CEO and President | Addnode Group

Mm-hmm



Daniel Thorsson

Analyst | ABG Sundal Collier

-may be-



Johan Andersson

CEO and President | Addnode Group

Yeah

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Q1 2026 | Apr 28, 2026 07:30



Daniel Thorsson
Analyst | ABG Sundal Collier

90 architects in two years because of internal efficiency and productivity. It's better to go with 1 year now because we don't know how.



Johan Andersson
CEO and President | Addnode Group

Could be.



Daniel Thorsson
Analyst | ABG Sundal Collier

We will look like in 12 months' time.



Johan Andersson
CEO and President | Addnode Group

Could definitely be.



Daniel Thorsson
Analyst | ABG Sundal Collier

You haven't really heard that?



Johan Andersson
CEO and President | Addnode Group

We haven't really sort of had those type of discussions saying that.



Daniel Thorsson
Analyst | ABG Sundal Collier

Ah.



Johan Andersson
CEO and President | Addnode Group

Because of this, we are done. I think our customers are still trying sort of in the face of... You are a little bit ahead of the curve compared to our customers. We have also customers saying that, "We want you to ensure that you are not implementing AI in our solution because we cannot do that for regulatory." We have all those type of discussions. Let's see. I usually say, "Ask me that question again the next quarter, and then I will sort of probably reevaluate that." So far, we haven't had those sort of big discussions with our customers say that, "You know what? We're gonna decrease with X percentage of numbers, so be prepared for that." I'm not saying that is not going to happen.



Daniel Thorsson
Analyst | ABG Sundal Collier

Yeah.



Johan Andersson
CEO and President | Addnode Group

I'm saying that we have not had those discussions.



Daniel Thorsson
Analyst | ABG Sundal Collier

Okay, cool. Understand. The second question here on Design Management. You answered partly to Thomas' question there on organic growth guidance for this full year. Did you refer to Design Management or on a group level? Because on the Capital Markets Day, you said that you expect low single-digit organic growth in Design Management for 2026.



Johan Andersson
CEO and President | Addnode Group

Yeah.



Daniel Thorsson
Analyst | ABG Sundal Collier

Now you say not on a group level.



Johan Andersson
CEO and President | Addnode Group

I mean, I think it goes with each other. If we are not able to do organic growth in Design Management because it's roughly half of our business, then we're probably not gonna be able to do organic growth on a group level. Because for PLM, for example, we have taken the sort of decision to discontinue some business to improve our profit margins. We can't really expect to do organic growth in PLM for the full year. If we are saying that we can't expect organic growth in Design Management, then, and the organic growth that we would hopefully be able to generate some percentage in Process Management, that would probably not be enough to compensate for the sort of entire group.



Daniel Thorsson
Analyst | ABG Sundal Collier

Yeah. No, that makes sense. The question on Q2 here in Design Management. We know that we have a tough comp from last year.



Johan Andersson
CEO and President | Addnode Group

Mm-hmm.



Daniel Thorsson
Analyst | ABG Sundal Collier

You had the positive boost from renewals before mid-year there. How should we think about kind of the magnitude in organic growth in design in Q3 will obviously be materially larger on the negative side compared to Q1 here-



Johan Andersson
CEO and President | Addnode Group

Mm.



Daniel Thorsson
Analyst | ABG Sundal Collier

like, 20%-25% magnitude. Is that unreasonable given that you grew 50% last year?



Johan Andersson
CEO and President | Addnode Group

I think that depends on what you compare with because we had a significant boost in Q2 last year of pre-ordering of three-year contract because that was sort of the end of certain. We get it. That also means that we have less sales in Q3. I guess it's not that easy to just answer, but because that depends on what base you're comparing with.



Daniel Thorsson
Analyst | ABG Sundal Collier

I was thinking year-over-year versus Q2 last year. I guess it will just be a large drop.



Johan Andersson
CEO and President | Addnode Group

It will be a large drop.



Daniel Thorsson
Analyst | ABG Sundal Collier

Yeah.



Johan Andersson
CEO and President | Addnode Group

It's a very good question, and I just want to remind everyone that Q2 last year was a significant boost from the pre-ordering. That meant that we had Q3 very much lower. If you want to try to sort of address the magnitude of the changes, you need to sort of combine Q2 and Q3 last year.

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Q1 2026 | Apr 28, 2026 07:30



Daniel Thorsson
Analyst | ABG Sundal Collier

Yeah. That's clear. The final question on Process here. You had 1% organic growth in Process. That means that either volume or pricing.



Johan Andersson
CEO and President | Addnode Group

Mm.



Daniel Thorsson
Analyst | ABG Sundal Collier

This is negative year-over-year. Which one was negative here in Q1, if you could share?



Johan Andersson
CEO and President | Addnode Group

I think it's volume. We have some pricing. The pricing, if that's sort of, that's probably we can do some. I think it's a mix. It means that it depends a little bit how we measure. We are having slightly volume negative or flat. There's no growth in the volume to make that organic growth happen.



Daniel Thorsson
Analyst | ABG Sundal Collier

Yeah, that's clear. Thank you very much.



Operator

The next question comes from Fredrik Nilsson from Redeye. Please go ahead.



Fredrik Nilsson
Analyst | Redeye

Thank you very much. Good morning. I want to follow up on the movement from three-year to one-year deals in design.



Johan Andersson
CEO and President | Addnode Group

Mm-hmm.



Fredrik Nilsson
Analyst | Redeye

Have you seen a similar pattern before in more uncertain economic environments?



Johan Andersson
CEO and President | Addnode Group

Yeah. No, I think what is happening now is that, yes, we might have some uncertainty that. I think just to be very clear, we have a move under, irrespective of the sort of uncertainty there, that is going to one-year contracts. That has to do with that if we go back, for example, a couple of years ago, the customer had a discount from moving to three years from three to three-year. Then it was moved to, you can fix the price. Now we can see that, and they still had to pay upfront, and then over the year has moved to that, irrespective if you change, if you fix the price for three-year, you still have to pay yearly.



Johan Andersson
CEO and President | Addnode Group

The trend has been going on for the last sort of couple of years that moved to one years. I think the majority of what happened is that there's a push to one-year contract within the system. Then we have an uncertainty in the market, the sort of normal sort of market things are gonna happen. Just to add some flavor to your question. The question then, the other one is that, no, we don't have any sort of a good historical comparable saying that in this time customer choose this and that. We are talking more from a, it probably makes sense, and I had a previous question, said, "Do you think the customer has done that?" For example.



Johan Andersson

CEO and President | Addnode Group

It's hard to answer, but I also want to put out there that we have a trend moving to one-year contract, and that will continue. Good thing is that we will be able to show more sort of less volatility in our reporting earnings going forward for the same customer base if we are able to sort of increase the number of one-year contracts. Does that make sense?



Fredrik Nilsson

Analyst | Redeye

Yeah. That's good. Let's move on to PLM. As you mentioned.



Johan Andersson

CEO and President | Addnode Group

Mm-hmm



Fredrik Nilsson

Analyst | Redeye

The margin increased quite a bit year-over-year.



Johan Andersson

CEO and President | Addnode Group

Mm-hmm.



Fredrik Nilsson

Analyst | Redeye

I mean, it was still below the second half of last year. I guess there might be some seasonality, but still.



Johan Andersson

CEO and President | Addnode Group

Mm-hmm



Fredrik Nilsson

Analyst | Redeye

There seems to be a slightly lower level. Has the market worsened somewhat, or could you help us understand the number?



Johan Andersson

CEO and President | Addnode Group

No, I think what you're pushing at, Q1 is always the best quarter for Design Management, but it's also the least best quarter for PLM historically, irrespective. If you look back over the years, you will find that Q1 is probably the quarter, and that has to do with some seasonality with sales of software and delivery of projects. They have more services within themselves, so that means that January is probably a little bit slower because it's just a sort of you start up for the year, you do more projects, and in design, you end the year in January. There's some seasonality in that.



Fredrik Nilsson

Analyst | Redeye

Okay. I mean, I agree to what you're saying to some extent, but still in 2024, 2022, the margin was quite strong also in Q1. Were those quarters exceptional than you would say? Or how should I understand that you don't really see that seasonal pattern in the numbers you report? I would argue?



Johan Andersson

CEO and President | Addnode Group

You have better sort of data in front of yourself than me, so. I don't feel that if the question is that, do we feel that we are being less efficient as we go ahead? That's not my thing. I expect that we will be able to continue to improve earnings over the year, this year compared to last year, if that's sort of the underlying question.



Fredrik Nilsson

Analyst | Redeye

Yeah. That's clear. Last question. Regarding the capitalized work, it increased quite a bit relative to sales. Is this the level we should expect going forward, or was there something special in the quarter?



Kristina Elfström Mackintosh

CFO | Addnode Group

The special in the quarter is that we now have our company in Norway, Genus, who are providing own proprietary software, which we have capitalized in Q1. We didn't have that in the past. That you can expect, and that has not been depreciated or amortized over time yet. For the companies that are providing own products and solutions, we will expect more capitalized R&D being put in the numbers.



Fredrik Nilsson

Analyst | Redeye

That's clear. That's all for me. Thank you very much.



Operator

The next question comes from Mikael Lassin from DNB Carnegie. Please go ahead.



Mikael Lassin

Analyst | DNB Carnegie

Yes. Good morning. Hi. I have a few questions, and the first one is on Design Management, and how Autodesk's increased focus on new sales versus renewals.



Johan Andersson

CEO and President | Addnode Group

Mm-hmm



Mikael Lassin

Analyst | DNB Carnegie

are affecting your business.



Johan Andersson

CEO and President | Addnode Group

That's a good question. The short answer is that we don't have the full analysis of that. It's in the things that you mentioned is that from February, so it's the first month of the Autodesk year, there are sort of the incentives are slightly changed so that they are pushing for moving from more from the backend to new sales. It's a little bit too early to say that because we have only had that process for two months. We don't have any sort of a good analysis of that. Basically what they're trying, like everyone else, they're trying to promote new sales over sort of renewal and taking care of existing customer base. We are getting sort of incentivized for both, but in the new model, more on the new sales.



Johan Andersson

CEO and President | Addnode Group

It's a little bit too early to do any bigger analysis of that. Basically if we sell less, we probably will get less margin on that. That's the sort of expansion. The margin, that means that in an agency model, that's our net sales.



Mikael Lassin

Analyst | DNB Carnegie

Yeah. Okay. You haven't seen any dramatic effects for since then.



Johan Andersson

CEO and President | Addnode Group

Uh-



Mikael Lassin

Analyst | DNB Carnegie

So far in Q2 then.



Johan Andersson

CEO and President | Addnode Group

No, not yet. I would argue strongly advise you to ask me that question again the next quarter, and then we will see. Because then we will have been able to go through a full sort of Autodesk quarter and then into next quarter, and then we will be able to see how this pans out.

Addnode Group

Q1 2026 | Apr 28, 2026 07:30



Mikael Lassin
Analyst | DNB Carnegie

Okay. Like, can you then give us some sort of a background to the dynamics in new sales versus renewals for Symetri, the design segment, how that works today? Just so we can sort of understand the potential changes if there are any.



Johan Andersson
CEO and President | Addnode Group

I think you have to look at it by market by market. If you look at what we can see here in Europe and U.S. right now, we can see new sales were irrespective of it's a little bit slower. New sales means that either we are selling new sort of seats, could be to of existing systems and modules, or selling new models coming out of the new software. It's a mix of that. If you look at the dynamics, you can see that, for example, in Brazil, we have a strong growth, and that is supported by all the infrastructure investments being made, and so that we have a strong position there. Canada, we have a very strong position as well, so we can see that's growing well.



Johan Andersson
CEO and President | Addnode Group

What we've been struggling with shortly here has been in Europe and U.S. of new sales this quarter. I don't know if that was sort of your underlying questions, please ask me again. I probably



Mikael Lassin
Analyst | DNB Carnegie

Yeah, you're thinking about, I mean, the renewal rate is, I guess.



Johan Andersson
CEO and President | Addnode Group

Mm



Mikael Lassin
Analyst | DNB Carnegie

Pretty high.



Johan Andersson
CEO and President | Addnode Group

Mm.



Mikael Lassin
Analyst | DNB Carnegie

You have a loyal customer base.



Johan Andersson
CEO and President | Addnode Group

Mm



Mikael Lassin
Analyst | DNB Carnegie

It's just you will still get, I mean, a fair amount of, I mean, revenue.



Johan Andersson
CEO and President | Addnode Group

Yeah



Mikael Lassin
Analyst | DNB Carnegie

on that, but it's sort of.



Johan Andersson
CEO and President | Addnode Group

Yes



Mikael Lassin
Analyst | DNB Carnegie

...tilted a bit more toward new sales, so you get rewarded more for pushing more new sales.



Johan Andersson
CEO and President | Addnode Group

Yes.



Mikael Lassin
Analyst | DNB Carnegie

That is what's going on there?



Johan Andersson
CEO and President | Addnode Group

That's yes. The short answer is yes, we will sort of compare to a year ago, we will get sort of more percentage-wise margins, so to speak, on new sales compared to renewal of existing customer base.



Mikael Lassin
Analyst | DNB Carnegie

Yeah. Got it. Are you seeing any pressure on pricing here in the design segment, or volumes for partner economics in general, the underlying changes apart from this sort of push for new sales?



Johan Andersson
CEO and President | Addnode Group

If you're talking about pricing, I mean, are we talking about pricing to customers?



Mikael Lassin
Analyst | DNB Carnegie

Yeah, I guess so, and the relationship with Autodesk.



Johan Andersson
CEO and President | Addnode Group

Yeah. I mean, pricing to customer, we haven't seen that any sort of pressure on that. This, we can see that we have sort of a normal, more of a KPI level price increases. That's sort of in the system. With regards to the messages that if we continue to do our work, we will sort of get our share still of the cake in the same level. That goes back to your question, how has that pan out with sort of promoting more new sales compared to historical? We haven't seen how that pan out, but that's the message still and we are going for that. They are pushing for the channel and we have still some more work to do so.



Mikael Lassin
Analyst | DNB Carnegie

Okay. Got it. Yeah, and I was also thinking about, so in general, the underlying trend for this type of.



Johan Andersson
CEO and President | Addnode Group

Mm



Mikael Lassin
Analyst | DNB Carnegie

CAD, AEC, OC players.



Johan Andersson
CEO and President | Addnode Group

Mm



Mikael Lassin
Analyst | DNB Carnegie

is coming to bundle more and sell more complete packages, I guess.



Johan Andersson

CEO and President | Addnode Group

Yeah.



Mikael Lassin

Analyst | DNB Carnegie

Do you also benefit from that, selling more to the customer base, upselling, cross-selling? How do you work with that?



Johan Andersson

CEO and President | Addnode Group

What you mentioned, yes. That's it. As these products are becoming more and more sort of adding more value to a customer, it also means that they are more complex to address with the customer. That means that we, as a partner, are investing more and have been investing more in our service capabilities to be able to address that value for a customer. That means that it has been beneficial for us as a bigger part or the biggest partner, for example, for Autodesk and one of the biggest for Dassault, so that we have the capabilities to bring out sort of the full platform. It's definitely a trend. We believe that compared to other partners, we have an upside on that. Definitely. That means that we are investing in people.



Johan Andersson

CEO and President | Addnode Group

Most of the people that are working with us, they have a history from the industry by themselves. They have been architects, technical consultants, been working in process industries and et cetera. We sort of would like to claim that we understand the processes that the software is about to be supporting. That's very important for us. We believe that's something that will have a positive impact on us.



Mikael Lassin

Analyst | DNB Carnegie

That's good clarity. Thanks. Maybe, if I may, a question on what you mentioned this in your comment in the report that-



Johan Andersson

CEO and President | Addnode Group

Mm-hmm.



Mikael Lassin

Analyst | DNB Carnegie

You talk about new offerings. Can you sort of talk to us about what that means?



Johan Andersson

CEO and President | Addnode Group

I think new offerings for us is both of what we are trying to. Some of the examples I mentioned here in the report today, we are able to bring some new IoT offerings to the market, helping our customers getting more productive within the maintenance. We are also been able to have sort of existing offerings, combine them, infuse them with AI, and provide more value to our customers. Those types of things are. We are probably not the type of company that's gonna sort of greenfield investment of a sort of major investment. We are probably good at making things even better as we are. We can also see that our product development is becoming more and more efficient by ourselves.



Johan Andersson

CEO and President | Addnode Group

We're also working with our partners to bring new products into the market as well, so. It's not the product, it's a lot of products that we're constantly developing to bring out to the customers. It's part of more of an evolving rather than a revolution.



Mikael Lassin

Analyst | DNB Carnegie

Okay. Thank you.



Operator

The next question comes from Daniel Djurberg from Handelsbanken. Please go ahead.



Daniel Djurberg
Analyst | Handelsbanken

Okay, operator, and good day, Johan and Kristina. Yeah, most questions asked, obviously. I have a question coming back to, you talked a little bit about the pricing trends with Autodesk and that so. Can you say something more on that, like for like magnitude and also if it's for the full impact in Q1? Also if there has been any changes, you know, with regards to Autodesk, if they, given the changes, from renewals, or just new sales and so on, if they take a larger share of this price increases themselves than in the past. Thanks.



Johan Andersson
CEO and President | Addnode Group

Okay. The first question I get with, okay, can I say anything about prices? No, just to be clear, on the last one, I didn't sort of fully understand the question, the last part of it.



Daniel Djurberg
Analyst | Handelsbanken

All right. Neither did I guess. Do the first question then.



Johan Andersson
CEO and President | Addnode Group

Yeah. Thank you. I mean, about pricing, we can see that our expectancy is not that we're gonna go like for 5%, 10% price increase in the price. It's more like, do we, can we expect to do 2%, 3% price increase and then we're on the sort of existing one. That's probably more what we can go for to expect in this environment.



Daniel Djurberg
Analyst | Handelsbanken

Yeah. May I ask you also, since it is now Autodesk doing the invoicing themselves-



Johan Andersson
CEO and President | Addnode Group

Mm-hmm.



Daniel Djurberg
Analyst | Handelsbanken

Do you have it easier, you know, to get the price increases through since it's Autodesk doing this, and you will just go with the flow here, I guess?



Johan Andersson
CEO and President | Addnode Group

Yeah. No, I think the good thing is that we live in a world where we have sort of the help of Autodesk to keep the price up. Historically, when we were more of a direct sales organization, there was a competition on the price pressure. With this new sort of agency model, it's easier to keep the overall prices up in the market from that perspective. Yes, we can see that because we see the invoices that goes to the customers. Not the invoice, we send the quote to the customers. We definitely see the end value. We know sort of the end value to the customer and margin as we are the ones sending the quote to them. When they say yes to the quote, they get an invoice from Autodesk.



Daniel Djurberg
Analyst | Handelsbanken

Okay. Understand. Another question, if I may. You talked twice, I think, in the call on that you see a number of clients that has increased in India and North America in design, I think.



Johan Andersson
CEO and President | Addnode Group

The number of customers.



Daniel Djurberg
Analyst | Handelsbanken

Yeah, number of customers. Is this also excluding the acquisition, you know, SolidCAD and FF Solutions?

Addnode Group

Q1 2026 | Apr 28, 2026 07:30



Johan Andersson

CEO and President | Addnode Group

Yes.



Daniel Djurberg

Analyst | Handelsbanken

Okay, great. Yeah, I will leave it there, and good luck to you two here.



Johan Andersson

CEO and President | Addnode Group

Thank you.



Kristina Elfström Mackintosh

CFO | Addnode Group

Thank you.



Operator

There are no more questions at this time, so I hand the conference back to the speakers for any closing comments.



Johan Andersson

CEO and President | Addnode Group

No, just thank you for all the good questions and taking the time to talk about Addnode Group. Thank you.