ADDNODE GROUP

THIS IS A TRANSLATION OF THE SWEDISH ORIGINAL OF ADDNODE GROUP'S INTERIM REPORT FOR THE PERIOD 1 JANUARY–30 JUNE 2018. IN THE EVENT OF ANY DISCREPANCIES BETWEEN THE TWO VERSIONS, THE ORIGINAL SWEDISH VERSION SHALL TAKE PRECEDENCE.

Interim Report January 1–June 30, 2018

SECOND QUARTER SUMMARY, APRIL-JUNE 2018

- Net sales increased to SEK 717 m (588), up 22 per cent.
- EBITA increased to SEK 62 m (33), for an EBITA margin of 8.6 per cent (5.6).
- Operating profit increased to SEK 39 m (15), for an operating margin of 5.4 per cent (2.6).
- Profit after tax increased to SEK 28 m (8).
- Earnings per share after dilution increased to SEK 0.91 (0.26).
- Cash flow from operating activities increased to SEK 27 m (-20).

FIRST HALF SUMMARY, JANUARY–JUNE 2018

- Net sales increased to SEK 1,454 m (1,207), up 20 per cent.
- EBITA increased to SEK 129 m (85), for an EBITA margin of 8.9 per cent (7.0).
- Operating profit increased to SEK 83 m (50), for an operating margin of 5.7 per cent (4.1).
- Profit after tax increased to SEK 57 m (34).
- Earnings per share after dilution increased to SEK 1.86 (1.12).
- Cash flow from operating activities increased to SEK 232 m (160).

SUMMARY OF SIGNIFICANT EVENTS DURING THE SECOND QUARTER, APRIL–JUNE 2018

- Directed new issue of three million shares increased liquid assets and shareholders' equity by SEK 254 m.

55%
SHARE OF RECURRING REVENUE IN Q2 2018

22%
GROWTH Q2 2018 COMPARED WITH Q2 2017

SEK 2,768 m
NET SALES LTM JULY 17 - JUNE 18

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This information is inside information that Addnode Group AB (publ) is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out to the left, at 10.30 a.m. CET on 20 July 2018.

Starting in 2018 Addnode Group's interim reports are prepared in accordance with IFRS 15. Comparison figures have been recalculated. All amounts are presented in millions of Swedish kronor (SEK m) unless indicated otherwise. Rounding differences of SEK +/- 1 m may occur in the summing of figures. In cases where an underlying figure is SEK 0 m when rounded, it will be presented as 0.

GOOD GROWTH AND STRONGLY IMPROVED EARNINGS

The second quarter was very strong for Addnode Group. Net sales rose 22 per cent over the corresponding quarter a year ago, of which organic growth was 5 per cent. EBITA amounted to SEK 62 m, up 88 per cent, and earnings per share increased sharply. The share of recurring revenue increased to 55 per cent (53) of net sales for the quarter.

GROWTH AND IMPROVED MARGINS IN ALL DIVISIONS

The market for our three divisions is favourable, and all three improved their margins during the second quarter compared with the same period a year ago.

Growth for Design Management was 17 per cent, and the EBITA margin improved to 8.2 per cent (6.1). Organic growth was 1 per cent during the quarter, and a product mix with more licence sales and services had a positive effect on margins. We have continued stable demand for our Autodesk offering from both the construction and real estate sectors as well as from manufacturing industries. The property management and project collaboration offerings have developed well, especially in the UK and Australia, which became new markets in 2017 with the acquisition of SWG.

Growth for Product Lifecycle Management was 39 per cent, and the EBITA margin improved to 8.8 per cent (5.1). Organic growth was strong and amounted to 16 per cent for the quarter. We have won several new licence deals with subsequent system implementations, and the utilisation rate for our consultants was high. Intrinsys, which was acquired in 2017, contributed both to growth and the margin improvement. We are receiving steadily increasing returns on our position as a world-leading partner to Dassault Systèmes.

Process Management had growth of 8 per cent, and the EBITA margin improved to 12.5 per cent (10.4). Organic growth was -2 per cent during the quarter, caused by downsizing business with lower profitability. The Swedish public sector's willingness to invest in digitalising operations remains high, and we are filling the order books with new business. A more efficient organisation and higher profitability in acquired businesses has contributed to improved margins.

NEW ISSUE FOR CONTINUED ACQUISITION STRATEGY

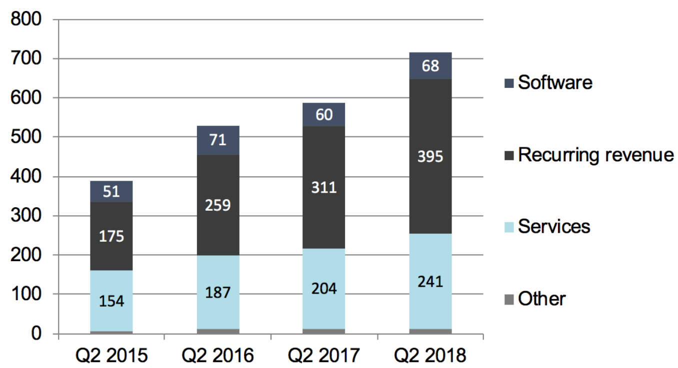
Acquisitions are an important part of our strategy. They contribute both towards creating a better offering in our divisions and to our ability to generate long-term profitable growth for the Group. To be able to continue executing our acquisition strategy with balanced financial risk, we have carried out a directed new issue to institutional investors, which has raised SEK 254 m for Addnode Group.

DIGITALISATION DRIVING PROFITABLE GROWTH

Digitalisation is creating great opportunities for our customers to improve the efficiency of their operations and strengthen their competitiveness. We work closely with our customers, and regardless of whether they are an industrial manufacturer or municipal administration, we help them gain the full potential of the opportunities afforded by digitalisation. In the interim report for the first quarter I concluded by saying that Addnode Group is standing stronger than ever and that I am looking forward to the rest of 2018 with confidence. I see no reason to change this assessment.

Johan Andersson, President and CEO

Earnings distribution, Q2 2015 - Q2 2018, SEK M



SIGNIFICANT EVENTS DURING THE SECOND QUARTER OF 2018

Directed new issue of three million shares increases liquid assets and shareholders' equity by SEK 254 m

Addnode Group AB has carried out a directed new issue of 3,000,000 new Class B shares. The shares were issued pursuant to the issue authorisation granted by the Annual General meeting on 26 April 2018. Addnode Group has received net proceeds of SEK 254 m, as the price per share in the new issue was SEK 86. The price per share was set based on an accelerated bookbuilding procedure.

The directed new issue was carried out to enable continued acquisitions and growth, strengthen the institutional ownership base and increase liquidity in the company's Class B shares. At the end of the period the total number of shares was 33,427,256, divided among 987,174 Class A shares and 32,440,082 Class B shares. The total number of votes was 42,311,822 at the end of the period.

CONSOLIDATED NET SALES AND EARNINGS

Second quarter, April–June 2018

Net sales amounted to SEK 717 m (588), an increase of 22 per cent, of which 5 per cent was organic growth. Software revenue (licences) increased to SEK 68 m (60), recurring revenue increased to SEK 395 m (311), service revenue increased to SEK 241 m (204), and other revenue totalled SEK 13 m (13). Compared with the corresponding quarter a year ago, the increase in recurring revenue is mainly attributable to growth in the Product Lifecycle Management division. Recurring revenue increased also in other divisions. EBITA increased to SEK 62 m (33), corresponding to an EBITA margin of 8.6 per cent (5.6).

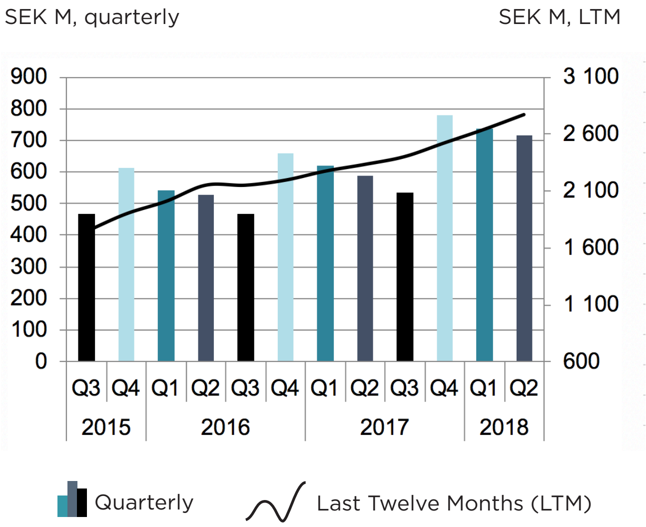
Design Management's growth of 17 per cent was mainly acquired, and the improved earnings can be credited to a more favourable revenue mix, with a larger share of sales of services and proprietary products. Organic growth was 1 per cent. Product Lifecycle Management had continued good demand during the second quarter, with organic growth of 16 per cent. Including acquisitions, growth was 39 per cent. Capacity utilisation was good in the division, and earnings improved strongly. Process Management posted growth of 8 per cent compared with the same quarter a year ago, which was entirely acquired. Organic growth was -2 per cent. Better capacity utilisation and higher margins in acquired units had a positive effect on the margin and earnings.

Cash flow from operating activities was SEK 27 m (-20). The strong cash flow is mainly attributable to improved earnings and a decrease in tied-up capital. Net financial items amounted to SEK -2 m (-4). Reported tax on profit for the period was SEK -9 m (-3), and profit after tax was SEK 28 m (8). Earnings per share after dilution increased to SEK 0.91 (0.26).

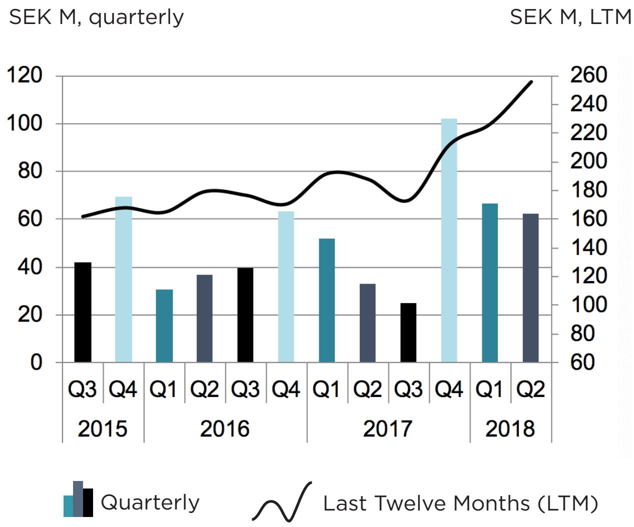
First half of the year, January–June 2018

Net sales rose 20 per cent to SEK 1,454 m (1,207). Organic growth was 4 per cent. Software revenue (licences) amounted to SEK 119 m (118), recurring revenue increased to SEK 831 m (654), service revenue increased to SEK 476 m (404), and other revenue totalled SEK 27 m (32). EBITA increased to SEK 129 m (85), for an EBITA margin of 8.9 per cent (7.0). Net financial items amounted to SEK -8 m (-5). Reported tax on profit for the period was SEK -18 m (-11), and profit after tax was SEK 57 m (34). Earnings per share after dilution were SEK 1.86 (1.12).

Net sales, quarterly trend, SEK M



EBITA, quarterly trend SEK M



DESIGN MANAGEMENT

IT solutions for design, construction and property management.

Quarterly development

Net sales increased to SEK 245 m (209) during the second quarter, representing growth of 17 per cent. Organic growth was 1 per cent. EBITA increased to SEK 20 m (13), for an EBITA margin of 8.2 per cent (6.1). Sales of property management systems to markets in the UK, Australia and the Middle East were good during the quarter and contributed to a more favourable revenue mix. The number of users of our cloud-based solutions for project management in the construction industry continued to show strong growth both in the Norwegian and Swedish markets. Demand for the Autodesk offering with accompanying services remains stable in both the construction and manufacturing industries.

New business

The division secured agreements with customers such as the AF Gruppen Norge, MIP Miljøkraft, Northern Beaches Hospital Australia, Rautarukki and TetraPak.

PRODUCT LIFECYCLE MANAGEMENT

IT solutions for design and product data information.

Quarterly development

Net sales increased to SEK 285 m (205) during the second quarter, representing growth of 39 per cent. Organic growth was strong and amounted to 16 per cent. EBITA increased to SEK 25 m (11), for an EBITA margin of 8.8 per cent (5.1). Demand from customers in the UK, the Nordic countries and Germany remained stable for our broader PLM offering. During the second quarter we won several licence contracts with subsequent system implementations where our expertise and delivery capacity were decisive in the customer’s choice of us. Capacity utilisation was favourable for the delivery organisation, and recurring revenue increased sharply compared with the corresponding period a year ago as a result of the acquisition of Intrinsys.

New business

The division secured agreements with customers such as AMK Arnold Müller, Autoliv, B/E Aerospace, Kongsberg Defence & Aerospace, Stadler Rail, Vanderlande Industries and Raymond Inc.

PROCESS MANAGEMENT

IT solutions for document and case management.

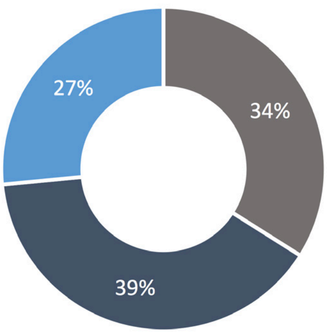
Quarterly development

Net sales increased to SEK 192 m (176) during the second quarter, representing entirely acquired growth of 8 per cent. Organic growth was -2 per cent primarily caused by downsizing business with lower profitability. EBITA increased to SEK 24 m (18), for an EBITA margin of 12.5 per cent (10.4). The general business climate for the division remains favourable. The case management, e-archives services and system development offerings continued to perform well, and the utilisation rate for the division’s consultants is good. A more efficient organisation and completed acquisitions have contributed to positive margin and earnings performance.

New business

The division secured agreements with customers such as Alingsås Municipality, Coop Sweden, the Kalmar County Council, the Swedish Post and Telecom Authority, the Swedish Council for Higher Education and the Swedish Prosecution Authority.

Net sales by division, share during the quarter, % [1)]



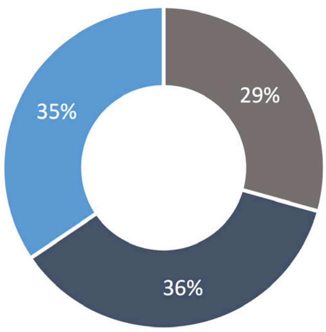
Design Management

Product Lifecycle Management

Process Management

1) Before elimination of invoicing between the business areas and central costs.

EBITA by division, share during the quarter, % [1)]



DEVELOPMENT OF DIVISIONS

Net sales, SEK M	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	LTM July 2017 June 2018	Full Year 2017
Design Management	156	243	247	209	173	277	287	245	982	906
Product Lifecycle Management	186	237	198	205	213	304	252	285	1,054	920
Process Management	127	181	176	176	151	202	201	192	746	705
Elim/central	-2	-2	-2	-2	-2	-4	-3	-5	-14	-10
Addnode Group	**467**	**659**	**619**	**588**	**535**	**778**	**737**	**717**	**2,768**	**2,520**

EBITA, SEK M	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	LTM July 2017 June 2018	Full Year 2017
Design Management	9	18	20	13	12	31	26	20	89	76
Product Lifecycle Management	17	25	12	11	8	41	15	25	89	72
Process Management	19	27	28	18	18	38	35	24	114	101
Elim/central	-6	-7	-8	-9	-13	-8	-9	-7	-37	-37
Addnode Group	**40**	**63**	**52**	**33**	**25**	**102**	**66**	**62**	**256**	**212**

EBITA margin, %	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	LTM July 2017 June 2018	Full Year 2017
Design Management	5.8%	7.5%	8.2%	6.1%	7.1%	11,1%	9.1%	8.2%	9.1%	8.4%
Product Lifecycle Management	9.3%	10.5%	6.1%	5.1%	3.7%	13,6%	6.0%	8.8%	8.5%	7.8%
Process Management	15.1%	15.2%	15.8%	10.4%	11.7%	18,7%	17.4%	12.5%	15.3%	14.3%
Addnode Group	**8.5%**	**9.6%**	**8.4%**	**5.6%**	**4.7%**	**13,1%**	**9.0%**	**8.6%**	**9.3%**	**8.4%**

Average number of employees	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	Full Year 2017
Design Management	320	322	309	317	367	391	412	407	345
Product Lifecycle Management	443	443	460	498	526	544	543	538	508
Process Management	393	424	445	443	428	477	491	495	457
Central	8	9	8	8	7	8	7	7	7
Addnode Group	**1,164**	**1,198**	**1,222**	**1,266**	**1,358**	**1,420**	**1,453**	**1,447**	**1,317**

Seasonal variations

Net sales and EBITA have historically been highest during the fourth quarter.

CONSOLIDATED BALANCE SHEET AND CASH FLOW

Liquidity, cash flow and financial position

The Group's cash and cash equivalents amounted to SEK 523 m on 30 June 2018, an increase of SEK 350 m compared with SEK 173 m on 31 December 2017. Cash flow from operating activities was SEK 232 m (160) during the first half of the year. The good cash flow is attributable to higher earnings and to advance payments from customers for support and maintenance contracts. Cash flow from investing activities in 2018 includes payments of SEK 7 m in contracted and previously expensed earn-out payments for company acquisitions carried out in previous years. It also includes payments of SEK 28 m (22) for proprietary software. Cash flow from financing activities includes a directed new issue carried out during the second quarter, which raised SEK 254 m after issue costs. In addition, SEK 68 m was paid out in share dividends during the second quarter. Within the framework of existing credit facilities, new bank loans of SEK 42 m were taken out, and amortisation of bank loans totalled SEK 53 m during the first half of 2018. The Group's interest-bearing liabilities amounted to SEK 641 m on 30 June 2018, compared with SEK 621 m at year-end 2017. Net debt was SEK 118 m, compared with SEK 448 m on 31 December 2017. The equity/assets ratio was 42 per cent (37) on 30 June 2018. The Parent Company has an existing bank overdraft facility of SEK 100 m. In addition, the Parent Company has an agreement for a credit facility of up to SEK 750 m to finance acquisitions, of which SEK 438 m has been utilised as per the date of publication of this interim report.

Investments

Investments in intangible non-current assets and in property, plant and equipment amounted to SEK 37 m (32), of which SEK 28 m (22) pertains to proprietary software and SEK 8 m (7) to equipment.

Goodwill and other intangible assets

The Group's carrying amount of goodwill on 30 June 2018 was SEK 1,456 m, compared with SEK 1,358 m on 31 December 2017. Other intangible assets amounted to SEK 304 m (297) and pertain mainly to customer contracts and software.

Deferred tax assets

Total reported deferred tax assets amounted to SEK 13 m on 30 June 2018, of which SEK 10 m pertains to tax loss carryforwards. The Group's accumulated tax loss carryforwards amounted to approximately SEK 75 m on 30 June 2018. Deferred tax assets attributable to tax loss carryforwards are reported as assets to the extent it is likely that the loss carryforwards can be offset against surpluses in future taxation.

Shareholders' equity and number of shares

Shareholders' equity on 30 June 2018 amounted to SEK 1,270 m, compared with SEK 982 m on 31 December 2017, corresponding to SEK 38.02 (32.30) per share outstanding. The increase is mainly attributable to the implementation of a directed new issue by Addnode Group at the end of June, raising SEK 254 m after issue costs. The shares were issued pursuant to the issue authorisation granted by the Annual General meeting on 26 April 2018. In addition, SEK 68 m was paid out in share dividends during the second quarter.

No share-savings, option or convertible programmes were outstanding as per 30 June 2018.

Provisions

Provisions, which are included in non-current and current liabilities on the consolidated balance sheet, amounted to SEK 118 m on 30 June 2018, of which SEK 107 m pertains to estimated contingent earn-out payments for completed company acquisitions.

EMPLOYEES

The average number of employees in the Group during the first half of 2018 was 1,449 (1,224). The number of employees at the end of the period was 1,528 (1,511 as per 31/12/2017).

DISCLOSURES OF SUBSIDIARY ACQUISITIONS

On 29 November 2017 an agreement was signed to acquire all of the shares in the Swedish software company MCAD Sverige AB, with transfer of possession on 2 January 2018. The company provides CAD and PDM solutions to medium-sized and large companies in the manufacturing and process industries. The acquisition strengthens the Group's offering in these areas. The company has annual net sales of approximately SEK 30 m and is consolidated in the Design Management division starting in 2018. According to the preliminary purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising in connection with the acquisition amount to approximately SEK 37 m, entailing a deferred tax liability of approximately SEK 2 m. Other acquired assets and liabilities pertain mainly to trade receivables, cash and cash equivalents, and other liabilities. A contingent cash earn-out payment ranging from zero up to a maximum undiscounted amount of SEK 13 m may be made, of which SEK 8 m is reported as a provision on the consolidated balance sheet as per 30 June 2018. The ultimate earn-out actually paid is mainly dependent on growth in gross profit in 2018.

On 11 December 2017 an agreement was signed to acquire all of the shares in the Swedish software company InPORT, Intelligent PORT Systems AB, with transfer of possession on 2 January 2018. The company develops logistics solutions for ports, terminals and shipping companies, and is the Nordic region's leading supplier in its market segment. Annual net sales amount to approximately SEK 25 m, and the company is consolidated from 2018 in the Process Management division, where several companies are currently working in the same system environment as InPort. According to the preliminary purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising in connection with the acquisition amount to approximately SEK 29 m, entailing a deferred tax liability of approximately SEK 2 m. Other acquired assets and liabilities pertain mainly to trade receivables, cash and cash equivalents, and deferred income.

Acquisitions carried out thus far in 2018 have contributed approximately SEK 25 m to consolidated net sales, but have not had a significant impact on consolidated profit after tax.

DISCLOSURES OF FINANCIAL INSTRUMENTS

Measurement of financial assets and liabilities shows that there is no significant difference between their carrying amounts and fair value. The Group had no outstanding currency forward contracts as per 30 June 2018.

RELATED PARTY TRANSACTIONS

The Chairman of the Board, Staffan Hanstorp, has invoiced the Parent Company for fees for consulting services in the amount of SEK 1 m related to the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters during the period January–June 2018.

PARENT COMPANY

Net sales amounted to SEK 6 m (4) during the first half of 2018, which pertains mainly to invoicing to subsidiaries for rents of premises and performed services. Profit after financial items totalled SEK -29 m (-2), including dividends from subsidiaries totalling SEK 0 m (16). Cash and cash equivalents amounted to SEK 378 m on 30 June 2018 (0 as per 31/12/2017), and unutilised bank overdraft facilities amounted to SEK 0 m (42). Investments in shares in subsidiaries amounted to SEK 73 m, and transfers of shares in subsidiaries to other Group companies totalled SEK 10 m. No significant investments were made in intangible non-current assets or in property, plant and equipment. A new issue was carried out during the second quarter, which increased shareholders' equity by SEK 254 m, and share dividends of SEK 68 m were paid out. Provisions for estimated, contingent earn-out payments have increased by SEK 8 m in connection with company acquisitions carried out in 2018. During the first half of the year, payments of contracted and previously expensed consideration for company acquisitions carried out in earlier years totalled SEK 7 m. New bank borrowing of SEK 42 m was taken out during the first half of 2018 within the framework of existing credit facilities, and amortisation of bank loans totalled SEK 53 m during the first half of 2018. The Parent Company has an existing bank overdraft facility of SEK 100 m. In addition, the Parent Company also has an agreement for a credit facility of up to SEK 750 m to finance acquisitions, of which SEK 438 m has been utilised as per the date of publication of this interim report.

ANNUAL GENERAL MEETING

At the Annual General Meeting on 26 April 2017, Jan Andersson, Kristofer Arwin, Johanna Frelin, Staffan Hanstorp, Sigrun Hjelmquist and Thord Wilkne were re-elected as board members. Staffan Hanstorp was re-elected as Chairman of the Board. Dick Hasselström declined re-election.

The Annual General Meeting resolved to authorise the Board, during the time up until the next AGM, on one or more occasions and with or without deviation from the shareholders' preferential rights, to decide on new issues of shares. Pursuant to this resolution and with support of the Board's authorisation, it shall be possible to increase the share capital by a total of not more than SEK 36 m through the issuance of a maximum of 3 million new shares. The authorisation encompasses the right to decide on new issues of shares stipulating in-kind consideration or a set-off right, or in other respects with conditions stipulated in Ch. 13 § 7 of the Swedish Companies Act. The Annual General Meeting also resolved to authorise the Board to decide, during the time until the next AGM, on purchases and transfers of treasury shares. The Annual General Meeting resolved in favour of a dividend of SEK 2.25 per share, which was paid out during the second quarter.

ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU and the Swedish Annual Accounts Act. The Parent Company's accounts have been prepared in accordance with the Annual Accounts Act and recommendation RFR 2 Accounting for Legal Entities.

IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments are applied as from 1 January 2018. The changeover to the new standards has not had any material impact on the Group's earnings or financial position. The Group applies IFRS 15 retrospectively, which entails that comparison figures for 2017 have been recalculated and that periods prior to 2017 have been recalculated through adjustment of the opening balance as per 1 January 2017. The significance of IFRS 15 and IFRS 9, their effects on Addnode Group, and transitional effects are described on page 54 of the 2017 Annual Report. The other new standards, amendments and interpretations of existing standards that have become effective in 2018 have not had any impact on the Group's financial position or the financial statements. Apart from implementation of IFRS 15 and IFRS 9, the accounting policies and calculation methods are unchanged compared with the description in the 2017 Annual Report.

IFRS 16 Leases will be applied starting in 2019. The purport of this standard is described on pages 54-55 of the 2017 Annual Report. Implementation of IFRS 16 will have effects on the Group's financial reporting, and the Group is currently evaluating the effect of application of this standard.

SIGNIFICANT RISKS AND UNCERTAINTIES

Addnode Group's significant risks and uncertainties are described in the 2017 Annual Report on pages 30-31 and in the section "Risks and uncertainties" on pages 43-44, as well as in notes 39 and 40 on pages 78-81. No significant changes have subsequently taken place.

FUTURE OUTLOOK

The Board has not changed its assessment of the future outlook compared with the preceding quarter. In the interim report for the first quarter of 2017 the Board communicated the following outlook: In the long-term, the areas in which Addnode Group is active are deemed to have strong underlying potential. Addnode Group's growth strategy is to grow organically and through acquisitions of new businesses in the aim of adding new, complementary offerings and additional expertise. The policy of not issuing a forecast stands firm.

CERTIFICATION

The Board of Directors and the CEO certify that the half-year report gives a fair overview of the Parent Company's and Group's operations, position and earnings, and describes significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 20 July 2018

Staffan Hanstorp Chairman of the Board	Jan Andersson Director	Kristofer Arwin Director	Johanna Frelin Director
Sigrun Hjelmquist Director	Thord Wilkne Director	Johan Andersson President and CEO	

This interim report has not been reviewed by the company's auditors.

ADDNODE GROUP

Addnode Group is a listed group that acquires, operates and develops entrepreneur-driven IT companies that help digitalise society. Our strategies for value creation build upon leading positions in our business areas, innovative product and service offerings, efficiency in everything we do, decentralised management, and acquisitions.

1 LEADERSHIP IN OUR AREAS OF OPERATION

We will be leaders in selected markets.

2 INNOVATIVE PRODUCT AND SERVICE OFFERINGS

We continuously develop innovative solutions that offer enhanced customer value and lower production costs.

3 EFFICIENCY IN EVERYTHING WE DO

Addnode Group is distinguished by entrepreneurship; we are convinced that there are always improvements to be made.

4 DECENTRALISED MANAGEMENT

Through supportive leadership we encourage freedom with responsibility to enhance efficiency and simplicity in everything we do.

5 ACQUISITIONS

We acquire businesses, technology and expertise that strengthen our position or enable faster expansion to new customers and markets.

FINANCIAL TARGETS

>50% dividend

10% growth

10% EBITA margin

FINANCIAL CALENDAR 2018-2019

25 OCTOBER 2018
Nine-month report 2018

6 FEBRUARY 2019
Year-end report for 2018

26 APRIL 2019
Interim report for the first quarter of 2019

CONSOLIDATED INCOME STATEMENT

	April - June		Jan - June		Full-year
(SEK M)	**2018**	**2017**	**2018**	**2017**	**2017**
Net sales	717	588	1,454	1,207	2,520
Operating expenses:					
Purchases of goods and services	-262	-217	-554	-466	-968
Other external costs	-87	-79	-166	-146	-312
Personnel costs	-316	-266	-625	-524	-1 058
Capitalized work performed by the company for its own use	14	11	28	22	46
Depreciation/amortization and impairment of					
- tangible fixed assets	-4	-4	-8	-8	-16
- intangible fixed assets	-23	-18	-46	-35	-82
Total operating expenses	**-678**	**-573**	**-1,371**	**-1,157**	**-2,390**
Operating profit	**39**	**15**	**83**	**50**	**130**
Financial income	1	0	1	1	2
Financial expenses	-3	-4	-9	-6	-13
Profit before taxes	**37**	**11**	**75**	**45**	**119**
Current tax	-11	-4	-21	-12	-31
Deferred tax	2	1	3	1	1
NET PROFIT FOR THE PERIOD	**28**	**8**	**57**	**34**	**90**
Attributable to:					
Owners of the Parent Company	28	8	57	34	90
Non-controlling interests	-	0	-	0	0
Earnings per share before and after dilution, SEK	0.91	0.26	1.86	1.12	2.96
Average number of shares outstanding:					
Before and after dilution	30,760,589	30,427,256	30,593,923	30,427,256	30,427,256

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	April - June		Jan - June		Full-year
(SEK M)	**2018**	**2017**	**2018**	**2017**	**2017**
Net profit for the period	28	8	57	34	90
Other comprehensive income, items that will not be reclassified to the consolidated income statement:					
Actuarial gains and losses on pension obligations	-	-	-	-	0
Other comprehensive income, items that may be reclassified to the consolidated income statement:					
Exchange rate difference upon translation of foreign operations	15	-3	73	-7	13
Hedge of net investments in foreign operations	0	1	-27	1	-16
Total other comprehensive income after tax for the period	**15**	**-2**	**46**	**-6**	**-3**
COMPREHENSIVE INCOME FOR THE PERIOD	**43**	**6**	**103**	**28**	**87**
Attributable to:					
Owners of the Parent Company	43	6	103	28	87
Non-controlling interests	-	0	-	0	0

CONSOLIDATED BALANCE SHEET

(SEK M)	June 30, 2018	June 30, 2017	Dec 31, 2017
Goodwill	1,456	1,023	1,358
Other intangible fixed assets	304	210	297
Tangible fixed assets	40	36	40
Financial fixed assets	28	21	28
Inventories	1	1	1
Current receivables	661	523	729
Cash and cash equivalents	523	136	173
TOTAL ASSETS	**3,013**	**1,950**	**2,626**
Shareholders' equity	1,270	924	982
Non-current liabilities	95	89	193
Current liabilities	1,648	937	1,451
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,013**	**1,950**	**2,626**
Interest-bearing receivables amount to	0	0	0
Interest-bearing liabilities amount to	641	223	621
Pledged assets	10	6	6
Contingent liabilities	1	1	1

SHAREHOLDERS' EQUITY AND NUMBER OF SHARES

	April - June		Jan - June		Full-year
Specification of changes in shareholders' equity	**2018**	**2017**	**2018**	**2017**	**2017**
Shareholders' equity, opening balance	**1,041**	**986**	**982**	**965**	**965**
Adjustment for changed accounting policy, IFRS 15	-	-	-	-1	-1
New share issue	258	-	258	-	-
Issue expenses	-4	-	-4	-	-
Dividend	-69	-69	-69	-69	-69
Comprehensive income for the period	43	6	103	28	87
Shareholders' equity, closing balance	**1,270**	**924**	**1,270**	**924**	**982**
Shareholders' equity attributable to:					
Owners of the Parent Company	1,270	924	1,270	924	982
Non-controlling interests (minority interests)	-	0	-	0	0
Specification of number of shares outstanding, millions					
Number of shares outstanding, opening balance	30,4	30,4	30,4	30,4	30,4
New share issue	3,0	-	3,0	-	-
Number of shares outstanding, closing balance	**33,4**	**30,4**	**33,4**	**30,4**	**30,4**

The number of registered and outstanding shares on 31 December 2017 was 30,427,256. During the second quarter of 2018 a directed new issue of 3,000,000 Class B shares was carried out, entailing that the number of shares outstanding on 30 June 2018 was 33,427,256. Addnode Group had no holdings of treasury shares on 31 December 2017 nor 30 June 2018.

CONSOLIDATED CASH FLOW STATEMENT

	April - June		Jan - June		Full-year
(SEK M)	**2018**	**2017**	**2018**	**2017**	**2017**
Operating activities					
Operating profit	39	15	83	50	130
Adjustment for non-cash items	24	24	45	44	104
Total	**63**	**39**	**128**	**94**	**234**
Net financial items	-5	-3	-8	-4	-10
Tax paid, etc.	-16	-8	-29	-14	-29
Cash flow from operating activities before changes in working capital	**42**	**28**	**91**	**76**	**195**
Total change in working capital	-15	-48	141	84	-48
Cash flow from operating activities	**27**	**-20**	**232**	**160**	**147**
Cash flow from investing activities[1)]	-24	-61	-76	-109	-439
Cash flow from financing activities[2)]	132	-56	173	-25	352
Change in cash and cash equivalents	**135**	**-137**	**329**	**26**	**60**
Cash and cash equivalents, opening balance	384	274	173	111	111
Exchange rate difference in cash and cash equivalents	4	-1	21	-1	2
Cash and cash equivalents, closing balance	**523**	**136**	**523**	**136**	**173**

1) Specification of investing activities:					
Purchases and sales of intangible and tangible fixed assets	-18	-15	-33	-30	-62
Acquisition of financial fixed assets	-	-2	-	-2	-2
Acquisition of subsidiaries and operations	-6	-64	-56	-97	-550
Cash and cash equivalents in acquired companies	-	20	13	20	175
Repayment of receivables	-	-	-	-	
Total	**-24**	**-61**	**-76**	**-109**	**-439**

2) Specification of financing activities:					
Paid dividend	-68	-68	-68	-68	-68
New share issue	254	-	254	-	-
Borrowings	-	12	42	44	423
Repayment of loans	-54	-	-55	-1	-3
Totalt	**132**	**-56**	**173**	**-25**	**352**

KEY FIGURES

	April - June		Jan - June		Full-year
	2018	2017	2018	2017	2017
Net sales, SEK M	717	588	1,454	1,207	2,520
Average number of employees	1,447	1,266	1,449	1,244	1,317
Net sales per employee, SEK 000s	496	464	1,003	970	1,913
Change in net sales, %	22	11	20	13	15
EBITA margin, %	8,6	5,6	8,9	7,0	8,4
Operating margin, %	5,4	2,6	5,7	4,1	5,2
Profit margin, %	5,2	1,9	5,2	3,7	4,7
Equity/assets ratio, %	42	47	42	47	37
Acid-test ratio, %	72	70	72	70	62
Shareholders' equity, SEK M	1,270	924	1,270	924	982
Return on shareholders' equity,% *	10.3	9.7	10.3	9.7	9.4
Return on capital employed, % *	10.8	11.5	10.8	11.5	10.0
Net debt, SEK M	118	87	118	87	448
Investments in equipment, SEK M	5	4	8	7	16

** Key figures have been calculated on the last twelve-month period .*

SHARE DATA

	April - June		Jan - June		Full-year
	2018	2017	2018	2017	2017
Average number of shares outstanding after dilution, millions	30,8	30,4	30,6	30,4	30,4
Total number of shares outstanding, millions	33,4	30,4	33,4	30,4	30,4
Total number of registered shares, millions	33,4	30,4	33,4	30,4	30,4
Earnings per share after dilution, SEK	0.91	0.26	1.86	1.12	2.96
Cash flow per share, SEK	0.88	-0.66	7.58	5.26	4.83
Shareholders' equity per share, SEK	38.02	30.39	38.02	30.39	32.30
Dividend per share, SEK	-	-	-	-	2.25
Share price at end of period, SEK	89.40	80.25	89.40	80.25	75.75
P/E ratio	-	-	-	-	26
Share price/shareholders' equity	2.35	2.64	2.35	2.64	2.35

QUARTERLY FINANCIAL OVERVIEW

(SEK M)	2018			2017					2016				
	Total	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Net sales	**1,454**	717	737	**2,520**	778	535	588	619	**2,195**	659	467	528	541
EBITA	**129**	62	66	**212**	102	25	33	52	**171**	63	40	37	31
Operating profit	**83**	39	44	**130**	77	3	15	35	**114**	48	25	23	18
Profit before taxes	**75**	37	38	**119**	73	2	11	34	**109**	47	23	22	17
Profit after taxes	**57**	28	29	**90**	55	1	8	26	**82**	37	17	16	13
EBITA margin	**8.9%**	8.6%	9.0%	**8.4%**	13.1%	4.7%	5.6%	8.4%	**7.8%**	9.6%	8.5%	7.0%	5.7%
Operating margin	**5.7%**	5.4%	6.0%	**5.2%**	9.9%	0.6%	2.6%	5.8%	**5.2%**	7.2%	5.3%	4.4%	3.4%
Cash flow from operating activities	**232**	27	205	**147**	65	-79	-19	180	**158**	73	-37	-28	150
Average number of employees	**1,449**	1,447	1,453	**1,317**	1,420	1,358	1,266	1,222	**1,160**	1,198	1,164	1,143	1,117

OPERATING SEGMENTS

The figures below refer to the first half of the respective years.

(SEK M)	DESIGN MGT		PLM MGT		PROCESS MGT		CENTRAL		ELIMINATION		ADDNODE GROUP	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE												
External sales	531	454	536	402	387	350	0	0			**1,454**	**1,207**
Transactions between segments	1	2	1	1	6	2	6	1	-14	-6	**0**	**0**
Total revenue	532	456	537	403	393	352	6	2	-14	-6	**1,454**	**1,207**
EBITA	46	33	40	23	59	46	-16	-17			**129**	**85**
EBITA margin	8.6%	7.2%	7.4%	5.7%	15.0%	13.1%					**8.9%**	**7.0%**
Operating profit	27	19	28	15	45	32	-17	-17			**83**	**50**
Operating margin	5.1%	4.2%	5.2%	3.7%	11.5%	9.1%					**5.7%**	**4.1%**
Average number of employees	410	313	542	479	490	444	7	8			**1,449**	**1,244**

Comparsion figures regarding division Process Management have been recalculated according to IFRS 15.

Addnode Group's operations are organized and managed based on the business areas Design Management, Product Lifecycle Management (PLM) and Process Management, which are the Group's operating segments. There have been no changes in the segment division or calculation of segment results since the most recently published Annual Report. Segments are reported according to the same accounting principles as the Group. The difference between the sum of the segments' operating income and consolidated income before tax is attributable to financial income of SEK 1 M (0) and financial expenses of SEK -6 M (-1). There have been no other significant changes in the segments' assets compared to the information in the most recent annual report.

REVENUE DISTRIBUTION

The figures below refer to the first six months of each full-year.

(SEK M)	DESIGN MGT		PLM MGT		PROCESS MGT		CENTRAL		ELIMINATION		ADDNODE GROUP	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Software	29	21	70	83	20	16	-	-	-	-	**119**	**120**
Recurring revenue	386	343	297	178	151	133	-	-	-3	-2	**831**	**652**
Services	104	81	164	134	211	190	-	-	-3	-2	**476**	**403**
Other	13	11	6	8	11	13	6	2	-8	-2	**28**	**32**
Total revenue	**532**	**456**	**537**	**403**	**393**	**352**	**6**	**2**	**-14**	**-6**	**1,454**	**1,207**

PARENT COMPANY INCOME STATEMENT

	April - June		Jan - June		Full-year
(SEK M)	**2018**	**2017**	**2018**	**2017**	**2017**
Net sales	5	4	6	4	10
Operating expenses	-12	-9	-24	-19	-37
Operating result	**-7**	**-5**	**-18**	**-15**	**-27**
Financial income	1	16	2	17	143
Financial expenses	-5	-3	-13	-4	-10
Profit after financial items	**-11**	**8**	**-29**	**-2**	**106**
Transfer to tax allocation reserve	-	-	-	-	-21
Profit before taxes	**-11**	**8**	**-29**	**-2**	**85**
Tax	-	-	-	-	-14
NET PROFIT FOR THE PERIOD	**-11**	**8**	**-29**	**-2**	**71**

PARENT COMPANY BALANCE SHEET

(SEK M)	**June 30, 2018**	**June 30, 2017**	**Dec 31, 2017**
Intangible fixed assets	1	1	1
Financial fixed assets	1,835	1,269	1,772
Current receivables	75	90	128
Cash and cash equivalents	378	102	0
TOTAL ASSETS	**2,289**	**1,462**	**1,901**
Shareholders' equity	1,011	781	854
Untaxed reserves	31	10	31
Provisions	98	15	91
Non-current liabilities	5	12	11
Current liabilities	1,144	644	914
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,289**	**1,462**	**1,901**

USE AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Guidelines for information about Alternative Performance Measures (APM) for companies with securities listed on a regulated market within EU have been issued by the European Securities and Markets Authority (ESMA) and shall be applied for alternative performance measures in published compulsory information. Alternative performance measures refer to financial measures regarding historical or future development of result, financial position, financial result or cash-flow which are not defined or stated in applicable rules for financial reporting. In the interim-report, some performance measures are used, which are not defined in IFRS, with the purpose to give investors, analysts and other interested parties clear-out and relevant information about the company's operations and development. The use of these performance measures and reconciliation to the financial statements is presented below. Definitions are stated on page 18.

EBITA

EBITA is a measure which the group consider as relevant for investors, analysts and other interested parties in order to understand the development of the result before investments in intangible fixed assets. The measure is an expression for operating profit before amortization and impairment of intangible fixed assets.

Net debt

The group consider the key-ratio as useful for the users of the financial statements as a complement in order to evaluate the possibilities for dividend, to execute strategical investments and to evaluate the group's possibilities to comply with financial commitments. The key-ratio is an expression for the level of financial borrowing in absolute amount with deduction of cash and cash equivalents

Reconciliation of EBITA

	Apr - Jun		Jan - Jun		Full-year
(SEK M)	**2018**	**2017**	**2018**	**2017**	**2017**
Operating profit	39	15	83	50	130
Amortization and impairment of intangible fixed assets	23	18	46	35	82
EBITA	**62**	**33**	**129**	**85**	**212**

Reconciliation of net debt

(SEK M)	**June 30, 2018**	**June 30, 2017**	**Dec 31, 2017**
Non-current liabilities	95	89	193
Current liabilities	1,648	937	1,451
Non interest-bearing non-current and current liabilities	-1,102	-803	-1,022
Total interest-bearing liabilities	**641**	**223**	**621**
Cash and cash equivalents	-523	-136	-173
Other interest-bearing receivables	0	0	0
Net debt(+)/receivables(–)	**118**	**87**	**448**

DEFINITIONS

Acid test ratio
Current assets excluding inventories as a percentage of current liabilities.

Average number of employees
Average number of full-time employees during the period.

Capital employed
Total assets less noninterest-bearing liabilities and noninterestbearing provisions including deferred tax liabilities.

Cash flow per share
Cash flow from operating activities divided by the average number of shares outstanding.

Earnings per share
Net profit for the period divided by the average number of shares outstanding.

EBITA
Earnings before amortisation and impairment of intangible non-current assets.

EBITA margin
EBITA as a percentage of net sales.

Equity/assets ratio
Shareholders' equity as a percentage of total assets.

LTM (Last Twelve Month)
Outcome for the last twelve-month period.

Net debt
Interest-bearing liabilities less cash and cash equivalents and other interest-bearing receivables. According to this definition, a negative level of net debt means that cash and cash equivalents and other interest-bearing financial assets exceed interest-bearing liabilities.

Net sales per employee
Net sales divided by the average number of employees (fulltime equivalents).

Operating margin
Operating profit as a percentage of net sales.

Organic growth
Change in net sales excluding acquired entities during the last twelve-month period.

Profit margin
Profit before tax as a percentage of net sales.

P/E multiple
Share price in relation to earnings per share.

Recurring revenue
Revenue of an annually recurring character, such as revenue from support and maintenance contracts and revenue from subscription agreements, rental contracts and SaaS solutions.

Return on capital employed
Profit before tax plus financial expenses as a percentage of the average capital employed. Is based on the profit for the last 12-months and the average of opening and closing balance of capital employed.

Return on shareholder's equity
Net profit for the period attributable as a percentage of average shareholders' equity. Is based on the profit for the last 12-months and the average of opening and closing balance of shareholders' equity.

Share price/shareholder's equity
Share price in relation to shareholders' equity per share.

Shareholder's equity
Reported shareholders' equity plus untaxed reserves less deferred tax at the current tax rate.

Shareholder's equity per share
Shareholders' equity divided by the total number of shares outstanding.

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