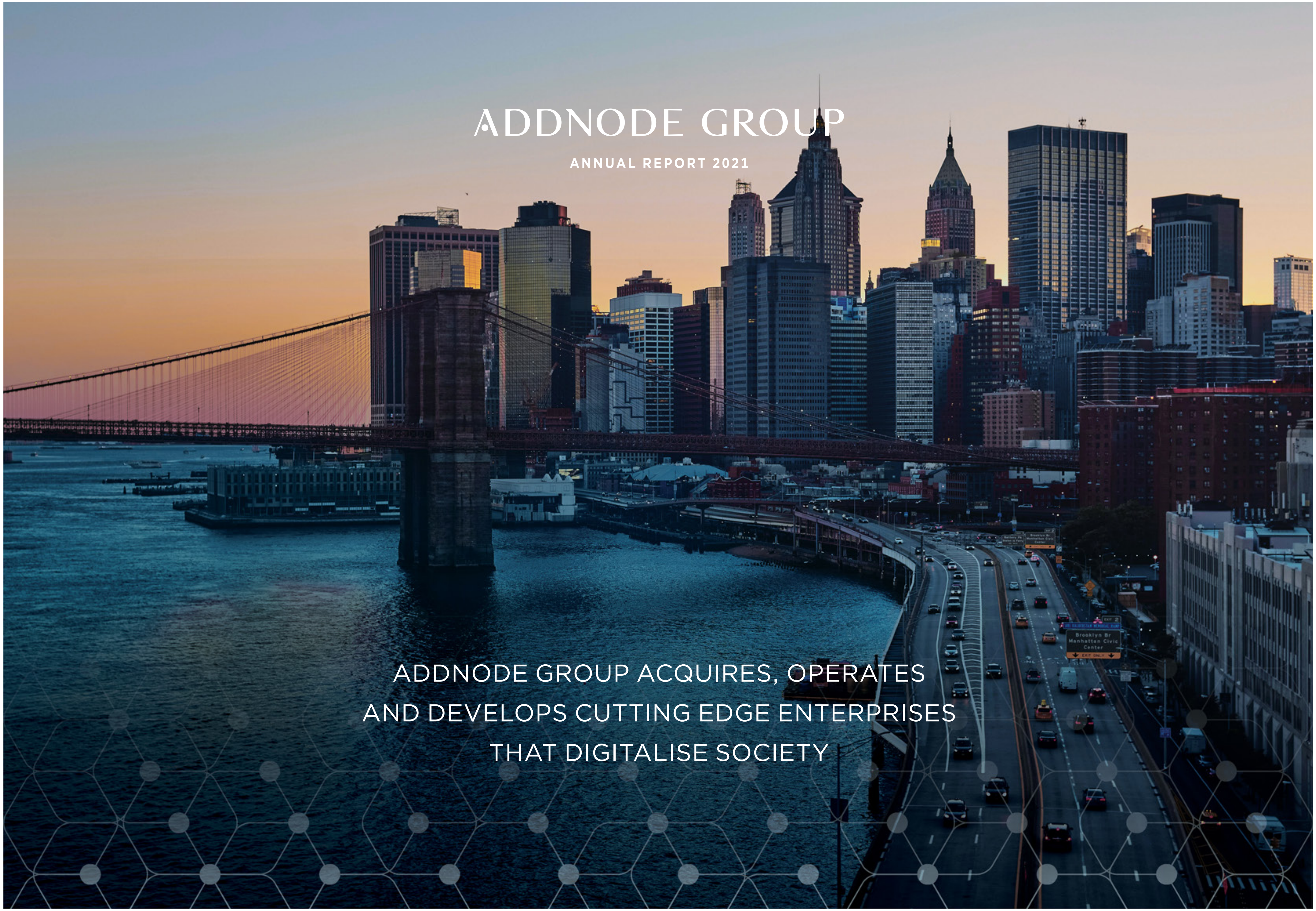

ADDNODE GROUP

ANNUAL REPORT 2021

ADDNODE GROUP ACQUIRES, OPERATES
AND DEVELOPS CUTTING EDGE ENTERPRISES
THAT DIGITALISE SOCIETY

CONTENTS

This is a translation of the original in Swedish. In the event of any discrepancies between the two versions, the original Swedish version shall apply.

INVESTOR RELATIONS CONTACT
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Phone: +46 (0)70 971 1213
E-mail: christina.rinman@addnodegroup.com

ADDNODE GROUP

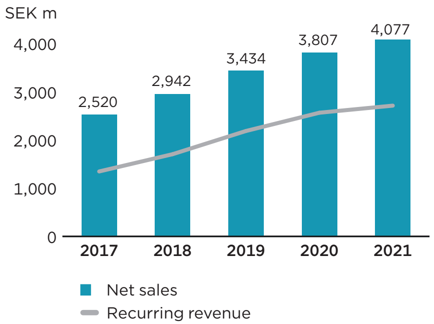
STRATEGY

Addnode Group generates sustainable value growth by acquiring and developing cutting edge enterprises that digitalise society.

SUSTAINABLE GROWTH IN VALUE

ACQUISITIONS	ORGANIC DEVELOPMENT
Complementary businesses or markets	Decentralised responsibility and authority
Values-based leadership	Strategic support
Attractive valuation	Synergies and collaborations

NET SALES AND RECURRING REVENUE



Read about our strategy on page 12

OPERATIONS IN THREE DIVISIONS

Design Management
Digital solutions for design, BIM and product data for architects and engineers in the construction and manufacturing industries, as well as digital solutions for more efficient project and facility management.

Product Lifecycle Management
Digital solutions for complete product and facility lifecycles – from idea, design, simulation and construction, to sale, aftermarket and recycling. Customers in sectors including manufacturing, automotive and life science.

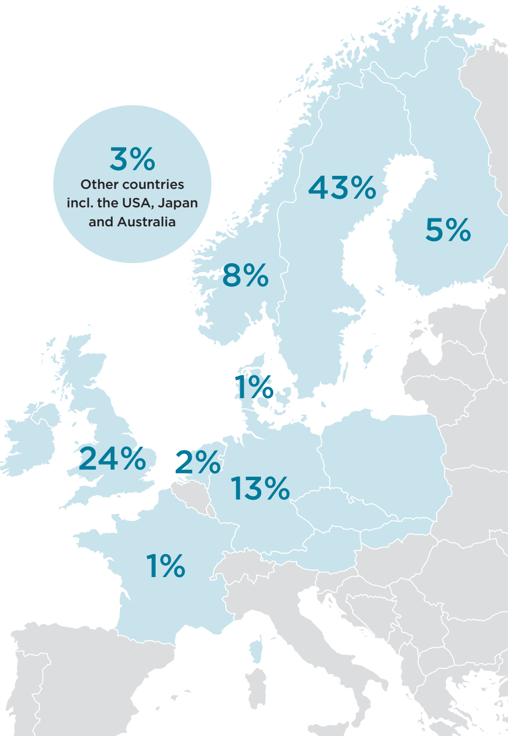
Process Management
Digital solutions for the public sector. Our solutions streamline case management, communication with the citizens, and help attain more reliable and secure social services.

Read about our divisions on pages 21–28

MARKET POSITION

Addnode Group consists of over 20 companies, active in 19 countries across four continents.

The Group is one of Europe's leading vendors of software and services for design, construction, product data information, project and facility management. We're also leading provider of document and case management systems for Sweden's public authorities.



SUSTAINABILITY AGENDA

Addnode Group has been structuring its sustainability work according to a Sustainability Agenda since 2020. This Agenda defines five focus areas prioritised for our commitment to sustainability. We have defined key performance indicators for each focus area, which we follow up on yearly, to ensure that our commitment is paying off and having the intended effect. Our performance is reported in our Sustainability Report.

Read our Sustainability Report on page 32

1. Digital solutions that contribute to sustainable development
2. Care for people and the planet in our own operations
3. The way we work with our partners and suppliers
4. Long-term financial viability
5. Sustainability management and governance

SUMMARY OF 2021

SIGNIFICANT EVENTS

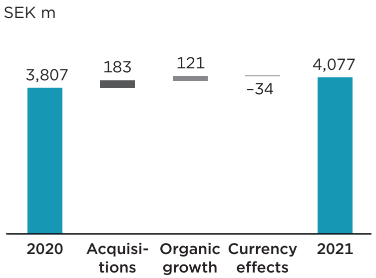
- Magnus Falkman succeeds Jonas Gejer as Division President of Product Lifecycle Management on 1 January. Jonas Gejer transfers to a position as Vice President of Business Development, and remains a member of Group Management.
- Acquisition of Swedish software company S-GROUP Solutions on 30 March, with yearly sales of approx. SEK 150 m, which becomes part of the Process Management division.
- Acquisition of Swedish software company Elpool on 10 May, with yearly sales of approx. SEK 6 m, which becomes part of the Process Management division.
- Acquisition of Irish Autodesk partner Procad on 1 June, with yearly sales of approx. SEK 60 m, which becomes part of the Design Management division.
- Addnode Group enters into a new, extended SEK 1,600 m credit facility in June, which increases the company's acquisition capacity.
- Acquisition of Budsoft of Poland, a partner of Dassault Systèmes, on 1 September, with yearly sales of approx. SEK 20 m, which becomes part of the Product Lifecycle Management division.
- Changes to Group Management announced on 20 December, which become effective on 1 January 2022. Jens Kollserud, President of Symetri, becomes a new member. Rolf Kjærnsli, formerly President of the Design Management division, leaves.

FINANCIAL KPIs	2021	2020	2019
Net sales, SEK m	4,077	3,807	3,434
EBITA, SEK m	461	356[1]	327
EBITA margin,%	11.3	9.4[1]	9.5
Operating profit, SEK m	305	229	218
Operating margin,%	7.5	6.0	6.3
Profit after tax, SEK m	223	163	129
Earnings per share, SEK	6.65	4.88	3.86
Cash flow per share, SEK	13.03	17.32	12.36
Dividend per share, SEK	3.00[2]	2.50	0.00
Net debt, SEK m	368	182	321
Equity/assets ratio,%	39	40	44
Debt/equity ratio, multiple	0.22	0.12	0.23
Average number of employees	1,776	1,758	1,590
Total number of employees at end of period	1,897	1,833	1,714

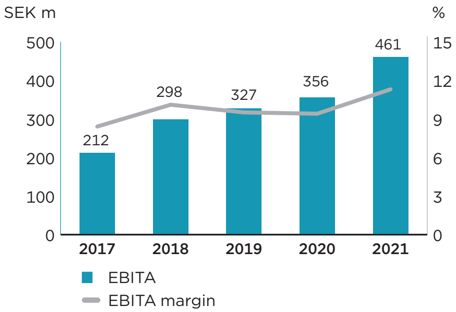
[1] In 2020, EBITA was charged with non-recurring costs of SEK 28 m for adapting the Product Lifecycle Management division's organisation and cost structure. Excluding these restructuring costs, the Group's EBITA would have been SEK 384 m, an EBITA margin of 10.1 per cent. Government assistance in the form of short-term furlough reduced social security contributions and reimbursement for sick pay, resulted in a temporary SEK 51 m reduction in personnel costs.

[2] Board of Directors' proposal to AGM.

SALES GROWTH



EBITA AND EBITA MARGIN



NET SALES GROWTH
7%

EBITA GROWTH
29%

EARNINGS PER SHARE GROWTH
39%

RECURRING REVENUE
66%

CHANGE IN EBITA MARGIN
1.9
PERCENTAGE POINTS

CEO'S STATEMENT
HARD WORK AND INVESTMENTS PAY OFF

GROWTH AND SHARPLY IMPROVED EARNINGS IN 2021
Addnode Group achieved its best-ever earnings in 2021. Net sales increased by 7 per cent, of which 3 per cent currency-adjusted organic, to SEK 4,077 m. EBITA was up by 29 per cent to SEK 461 m, and our EBITA margin widened to 11.3 per cent (9.4). Earnings per share increased by 36 per cent. All three divisions contributed to the earnings gains, and we've got even stronger in our focus segments.

WE'RE CONTINUING TO DEVELOP AND ACQUIRE ENTERPRISES
We generate value growth by continuously developing enterprises within the Group, with profitable growth being our driver. We invest continuously in our offerings, products and services to address customer expectations and needs. By acquiring a stream of new enterprises that fit our existing businesses, we keep building value. We bring industrial expertise and structural capital, so we can accelerate sales, product development and skills management.

Symetri starts up in the US, becoming the largest Autodesk partner
Addnode Group company Symetri, in the Design Management division, is the Nordic region's and UK's largest vendor of Autodesk products supplemented by proprietary software and services. Symetri mainly addresses AEC (architecture, engineering & construction) and manufacturing customers. We have made a number of acquisitions over time, successfully building Symetri into a strong and profitable northern-European player. In 2021, we expanded our geographical presence to Ireland by acquiring Procad. On 1 March 2022, we also started up in the US through the acquisition of Microdesk, the second-largest Autodesk partner on the US market, with sales of USD 110 m. With this acquisition, we've become the world's largest Autodesk partner, with global coverage. Microdesk's profitability is currently below Symetri's, but we have a history of successfully integrating and increasing the profitability of our acquisitions. Our actions will include supplementing Microdesk's current offering with Symetri's proprietary products, sharing know-how and resources cross border, and realising cost rationalisations.

Product Lifecycle Management expands in Europe, investing more in simulation
The operations of our Product Lifecycle Management division are conducted through our subsidiary TECHNIA, one of Europe's largest vendors of PLM software from Dassault Systèmes, and related proprietary software and services. We executed a restructuring programme in 2020, which generated the intended savings. With progressively improving market conditions in 2021, this generated organic net sales and EBITA growth in 2021. Our investments in advanced simulation software and services continued in 2021 with the acquisition of Budsoft of Poland. We made another acquisition in the same segment in January 2022, this time in the UK. Claytex specialises in simulation and testing for the automotive industry. In early-March 2022, we made a complementary acquisition for our German business, through the takeover of DESYS. The acquired companies are partners of Dassault Systèmes, and Claytex also offers proprietary and unique peripheral products and services.

Process expands GIS offering
The Process Management division is a leading vendor of digital solutions to Sweden's public sector. The division's companies are well positioned in tenders due to their attractive digital solutions, rigorous experience and good references. Organic net sales growth in 2021 was 9 per cent, while efficiency and cost control were positive, also generating high EBITA growth. The division gained in-depth expertise in geographical information systems (GIS) in April 2021 through the acquisition of S-GROUP Solutions, which has been in partnership with ESRI of the US, the leading provider of GIS platforms, for many years.

DIGITAL SOLUTIONS FOR A SUSTAINABLE SOCIETY
Our biggest contributors to a more sustainable society are the digital solutions we deliver for customers. Our solutions are used for applications including executing digital simulations benefiting the environment and health, more sustainable design choices, product lifecycle management, facility management, and improved interaction and dialogue with the public.

SUSTAINABLE EARNINGS GROWTH CREATING SHAREHOLDER VALUE
We are continuing to deliver on our strategy, and have demonstrated that we can create sustainable earnings growth. Over the past five years, our average yearly earnings per share growth has been 20 per cent. Our acquisitions in 2021 and early-2022 have clear industrial logic, and build on the segments where we're already successful. We have a strong organisation and professionals making fantastic efforts every day. The value creation we are currently generating is the result of hard work, investments in expertise and products, acquisitions and well-founded strategic decisions.

RUSSIAN INVASION OF UKRAINE
We share the concerns much of the world feels about the Russian invasion of the Ukraine and the ensuing human suffering. Addnode Group does not have any proprietary operations in Russia, Belarus or the Ukraine. We have a handful of customers in Russia of limited scale, which we will not be providing new digital solutions or services to for the time being. Even if we cannot detect any clear impact on our business at present, this conflict and its effect on the global economy and general security, may have a negative effect on Addnode Group. Our thoughts go out to those of our colleagues who have family and friends in the region.

JOHAN ANDERSSON
PRESIDENT AND CEO

ADDNODE GROUP AS AN INVESTMENT

Addnode Group's class B share is listed on Nasdaq Stockholm. In the most recent five-year period, its share price has increased by 659 per cent, which can be set against the broad OMX Stockholm index, which has increased by 94 per cent in the same period. The OMX Stockholm Technology sector index, which the Addnode share is part of, has increased by 209 per cent in the period.

1. ACQUISITION-DRIVEN GROWTH STRATEGY

Addnode Group's strategy is to generate sustainable value growth by continuously acquiring new operations, then managing them with a focus on organic growth and profitability. We have executed over 70 acquisitions since our start-up, which means we have accumulated substantial experience and fine-tuned our acquisition process over time. We have demonstrated that we can grow with good profitability. Yearly average net sales and EBITA growth over the last five years (2017–2021) were 13 and 21 per cent respectively. In the same period, our average EBITA margin was 9.7 per cent.

2. SUSTAINABLE DIGITAL SOLUTIONS

Addnode Group provides digital solutions for design, simulation, product data information and case management. Global trends like digitalisation, urbanisation and sustainability are driving the demand for our solutions. The regulatory environment is also setting more stringent transparency and traceability standards. We have noted how the pace of digitalisation has increased further in the wake of the Covid-19 pandemic, across the private and public sectors.

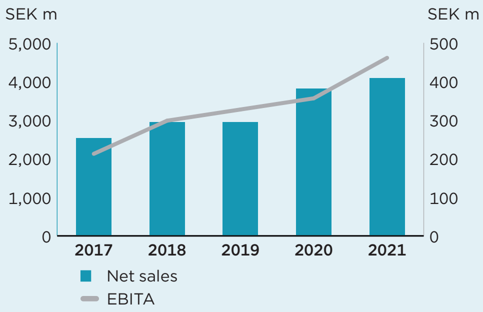
3. ATTRACTIVE BUSINESS MODEL

Addnode Group's business model implies that a high share of consolidated net sales are recurring revenue, 66 per cent in 2021. Our services often relate directly to the digital solutions we provide, which means that our customers frequently return to us for advice on their enhancement and integration with other systems. We have strong cash flow generation thanks to a high share of advance payments at the beginning of the year and a low investment requirement over and above product development.

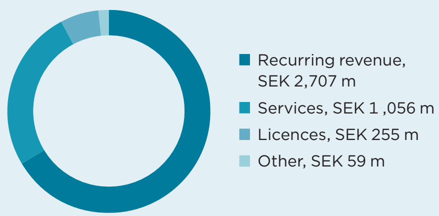
4. DIVERSIFICATION SPREADS RISK

Addnode Group's operations and offering are diversified in several respects, reducing business risk. The Group consists of some 20 subsidiaries, and we have proprietary representation in 19 countries. Our solutions are in demand by private and public sector customers. Our portfolio of niche offerings addresses customers across a wide variety of sectors. We are not dependent on any individual customers, but have accumulated many long-term customer relationships.

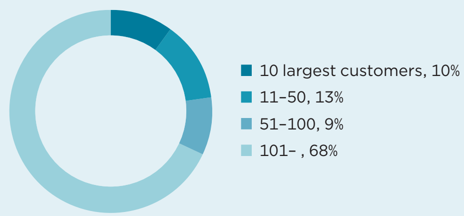
PROFITABLE GROWTH



REVENUE BY TYPE



REVENUE BY CUSTOMER SIZE



THE SHARE

Addnode Group's Class B share is listed on Nasdaq Stockholm, where it trades with the ticker ANOD B. On 30 December 2021, Addnode Group had 7,145 shareholders (6,826), and the proportion of foreign-held shares was 22 per cent (20). Institutional ownership was 69 per cent (70).

SHARE PRICE PERFORMANCE

At year-end, 2021, Addnode Group's share was quoted at SEK 429.00 (286.00), a 50 per cent share price increase. The share's progress can be compared to the Stockholm stock exchange overall, which increased by 35 per cent in 2021. The OMX Stockholm Technology sector index, which Addnode Group's share is part of, increased by 28 per cent in 2021.

The highest price paid for the share in 2021 was SEK 460.00 (7 September) and the lowest price paid was SEK 226.50 (26 February). Total share turnover on Nasdaq Stockholm in 2021 was 11,400,907 (10,722,077), corresponding to average daily turnover of 45,063 (42,548) shares per trading day. At year-end, Addnode Group's market capitalisation was SEK 14 billion (10).

SHARE DATA

When completing the acquisition of S-GROUP Solutions AB on 1 April 2021, Addnode Group issued 204,802 new class B shares as part of the total purchase consideration. The remainder was paid in cash. This non-cash issue was executed with previous authorisation of Addnode Group's AGM. The issue corresponded to dilution of 0.61 per cent of the share capital and 0.48 per cent of the votes of Addnode Group.

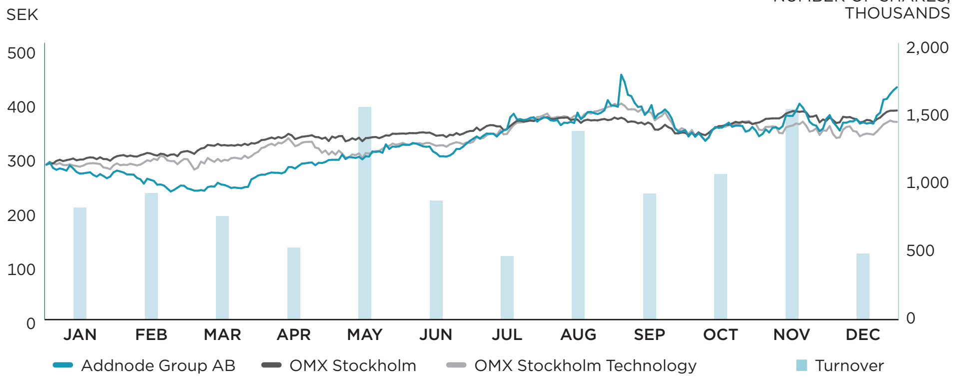
In September 2021, Addnode Group's Board of Directors decided to repurchase class B treasury shares with authorisation from the AGM 2021. The main purpose of the Board of Directors' decision to exercise the AGM's authorisation was to enable delivery of shares associated with the implementation of Addnode Group's share-based incentive programme. A purchase of 200,000 class B shares was executed on 29 October.

The number of registered Addnode Group shares on 30 December 2021 was 33,632,058 (33,427,256), of which 987,174 class A shares and 32,644,884 class B shares. On the same date, the number of outstanding shares was 33,432,058 (33,427,256) and Addnode Group held 200,000 (–) class B shares in treasury. Each class A share carries ten votes, and each class B share carries one vote. Addnode Group's shares are denominated in SEK, and the quotient value per share is SEK 12. Class A and B shares are entitled to dividends.

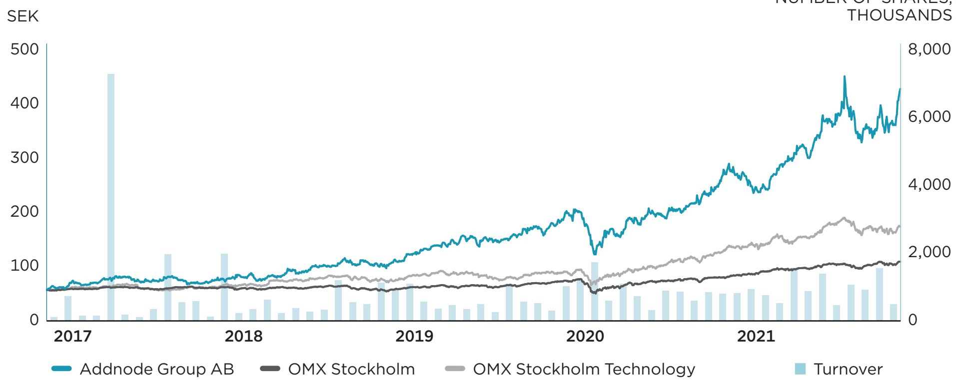
OWNERSHIP

The largest shareholders of Addnode Group AB as of 30 December 2021 are stated in the table on page 8. The number of shareholders as of 30 December 2021 was 7,145 (6,826).

SHARE PRICE PERFORMANCE AND TRADING VOLUME, 2021



SHARE PRICE PERFORMANCE AND TRADING VOLUME, 2017–2021



The share, cont.

STOCK OPTION PROGRAMMES

The AGM of Addnode Group AB on 6 May 2021 resolved on a share-based, long-term incentive programme for managers and senior executives. 195,800 call options were issued to some 60 participants in June 2021. The market-valued call option premium of SEK 29.80 implied a total purchase consideration of approximately SEK 6 m, which was added to consolidated equity. These options can be exercised for class B shares in periods stipulated by agreement between 25 October 2024 and 10 June 2025. The exercise price of the call options is SEK 374.90.

Full terms & conditions are in the invitation to the AGM 2021 at addnodegroup.com

DIVIDEND POLICY

Addnode Group's policy is to distribute a minimum of 50 per cent of consolidated net profit to shareholders, provided that the company's net cash is sufficient to operate and develop the business.

PROPOSED DIVIDEND AND SHARE SPLIT

The Board of Directors is proposing that the AGM resolves on a dividend of SEK 3.00 (2.50) per share for the financial year 2021, equating to a total dividend of SEK 100 m (84). The Board's opinion is that after the proposed dividend, the company will have sufficient funds to be able to achieve its financial targets. The proposed record date for dividends is 6 May 2022. If the AGM approves this proposal, dividends will be scheduled for disbursement on 11 May 2022.

The Board of Directors also proposes that the AGM resolves on a 4:1 share split.

INVESTOR RELATIONS

Addnode Group's share is monitored by three investment banks: ABG Sundal Collier (Daniel Thorsson and Simon Granath), Handelsbanken (Erik Elander) and Redeye (Fredrik Nilsson). Redeye monitors Addnode Group's share on assignment, and is compensated by Addnode Group.

Addnode Group streams its interim report presentations. In addition, Addnode Group participates in investor conferences arranged by banks and securities institutions.

CALENDAR

Interim Report January–March: 29 April 2022
AGM: 4 May 2022
Interim Report January–June: 15 July 2022
Interim Report January–September: 28 October 2022
Year-end Report January–December: 3 February 2023

DISTRIBUTION POLICY

The Annual Report for 2021 is available for order prior to the AGM and is available as a downloadable pdf file from addnodegroup.com

CONTACT

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SHARE DATA

	2021	2020	2019	2018	2017
Average no. of shares outstanding before and after dilution, million	33.5	33.4	33.4	32.0	30.4
Total no. of outstanding shares, million	33.4	33.4	33.4	33.4	30.4
Total no. of registered shares, million	33.6	33.4	33.4	33.4	30.4
Earnings per share, before and after dilution, SEK	6.65	4.88	3.86	4.75	2.96
Cash flow from operating activities per share, SEK	13.08	17.32	12.36	8.90	4.83
Equity per share, SEK	50.64	45.23	42.18	40.06	32.30
Dividend per share, SEK	3.00[1]	2.50	0.00	2.50	2.25
Closing share price, SEK	429.00	286.00	178.50	103.50	75.75
Share price/equity	8	6	4	3	2
P/E ratio	65	59	46	22	26

[1] Board of Directors' proposal to AGM.

SHAREHOLDERS, 30 DECEMBER 2021

Shareholder	No. of class A shares	No. of class B shares	Share of capital,%	Share of vote,%
Aretro Capital Group AB[1]	510,332	1,299,624	5.38	15.06
Verg AB	361,667		1.08	8.51
Swedbank Robur fonder		2,810,622	8.36	6.61
SEB Investment Management		2,749,016	8.17	6.47
Odin fonder		2,200,000	6.54	5.17
Aeternum Capital AS	115,000	994,000	3.30	5.04
Handelsbanken fonder		1,846,966	5.49	4.34
Lannebo fonder		1,727,746	5.14	4.06
Fourth AP (Swedish National Pension Insurance) fund		1,485,272	4.42	3.49
Second AP (Swedish National Pension Insurance) fund		1,464,152	4.35	3.44
Other shareholders[2]	175	16,067,486	47.77	37.81
Total	**987,174**	**32,644,884**	**100.00**	**100.00**

[1] Aretro Capital Group AB is held jointly through companies by Addnode Group's Chairman, Staffan Hanstorp, and Jonas Gejer, Addnode Group's Vice President of Business Development.

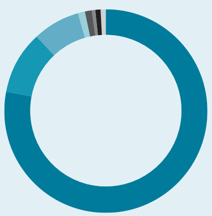
[2] Other shareholders include Addnode Group's holdings of 200,000 treasury shares, which are 0.59% of the capital and 0.47% of the votes.

The share, cont.

DIVISION OF SHAREHOLDINGS, 30 DEC. 2021

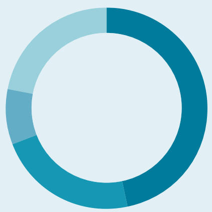
Size of shareholding	No.	Holding, %	Voting share, %
1–500	6,232	1.44	1.15
501–1,000	368	0.90	0.71
1,001–2,000	226	1.06	0.84
2,001–5,000	137	1.37	1.08
5,001–10,000	60	1.28	1.01
10,001–20,000	36	1.59	1.26
20,001–50,000	28	2.63	2.08
50,001–100,000	16	4.06	3.21
100,001–500,000	21	16.27	22.96
500,001–1,000,000	12	26.66	21.09
1,000,001–5,000,000	9	42.74	44.61
Total, 30 Dec. 2021	**7,145**	**100.00**	**100.00**

SHAREHOLDERS BY COUNTRY, 30 DEC. 2021
SHARE OF CAPITAL



- Sweden 78.1%
- Norway 10.1%
- Luxembourg 7.4%
- Finland 1.3%
- France 0.9%
- USA 0.8%
- Belgium 0.6%
- Other 0.8%

SHAREHOLDERS BY TYPE, 30 DEC. 2021
SHARE OF CAPITAL

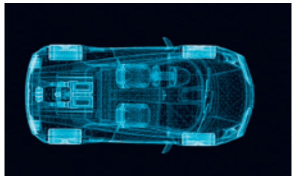


- Swedish equity funds 46.8%
- Swedish institutions 22.5%
- Swedish private investors 8.8%
- Foreign shareholders 21.9%

STRATEGY

MARKET AND TRENDS

ADDNODE GROUP DEVELOPS AND DELIVERS DIGITAL SOLUTIONS IN FOUR GROWTH SEGMENTS

	GROWTH SEGMENTS	DRIVERS AND GROWTH	MARKET GROWTH	
	**Architecture, Engineering, Construction (AEC) and BIM** Addnode Group is one of Europe's leading vendors of design and BIM software, as well as digital solutions to address the needs of architects, engineers and designers. Our product portfolio supports the work of these different actors from initial project planning to managing completed buildings.	**Urbanisation and BIM** Growth is being driven by urbanisation and the need to build efficiently and sustainably. To rationalise, customers are digitalising processes and implementing new working methods. Regulatory authorities are also requiring more widespread adoption of digital working methods based on BIM (building information modelling), the collective term for digital modelling of a building or infrastructure and related assets over complete lifecycles.	12–15%	Markets and Markets estimates the yearly growth of the global BIM market at 12.5 per cent in 2021–2026. CIM-data estimates the growth of the global AEC market at 14.7 per cent for the years 2021–2026. **Operations in this segment are mainly conducted in the Design Management division, as well as the Product Lifecycle Management division.**
	**Facility Management** Addnode Group has a broad portfolio of software and digital solutions for customers in the management and maintenance of real estate, facilities and workplace services. Its largest markets are the Nordics and UK, with growing business in Canada and Australia.	**Streamlined facility management** Growth is being driven by customer needs for more efficient management, outsourcing management services and regulatory standards on the environment, health & safety. A growing number of them are demanding better systems for detailed monitoring and verification such as transparency on the environmental impact of real estate and facilities.	9%	The Insight Partners forecasts yearly growth of the global facility management solutions market at 9 per cent in the years 2021–2028. **Operations in this segment are conducted in the Design Management division.**
	**Product Lifecycle Management (PLM)** Addnode Group is a global vendor of PLM software and services for sectors like manufacturing, life sciences, R&D, automotive and transportation. Addnode Group offers customers digital support end to end in lifecycles, from simulation and design of a product to maintenance and aftermarket. The largest markets are the Nordics, UK and Germany.	**Complete, traceable product development** Growth is being driven by customer efforts to continuously launch new products with good economic performance over complete lifecycles, and regulatory standards for comprehensive traceability and product ownership. Product information also needs to be shareable internally, as well as with subcontractors and partners.	8%	CIM-data expects the global PLM market to grow by some 8 per cent per year in 2021–2026. **Operations in this segment are conducted in the Product Lifecycle Management and Design Management divisions.**
	**Digital Government** Addnode Group has a broad portfolio of software and digital solutions in segments such as case management, e-archiving, GIS services, social services, public e-services and digital support for municipal permit issuance and administration. Our main customers are government bodies, regional authorities and municipalities. The largest market is Sweden.	**Digitalisation and sustainability standards** Growth is being driven by urbanisation and increasing sustainability standards in the social building segment. The demographics of an aging population, and more consideration for social sustainability, make up another driver. In parallel, continuously rising public expectations, accentuated by political initiatives, are accelerating the digitalisation of public administration. Our digital solutions can then help enable more efficient processes and more equitable and sustainable decisions.	3%	Radar's forecast of operationally financed IT in the public sector is for an increase of 2.9 per cent in 2022. **Operations in this segment are conducted in the Process Management division.**

STRATEGY
FOR PROFITABLE AND SUSTAINABLE GROWTH

Addnode Group delivers digital solutions, and creates sustainable value growth over time by acquiring a stream of new enterprises and actively supporting them to drive organic earnings growth. Our organisation is decentralised, with substantial delegated business responsibility.

"We see business opportunities in the wake of global trends like **digitalisation, sustainability, urbanisation**, automation and demographic changes. Using sound risk-taking, we capitalise on these trends by **acquiring and developing** cutting-edge enterprises that digitalise society."

Johan Andersson
President and CEO

VISION
Addnode Group's vision is to provide technology for a sustainable future.

STRATEGY
Addnode Group acquires, operates and develops cutting edge enterprises that digitalise society.

SUSTAINABLE GROWTH IN VALUE

ACQUISITIONS

Complementary businesses or markets

Values-based leadership

Attractive valuation

ORGANIC DEVELOPMENT

Decentralised responsibility and authority

Strategic support

Synergies and collaborations

BUSINESS MODEL
The common feature of Addnode Group's subsidiaries are that we develop and deliver scalable digital solutions with a high share of recurring revenue from software subscriptions, support and maintenance services, as well as SaaS solutions.

We also provide related consulting services, whose scope and focus varies between companies and divisions.

VALUES
Our values direct our decision-making and how we manage our operations. The Group's core values are:

- We care about our customers, employees, partners and other stakeholders, and we take a long-term approach to our commitments.
- We create innovative solutions for our customers' needs.
- We create value through proactive employees who want to make a difference.
- We strive for simplicity in everything we do, meaning that we don't get lost in details or inefficient organisation.

CODE OF CONDUCT AND SUSTAINABILITY POLICY
Addnode Group's Code of Conduct and Sustainability Policy state guidelines for our day-to-day conduct and our sustainability work in a number of key segments that include consideration and respect for people, wider society and the environment. Our Code of Conduct and Sustainability Policy is based on our strategy, values and internationally recognised standards. We support and respect human rights as stated in the International Bill of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work.

Read more about our Code of Conduct and Sustainability Policy at addnodegroup.com

FINANCIAL TARGETS AND CFO'S STATEMENT

Addnode Group's growth journey continued in 2021. Net sales grew by 7 per cent, while EBITA increased by 29 per cent. Acquisitions, organic growth and cost control were contributors to EBITA outgrowing net sales, which in turn, illustrates our good operational efficiency. Our EBITA margin widened to a level above our long-term target.

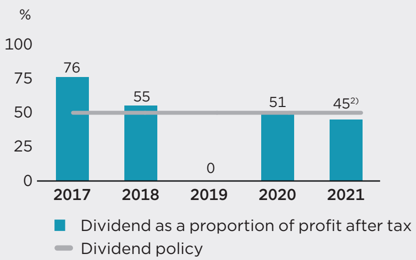
	GROWTH	PROFITABILITY	DIVIDEND POLICY
Target set by the Board of Directors[1]	**10%** Addnode Group's goal is to achieve minimum yearly net sales growth of 10 per cent.	**10%** Addnode Group's goal is to achieve a minimum operating margin before amortisation and impairment of intangible assets (EBITA margin) of 10 per cent.	**50%** Addnode Group's policy is to distribute at least 50 per cent of the Group's profit after tax to shareholders, providing its net cash position is sufficient to operate and develop its business.
Performance in 2021	**7%** In 2021, growth was 7 per cent (11), of which 3 per cent (–5) was currency-adjusted organic.	**11.3%** The EBITA margin was 11.3 per cent (9.4).	**45%** For the financial year 2021, the Board of Directors is proposing that the dividend is increased to SEK 3.00 (2.50) per share, corresponding to a dividend pay-out of 45 per cent of the group's profit after tax.

Target and five-year performance

SALES GROWTH

EBITA MARGIN

DIVIDEND PAY-OUT RATIO



[1] Financial targets set by the Board of Directors in 2013.

[2] Board of Directors's proposal.

Addnode Group reported net sales growth of 7 per cent for 2021. Growth was negative in the first quarter of the year due to a strong comparative quarter in 2020, while demand was lower on some markets. As a result of positive demand from public sector customers and growing willingness to invest from industrial customers, the Group achieved healthy organic growth in the three following quarters. For 2021, we did not achieve our long-term target of 10 per cent growth.

In 2021, our EBITA margin widened to 11.3 per cent, which meant we exceeded our target minimum EBITA margin of 10 per cent.

The Board of Directors is proposing that the dividend increases by 20 per cent to SEK 3.00 (2.50) per share.

Addnode Group's financial position remains good. In June 2021, Addnode Group expanded its credit facility by SEK 500 m to SEK 1,600 m, which enhances the group's capacity to acquire and develop businesses in accordance with our strategy. At year-end, some SEK 930 m of the credit facility remained unused. Strong cash flow and recurring revenue levels at 66 per cent are further contributors to our financial stability.

LOTTA JARLERYD
CFO

ACQUISITIONS
CONTINUOUS SCREENING OF ACQUISITION CANDIDATES

Acquisitions are one of the two fundamental components of Addnode Group's strategy. Managers throughout our organisation participate in the continuous mapping of potential acquisition candidates. We cultivate long-term relationships with enterprises, so we are well positioned if an acquisition opportunity appears. We have a long acquisition track record, and can act fast when the situation demands.

ACQUISITION STRATEGY

Our acquisition strategy is long term and designed to complement our existing operations and develop offerings for our markets.

Addnode Group seeks acquisitions that satisfy at least one of the following two criteria:
1. Expand or consolidate our existing businesses geographically.
2. Add new offerings on geographical markets where we already operate.

Over and above satisfying at least one of the above two criteria, a potential acquisition should also satisfy the following requirements:
- Have a proven business model that is profitable at the time of acquisition.
- Have a leadership featuring sound values and that shares our focus on good relationships with customers and colleagues.
- Maintain a culture featuring simplicity and an entrepreneurial spirit.

By making a continuous stream of acquisitions, we have refined and improved our acquisition processes, not only at Group level, but also in our divisions and subsidiaries, which is a critical success factor. As the Group has grown, so have the scale of our acquisitions. Since our start-up in 2003, Addnode Group has completed over 70 acquisitions, most of them being enterprises with sales of between SEK 10 and 50 m. Our largest acquisition to date is Microdesk of the US, which we acquired on 1 March 2022, and has yearly sales of some USD 110 m.

ACQUISITIONS
A STRUCTURED PROCESS

PHASE 1 – PREPARATORY

Screening & initial contacts › Preliminary disc. & indicative valuation › Investment hypothesis & integration plan

PHASE 2 – TRANSACTION AND CONSUMMATION

Letter of Intent › Due diligence › Contract negotiations & Board decision

PHASE 3 – IMPLEMENTATION AND FOLLOW-UP

Signing & closing › Integration & follow-up

CLOSE COLLABORATION BETWEEN EXECUTIVES IN OUR ORGANISATION

A central function is responsible for structuring and leading acquisition processes that are constantly ongoing within the Group. Division Presidents, subsidiary Presidents and other executives of our organisation also play a simultaneous and central role in our acquisition strategy. Monthly meetings are held with each division to discuss and evaluate potential acquisition candidates. Corresponding meetings are held by each division with executives of the division's subsidiaries, who are all actively encouraged to identify potential acquisition candidates. It is here that the most important relationship-building usually happens, and where most acquisition candidates are identified. This process guarantees that we have thorough knowledge of acquisition candidates at an early phase, plus a clear action-plan and ownership of the integration process. Our list of potential acquisition candidates is constantly growing as we expand and our strategy develops.

THOROUGH DUE DILIGENCE MINIMISES RISK

All the acquisitions Addnode Group executes are preceded by a thorough due diligence process, designed to identify and manage risks, and corroborate valuation assumptions. The technological, commercial and financial due diligence is largely conducted by our own staff. Those parts of the process related to legal issues, taxation and IT security are supported by external experts.

Over and above the customary due diligence, we also put a lot of time and commitment into evaluating cultural and human aspects. Consensus on future strategies and business plans, as well as colleagues that will be collaborating closely being in close agreement, and sharing, our values on accountability, simplicity and focus on customers and collegues, are decisive to successful acquisitions.

Division managements and subsidiary staff are involved at an early phase, and participate actively in the process. This often benefits the entrepreneurs and acquisition candidates under investigation, because we can adapt our process and avoid this taking focus from the target's work on its business.

DIVISIONS TAKE OVER RESPONSIBILITY

Our preparations for integration are an integrated part of the due diligence process, with Division presidents and our subsidiaries being the driver. This ensures that key stakeholders including the target's management, support the process and plan to be executed. The individual Division is also accountable for integration, which starts immediately after an agreement to acquire. The integration process spans everything from resolving straightforward organisational issues to commercial considerations and the implementation of new financial reporting procedures. Meanwhile, our decentralised business model is about retaining as much of the local entrepreneurship of each subsidiary as possible.

ACQUISITIONS
FOUR NEW BUSINESSES IN 2021

S-GROUP SOLUTIONS

S-GROUP Solutions of Sweden is a specialist in operational GIS solutions for municipalities, water utilities and surveyors. S-GROUP Solutions has also been an Esri partner on the Swedish municipal market for many years.

Process Management division

New employees
66

Annual sales
150 SEK M

ELPOOL

Elpool of Sweden brings expertise in digital solutions for the build-out and maintenance of power networks, and consolidates Addnode Group's offering of digital solutions in the community building segment.

Process Management division

New employees
2

Annual sales
6 SEK M

PROCAD

Procad is the second-largest Autodesk partner in Ireland. The company provides software, implementation, training, consultancy and support.

Design Management division

New employees
18

Annual sales
60 SEK M

BUDSOFT

Budsoft of Poland is a leading Dassault Systèmes partner, which offers sophisticated simulation solutions and consulting services, training and support.

Product Lifecycle Management division

New employees
7

Annual sales
20 SEK M

INTERVIEW – ACQUISITIONS

S-GROUP SOLUTIONS – AN ACQUISITION BASED ON CONVINCING BUSINESS LOGIC

The acquisition of S-GROUP Solutions brings in-depth expertise in geographical information systems (GIS), and the company is now part of the Process Management division. This is an example of an acquisition that fits existing operations, adds new offerings on a market where we already operate, and where the acquired enterprise also gains many benefits from being part of Addnode Group, apart from the straight business advantages.

Andreas Wikholm is President of the Process Management division. We asked him about the benefits of S-GROUP Solutions now being part of his division.
"In many senses, S-GROUP Solutions is a typical Addnode Group acquisition. The company fits the existing operations of the Process Management division, while also adding new offerings in GIS, a market where we're already established in Sweden, and the Swedish public sector in particular. S-GROUP Solutions has been on our radar for a long time, so we had plenty of opportunity to ensure that we share critical values and business principles with each other. The company is well managed, with good profitability, the integration has gone to plan and the company is now as self-evident a part of the division as all our other subsidiaries."

Hans-Göran Wilhelmsson was President of S-GROUP Solutions at the time of acquisition, and tells us about the company's business.
"We develop digital solutions based on GIS, in three main business segments: property formation and zoning planning, water and waste water networks, as well as traffic and highway networks. Our solutions are largely based on the world's leading GIS software, the Esri ArcGIS platform. Smart cities are an example of an application for our solutions, and it is here that our solutions enable delayed city buses to gain automatic preference at traffic junctions, a city's residents to get up-to-date information on air pollution levels, and waste containers automatically triggering alarms when they need emptying."

Hans-Göran also tells us about how S-GROUP Solutions fits Addnode Group's other operations.
"There are many points of contact between S-GROUP Solutions' operations and several other Addnode Group subsidiaries in the Process Management division. We have all Sweden's public authorities and municipalities in our customer bases, and our solutions often complement each other. Public sector customers are making new demands based on different types of regulation and standards that require substantial investment by suppliers. With shared investments, we can now satisfy customer demands for digitalisation, maintain our profitability, while also getting our customer bases to grow."

Apart from the benefits of the business operation, what other advantages do you see of becoming part of Addnode Group?
"There are a lot. Skills in accounting and cyber security. More career opportunities for our people. We will become part of a larger organisation and now have the capacity to pitch for larger tenders, and can take on bigger assignments. On a purely personal level, all our fellow subsidiaries and all my new colleagues are great. We've really felt well received and warmly welcomed into Addnode Group."

Andreas, Carl-Johan Ahde took over as the President of S-GROUP Solutions on 1 January 2022, can you tell us about the background to this decision?
"Yes, that's right. Hans-Göran had been President of what is now S-GROUP Solutions since the end of the 1990s, and had been planning to hand over for a long time. Now, Carl-Johan Ahde is taking over, who was previously a Business Area Manager for Sokigo, one of the Process Management division's other companies. I feel really confident about Carl-Johan taking over the reins after this eventful year for S-GROUP Solutions."

HANS-GÖRAN WILHELMSSON
FORMER PRESIDENT OF
S-GROUP SOLUTIONS

ORGANIC GROWTH
ENTREPRENEUR-LED COMPANIES GET STRONGER IN THE GROUP

The organic growth of our subsidiaries is the second of the two fundamental components of our strategy. As part of Addnode Group, acquired enterprises get the opportunity to keep developing their businesses supported by the Group and the division they become part of.

Addnode Group's strategy for driving organic growth and earnings has four fundamental principles. Acquired entities and their executives develop, supported by these principles and access to industrial know-how, simultaneous with realising healthy organic growth and improved profitability.

FOUR PRINCIPLES OF ORGANIC GROWTH

1. A solid basic structure for integration

Once the transaction is complete, the division the acquired entity joins bears the main responsibility for the integration process. The parent company also offers support on some aspects of the integration, primarily the introduction of group-wide governance and reporting procedures.

Our business model ensures that Addnode Group and each subsidiary's executives share a consensus of how business should be managed and develop. A strategy and goals are formulated for each enterprise based on the Group's overall goals and strategy, and in close consultation between the enterprise's President and Addnode Group's Division President, who also serves as the Chairman of the enterprise's Board.

2. Decentralised accountability and authority

Our operational business model is based on decentralisation, and delegates accountability with authority to subsidiaries. Operational decisions are taken as close to customers and end-users as possible, which requires skilled, expert executives that take responsibility for developing their business on their markets in good times and bad. Subsidiaries enjoy operational freedom to manage their businesses, while having to comply with the Group's collective policies and guidelines for financial reporting, internal controls and regulatory compliance.

Group companies manage operations under their individual corporate name in a collective structure where Addnode Group is a supporting brand. This means the enterprises can retain their individuality, while simultaneously enjoying the benefits that a large, listed company brings in the form of recognition, credibility, financial stability and access to capital for continued organic expansion and acquisitions.

3. Structured exchange of skills and best practice

The exchange of skills and best practice is on a structured and spontaneous basis within the Group. The Division President serves as the Chairman of the Board of subsidiaries, and there are often representatives of other subsidiaries on the Board. Activities between the various subsidiaries designed to exploit synergies in segments like sales, product development and delivery capacity are also part of Addnode Group's decentralised business model. These activities are initiated in regular scheduled meetings and spontaneous contacts within the Group. Such activities include the yearly Leadership Forum, themed meetings of Presidents and CFOs, business development initiatives and sustainability initiatives at Division and Group levels, and career development programmes.

4. Access to industrial know-how, finance and business opportunities

Being part of Addnode Group brings subsidiaries access to:

Industrial know-how. Because Addnode Group acquires enterprises whose operations fit existing subsidiaries, this means that new enterprises gain access to more industrial know-how in their business activities. Addnode Group has good potential to offer expertise in business strategy, product development, brand portfolios, customer offerings and cost rationalisations.

Financial capacity. Addnode Group can offer good financial conditions for a company's continued expansion and investment needs, which may be supplementary acquisitions or product development.

Delivery capacity. Alongside fellow subsidiaries in the Group, enterprises can achieve the critical capacity necessary to take on larger assignments than they would be able to independently. The Group can also offer access to its Indian subsidiary to supplement skills and resources cost efficiently.

Extra sales opportunities. Opportunities for extra sales by supplying ancillary products and services from another Group company and/or offer products and services to customers of other Group companies.

Strong partnerships. Access to the Group's partnerships with software developers like Autodesk, Dassault Systèmes and Esri. This implies better profitability and a superior customer offering for each subsidiary.

Stronger employer branding. The subsidiary's attractions as an employer are enhanced through access to Group-wide leadership programmes and more career opportunities as part of a larger Group.

INTERVIEW – ORGANIC GROWTH

ADDNODE INDIA – THE GROUP'S RESOURCE AND COMPETENCE CENTRE IN INDIA

At a time when many companies are addressing competence and capacity issues by offshoring, Addnode Group has instead invested in its own employees in India. It has 200 staff who are an integrated part of our subsidiaries. Saurabh Gupta, who has worked for the Group since 2005, is Managing Director of Addnode India.

Can you tell us about the background of Addnode Group's proprietary operations in India?
"Back in 2005, Addnode Group subsidiary TECHNIA decided to start using the competence, capacity and cost benefits offered by outsourcing IT services to India. At this time, with my background as a PLM system developer and specialist, I made my first trip to Sweden. I then headed up the Indian team that TECHNA appointed with a traditional outsourcing agreement.

In 2012, Addnode Group's use of Indian resources had grown to such an extent that it took a decision to incorporate an Indian subsidiary, so it could hire its own staff locally. Our first two staff have since grown to 200, and Addnode India is now able to offer all the Group's subsidiaries the option of having their own team in the country."

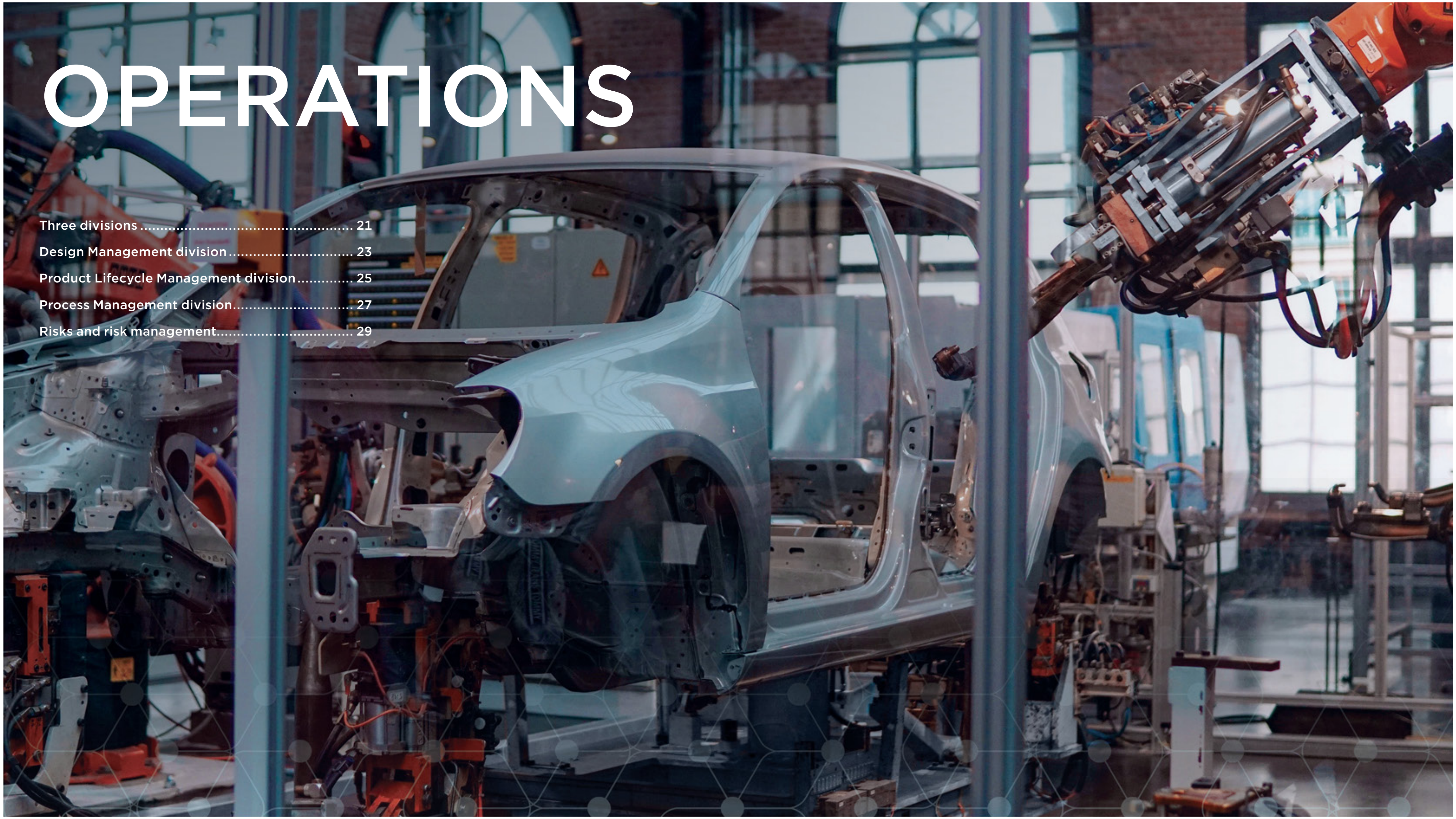
What are the benefits of Addnode Group having its own business in India?
"There are four that I'd like to highlight especially:

- **Delivery capacity.** Addnode India enhances fellow subsidiaries' delivery capacity in terms of scalable and flexible resource and competence capacity cost efficiently. We've also seen how new Group companies value the benefits of our in-house setup.
- **We avoid goal conflicts.** Naturally, when Addnode India and the principal, a fellow subsidiary, are in the same Group, we have the same goals. Projects need to be successful, satisfy the standards set, and be executed as profitably as possible.
- **Good natural potential for positive collaboration.** By being part of the same Group, we know each other well, and every subsidiary has its own dedicated team within Addnode India. This means we can create the potential for a smoothly functioning collaboration.
- **Cost-efficiency.** We decide, and have full insight into, how many, and which, people work on each assignment ourselves. This means we can optimise staffing and skills for each assignment optimally."

You've given the potential for good collaboration as an important component. How do you ensure this?
"Our ambition and objective is that each subsidiary's dedicated team in Addnode India will become natural colleagues to their counterparts in the Group's other subsidiaries. This covers everything from email addresses to sharing each subsidiary's HR activities as far as possible. We also arrange a yearly conference for all Addnode India staff, and representatives of the subsidiaries we're partnering with. Apart from this building relationships, it helps the mutual exchange of know-how and best practice."

Addnode Group's relationship with India has also fostered engagement with the Indian community, can you tell us about this?
"It's important for our staff and Addnode Group companies to also contribute to some of the other developmental segments that are significant in India. We have decided to focus on child development by donating to the charitable Akanksha Foundation. The Foundation works to improve the lives of children from low-income areas by providing them with a real education. The organisation's 700 teachers, volunteers and other employees operate a total of 27 schools in the states of Mumbai, Pune and Nagpur."

SAURABH GUPTA
MANAGING DIRECTOR ADDNODE INDIA



OPERATIONS

THREE DIVISIONS

Addnode Group's subsidiaries are organised in three divisions: **Design Management**, **Product Lifecycle Management** and **Process Management**. Each subsidiary develops its business in accordance with strategies, guidelines and Group-wide values. A decentralised business model means that mission-critical decisions are made close to customers and markets.

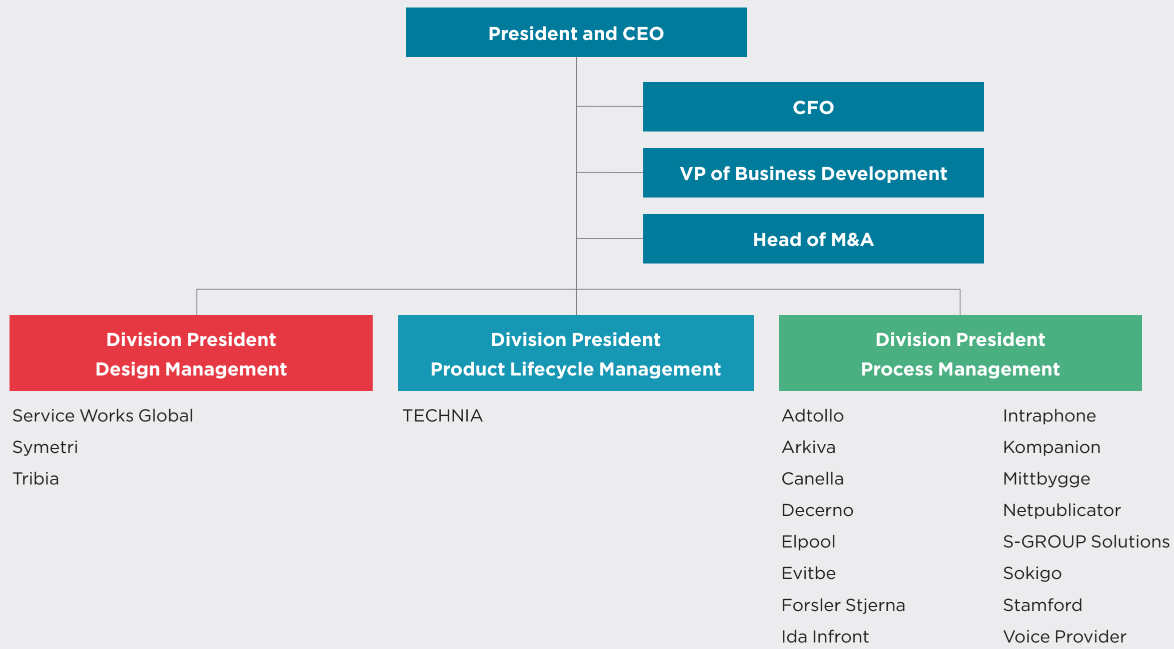
ORGANISATION

In accordance with adopted strategies and goals, Division Presidents are accountable for the subsidiaries in their Divisions and report to Addnode Group's President and CEO. The Divisions constitute the Group's operating segments that Addnode Group uses to monitor performance.

Group Management, which consists of the CFO, Division Presidents, Vice President of Business Development and Head of M&A, supports the President on strategic and operational issues.

Central functions are based in Addnode Group's head office and are responsible for coordination, financial monitoring and reporting, policies and guidelines at an overarching level, and contribute expertise in acquisitions, business models, brands, sustainability and corporate communication.

OPERATIONAL GROUP STRUCTURE 31 DECEMBER 2021



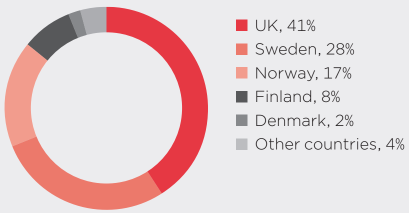
THREE DIVISIONS

The subsidiaries in Addnode Group's three divisions offer digital solutions and services to customers in the construction and real estate sectors, manufacturing, the automotive industry, life sciences and the public sector. Their solutions improve efficiency in everything from design, construction and product data management to case management and dialogue with citizens.

DIVISION
DESIGN MANAGEMENT

Digital solutions for design, BIM and product data for architects and engineers in the construction and manufacturing industries. The division also offers solutions for more efficient project collaboration and facility management.

NET SALES BY COUNTRY

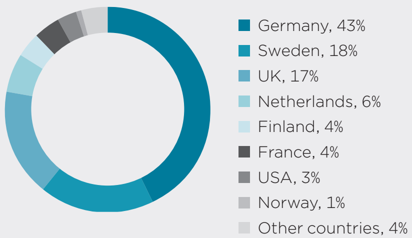


Net sales: SEK 1,852 m
EBITA: SEK 204 m
EBITA margin: 11.0%
Average number of employees: 560

DIVISION
PRODUCT LIFECYCLE MANAGEMENT

End-to-end digital solutions for product and facility lifecycles – from idea, design, simulation and construction to sale, aftermarket and recycling. Customers in sectors including manufacturing, automotive and life sciences.

NET SALES BY COUNTRY

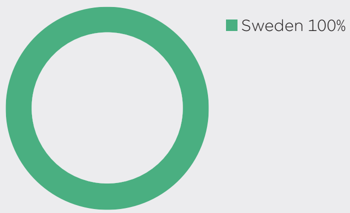


Net sales: SEK 1,227 m
EBITA: SEK 117 m
EBITA margin: 9.5%
Average number of employees: 613

DIVISION
PROCESS MANAGEMENT

Digital solutions for the public sector that keep track of cases, simplify communication with the public and contribute to more reliable and secure social services.

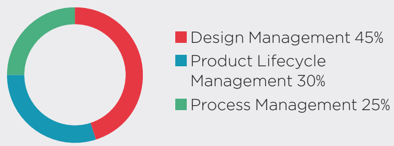
NET SALES BY COUNTRY



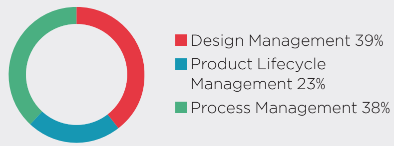
Net sales: SEK 1,020 m
EBITA: SEK 195 m
EBITA margin: 19.1%
Average number of employees: 595

ADDNODE GROUP

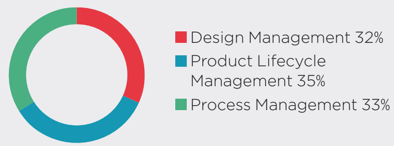
NET SALES[1)]



EBITA[1]



NUMBER OF EMPLOYEES



1) Before eliminations/central costs

Net sales: SEK 4,077 m
EBITA: SEK 461 m
EBITA margin: 11.3%
Average number of employees: 1,776

DIVISION

DESIGN MANAGEMENT

The Design Management division's operations are conducted by the subsidiaries Symetri, Tribia and Service Works Global (SWG). The division is one of Europe's leading providers of digital solutions for design, BIM and product data for architects and engineers in the construction and manufacturing industries. The division also has a strong offering in project collaboration and facility management in the Nordic countries and UK.

THE YEAR IN BRIEF

In the UK, the demand for Symetri's Autodesk offering was greatest from architects and technical consultants, but demand from industrial customers also increased gradually.

In the Nordics, the demand for digital design and BIM solutions was positive right through the year. Symetri reported successes for its proprietary software, the outcome of intensified digital marketing. In June 2021, Symetri acquired Irish company Procad, an established vendor serving several of Ireland's largest construction and manufacturing businesses. Its integration has gone to plan, and Symetri's product portfolio has been launched successfully to Irish customers. The integration of Excitech, acquired in 2020, was completed in 2021.

The demand for SWG's digital facility management solutions was positive, and accentuated in the year. The demand for Tribia's digital collaboration solution for construction and civil engineering projects was stable. SWG and Tribia jointly launched a BLM (building lifecycle management) offering, which gained a positive reception in 2021, on the Swedish market especially.

OFFERING

The division's companies offer digital solutions that streamline and quality-assure customers' various processes, from preliminary design proposals to operation and maintenance of completed buildings or facilities.

Symetri's offering is based on Autodesk products, backed by proprietary software and services for 3D design, BIM and simulations of products, infrastructure, facilities and buildings. Symetri offers proprietary products for product data management, local standards and norms in digital design and other processes.

SWG is a product company that delivers digital solutions for managing and maintaining facilities, as well as workplace and FM services on many global markets.

Tribia is a product company that delivers cloud-native collaborative tools for construction and civil engineering projects for clients and construction companies on the Norwegian and Swedish markets.

CUSTOMER BASE

The division has a broad customer base in the construction, real estate, manufacturing and marine industries as well as the public sector. In 2021, the customer base included DARK Arkitekter, Einar Mattsson, Heathrow Airport, Jernhusen, Jaguar Land Rover, Sitowise, Skanska, SNC Lavalin, Statkraft, Tengbom arkitekter and Tetra Pak.

MARKET POSITION AND COMPETITORS

Symetri is the largest supplier of Autodesk products, complementary software and services for construction and property companies, manufacturers and their suppliers in the Nordics and UK. Symetri is a Platinum Autodesk Partner in the Nordics, UK and Ireland. Symetri's competitors are mainly global software companies like Dassault Systèmes, Nemetscheck and Siemens, as well as other local Autodesk partners. Its proprietary software and related services, combined with Nordic and UK organisational resources, are key competitive advantages.

SWG enjoys market leadership in digital FM solutions for the Swedish and UK real estate sectors, and customers in Australia, Canada and the Middle East. SWG has especially strong positioning in PPP (public-private partnerships).

Tribia is a market leader in Scandinavia in digital project collaborative solutions for the AEC sector.

SWG and Tribia mainly encounter local competition, but competition is also sourced from multinational companies like IBM, Planon and Trimble.

CHANGES AT THE BEGINNING OF 2022

Rolf Kjærnsli, the previous Division President, has decided to leave Addnode Group. President and CEO Johan Andersson has been appointed Interim Division President effective 1 January 2022.

Addnode Group acquired Microdesk on 1 March 2022. This company has sales of USD 110 m and 300 employees in the US and UK. Together, Symetri and Microdesk will become the leading global provider of Autodesk solutions.

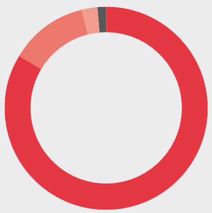
ROLF KJÆRNSLI
DIVISION PRESIDENT
DESIGN MANAGEMENT

DIVISION – DESIGN MANAGEMENT

KEY PERFORMANCE INDICATORS

SEK m	2021	2020	2019
Net sales	1,852	1,860	1,387
EBITA	204	190	146
EBITA margin, %	11.0	10.2	10.5
Operating profit	146	133	101
Operating margin, %	7.9	7.2	7.3
Average number of employees	560	565	415

NET SALES
BY REVENUE STREAM 2021



- Recurring revenue, 84%
- Services, 12%
- Licences, 3%
- Other, 1%

NET SALES GROWTH
ON 2021

0%

EBITA GROWTH
ON 2021

+7%

In 2021, net sales changed by 0 per cent (34) to SEK 1,852 m (1,860). In organic terms, net sales decreased by –2 per cent (–6) in 2021, and currency adjusted, the decrease was –2 per cent (–4).

FM SYSTEMS WITH A LIFECYCLE PERSPECTIVE FOR JERNHUSEN

Jernhusen owns real estate at some 150 sites near railways nationwide in Sweden. Its portfolio includes station buildings, maintenance depots and freight terminals. The Design Management division's subsidiaries Service Works Global (SWG) and Tribia are both helping enable Jernhusen to develop, maintain and operate these sites.

At the end of 2020, Jernhusen reported that it had selected two SWG solutions, its FM system Facilitate and Asset+, as platforms to deal with building information over a lifecycle perspective. The systems have been implemented, and went into production in 2021, which marked Jernhusen taking a major step in its digital transformation, now that its technical and financial management have enhanced support. This system now enables all building information to be captured, structured and made available to all staff on any process or at any site.

Facilitate is a platform that interfaces traditional facility management and workplace services, graphical visualisation and document processing. All data is presented on a user friendly UI for all operatives, which can be anything from inspection and maintenance assignments to conference services and cleaning.

Asset+ is an integration tool and shared master data source for building information. The solution interconnects building information between projects and management. The outcome is straightforward information processing over a lifecycle perspective.

Apart from SWG's systems, Jernhusen has also used Tribia's proprietary project planning tool Interaxo on several major refurbishment and development projects in its existing real estate portfolio, with Flemingsberg Station being an example. Interaxo has been used as a project database and all project managers on the project were able to access all drawings and other documentation simultaneously, simply and efficiently, which was vital for the Station's rapid and cost-efficient refurbishment.

Jernhusen manages all its building information over a lifecycle perspective using Service Works Global's FM system. Image: Stockholm Central Station, a Jernhusen property.

DIVISION
PRODUCT LIFECYCLE MANAGEMENT

The operations of the Product Lifecycle Management division are conducted by the subsidiary TECHNIA, a global provider of solutions for digitalising complete product or facility lifecycles – from idea, design, simulation and construction to sale, aftermarket and recycling. For our customers this means shorter lead-times, superior innovation, and increased efficiency and traceability.

THE YEAR IN BRIEF
The European PLM market staged a general recovery in the year after weak progress brought by the Covid-19 pandemic in 2020. The demand for TECHNIA's offering was stable in the Nordics and Benelux. Demand in Germany accentuated in the year, with the automotive industry being a contributor by upscaling its new software investments. UK demand also rallied, and is rising with the reopening of society after Covid-19 related lockdowns in the previous year. PLM systems for life sciences are a growth sector, where we also scored successes in 2021. The earnings improvement in 2021 is otherwise explained by us being able to execute the cost savings programme initiated a year ago according to plan, with the intended impact.

Polish company Budsoft was acquired in September, which brought expansion into a new geographical market. Budsoft is a partner of Dassault Systèmes, and the fourth acquisition focused on the simulation segment. In 2021, simulation investments started to have their intended effect, generating several key customer assignments.

OFFERING
TECHNIA is a global vendor of digital solutions for sophisticated product and production development. TECHNIA's solutions help streamline and quality-assure complete lifecycles – from construction, simulation and design, to sales, aftermarket and recycling. Digitalised and globally available information across a PLM system enables design and production lead-times to be reduced and resource management optimised, simultaneous with safeguarding the environment, quality and security standards. The software portfolio consists of our partner Dassault Systèmes' market-leading 3DExperience platform and proprietary, unique ancillary products and services, which are also available separately to customers that need them.

CUSTOMER BASE
TECHNIA's customers are in industries such as telecom, manufacturing, automotive, construction and civil engineering, pharmaceuticals, life sciences, retail and energy production. Keeping pace with the demand for rapid innovation, traceability and custom products, a growing number of food and service companies are embracing the PLM concept. In 2021, the customer base included B Braun, Coostek, Dräxlmaier, Cytiva, Einride AB, Heart Aerospace, Karolinska Institutet, Lightyear One, NXP and Woodhall Nicholson.

MARKET POSITION AND COMPETITORS
TECHNIA is one of Europe's largest vendors of PLM platforms and consulting services. TECHNIA is also a Global Platinum Partner of Dassault Systèmes, with the Nordics, UK and Germany as its largest markets. In addition, TECNICA is represented in countries including France, Japan, the Netherlands, Poland and the USA.

TECHNIA's competitors are providers of digital PLM solutions with sales resources such as Siemens and PTC, as well as other Dassault Systèmes partners. Companies like Tata and Cap Gemini compete on larger system integration projects. Our competitive advantages include world-leading PLM know-how, close and long-term collaborations with customers and a regional presence in several countries.

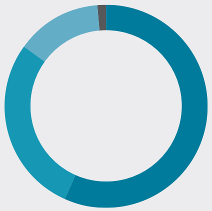
MAGNUS FALKMAN
DIVISION PRESIDENT
PRODUCT LIFECYCLE MANAGEMENT

DIVISION – PRODUCT LIFECYCLE MANAGEMENT

KEY PERFORMANCE INDICATORS

SEK m	2021	2020	2019
Net sales	1,227	1,141	1,272
EBITA	117	57	104
EBITA margin, %	9.5	5.0	8.2
Operating profit	72	23	73
Operating margin, %	5.9	2.0	5.7
Average number of employees	613	654	644

NET SALES
BY REVENUE STREAM 2021



- Recurring revenue, 57%
- Services, 28%
- Licences, 14%
- Other, 1%

NET SALES GROWTH
ON 2021

+8%

EBITA GROWTH
ON 2021

+105%

In 2021, net sales increased by 8 per cent (–10) to SEK 1,227 m (1,141). In organic terms, net sales increased by 5 per cent (–11) in 2021, and currency adjusted, the increase was 7 per cent (–10).

TECHNIA – ENTRUSTED BY LIFE SCIENCES COMPANY CYTIVA FOR 25 YEARS

2021 was a major milestone in TECHNIA's relationship with life sciences company Cytiva. TECHNIA has been a trusted partner in developing the PLM system that enables Cytiva to deliver efficient and safe solutions to improve people's health since 1996. The system is also necessary for Cytiva to be able to satisfy the validation standards set by European, US and Asian regulators and certification bodies.

The PLM system TECHNIA has developed jointly with Cytiva is based on Dassault Systèmes 3DEXPERIENCE platform, but enhanced by TECHNIA's proprietary add-on products. The outcome is an efficient PLM system used by some 5,000 of Cytiva's total 10,000 staff globally for all types of product and project information needs. It serves as a collaborative platform and information system that enables product development and secure continuous, regulatory compliance with the authorities' current regulations.

From 2022 onwards, TECHNIA become Cytiva's primary provider of software as well as related services and support for 3DEXPERIENCE. TECHNIA's in-depth industry expertise in life sciences is a strong contributor to this status, and has resulted in Cytiva's PLM system evolving into an industry-leading, full-range platform.

Building on this platform and TECHNIA's long-term and extensive relationship with Cytiva, TECHNIA can now also offer business-critical analysis to evaluate the optimal level of complexity and customisation in Cytiva's deliveries, for example. The platform also radically simplifies Cytiva's work on acquiring and integrating new products, while also satisfying the stringent confidentiality and security standards its operations require.

About Cytiva
Cytiva is a global life sciences leader that works with academic and translational researchers, developers and manufacturers of biotherapeutics, cell and gene therapies, and new technologies such as mRNA, to enable the delivery of transformative medicines. Cytiva is a trusted expert with nearly 10 000 associates in more than 40 countries dedicated to customers' speed, flexibility, capacity and efficiency in drug discovery, research, and manufacturing.

The PLM system Cytiva has developed jointly with TECHNIA is used to manage information about ÄKTA, a system to separate proteins in the production of insulin and vaccines.

DIVISION

PROCESS MANAGEMENT

Process Management, whose operations are conducted by some 15 subsidiaries, is a leading provider of digital solutions for the public sector. Its solutions help streamline case management, simplify administration and quality-assure processes in contacts between authorities and the citizen. The division is also a major actor in the social services segment.

THE YEAR IN BRIEF

In 2021, demand for the division's digital solutions was very positive. Sweden's municipalities and public authorities have adopted a clear digitalisation focus, accelerated by the Covid-19 pandemic in the year, resulting in positive progress on the market. The community building sector is one of the segments where this is clear, and is where several of our companies, such as Adtollo, Forsler & Stierna and Sokigo, make strong offerings. Management systems that address societal sustainability needs are another growth segment, and where Decerno has a strong offering, which was also successful last year.

S-GROUP Solutions, a specialist in operational GIS solutions for municipalities, water utilities and surveying, was acquired in April, and consolidates our offering in the community building sector. The company has also been in partnership with Esri, the world's leading vendor of GIS software, for many years. Elpool, which brings expertise in digital solutions for the expansion and maintenance of power grids, was acquired in May, thus enhancing the division's offering in the social building sector.

OFFERING

The operations of the Process Management division are conducted by the subsidiaries Adtollo, Arkiva, Canella, Decerno, Elpool, Evitbe, Forsler & Stjerna, Ida Infront, Intraphone, Kompanion, Mittbygge, Netpublicator, S-GROUP Solutions, Sokigo, Stamford and Voice Provider. These companies' combined product portfolio addresses a demand that has existed for quite some time. The division's subsidiaries develop solutions that employ automation and digital case management support centred on the needs of the public and customers. With close familiarity with operations and knowledge of directives, laws and regulations, we can quickly and efficiently develop digital solutions in close collaboration with our customers.

The offering includes digital solutions and services in segments including:

- Document and case management
- Business planning and decision support
- E-archiving
- Digitalised public services
- Mobile services for healthcare and nursing staff
- Geographical information systems

CUSTOMER BASE

The division's customer base includes a large number of Sweden's public authorities and bodies, as well as all Sweden's municipalities and regional authorities, plus a wide base of private companies in sectors such as finance, retail, construction and forestry. In 2021, the customer base included Apoteket, the Swedish Energy Agency, Nybro Swedlock lås, the Municipality of Nynäshamn, Stockholm Region, the Swedish National Board of Institutional Care, Svevind, the City of Stockholm and Municipality of Ystad.

MARKET POSITION AND COMPETITORS

Our digital solutions are used mainly by Sweden's public sector, i.e. our customer base consists of Sweden's 290 municipalities, 21 regional authorities, public bodies and a number of public authorities. Often, several division companies serve as suppliers to the same municipality or regional authority, which is a strength because this enables us to integrate solutions better. The private sector is another important customer segment, although here, the division's companies support customers on exploiting the potential of digitalisation in business processes.

In our view, in combination, the division's companies are the leading vendor of software and digital solutions to Sweden's public sector. We have a strong position in the Swedish market for case management systems for public sector authorities and municipalities. There is currently no main competitor to the division's total offering. Examples of competing companies with comparable products and services include CGI, Formpipe, TietoEVRY and Visma. Our competitive advantages are a broad product offering combined with our extensive track record of delivering system solutions to the public sector.

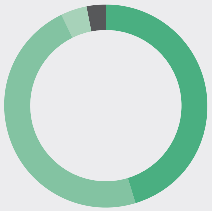
ANDREAS WIKHOLM
DIVISION PRESIDENT
PROCESS MANAGEMENT

DIVISION – PROCESS MANAGEMENT

KEY PERFORMANCE INDICATORS

SEK m	2021	2020	2019
Net sales	1,020	827	797
EBITA	195	151	115
EBITA margin, %	19.1	18.3	14.4
Operating profit	142	115	82
Operating margin, %	13.9	13.9	10.3
Average number of employees	595	532	524

NET SALES
BY REVENUE STREAM 2021



- Recurring revenue, 45%
- Services, 48%
- Licences, 4%
- Other, 3%

NET SALES GROWTH
ON 2021

+23%

EBITA GROWTH
ON 2021

+29%

In 2021, net sales increased by 23 per cent (4) to SEK 1,020 m (827). In organic terms, net sales increased by 9 per cent (2) in 2021.

A DIGITAL TWIN STRATEGY TO MAKE KARLSKRONA A SMART CITY BY 2030

Sweden's government has set the objective of digitalising urban planning and construction. Its goal is to create more transparent, democratic and effective building processes. As part of efforts to achieve this goal, the Municipality of Karlskrona in southern Sweden has adopted a roadmap to make Karlskrona a smart city by 2030. It will be using smart technology to facilitate mobility and navigation, and help people feel safe. Sensors will be deployed to measure, analyse and communicate changes to the urban environment, and also generate data to improve the city's services and quality of life.

One tool for realising the vision of Karlskrona as a smart city is the digital twin version of the city that the Process division's subsidiary S-GROUP Solutions has been assigned to develop. The digital twin will be what is termed a 3D city information model, CIM, which enables environmental, social and economic sustainability aspects to be factored into urban planning. S-GROUP Solutions uses the GEOSECMA geographical information system developed by Esri as the platform of its model.

The digital twin will contain information on city streets, water and waste-water systems, zoning plans, green spaces, planting and playgrounds. In tandem with this data, the model will also include updated and relevant urban planning legislation. This means the model will contain all the data necessary to enable the Municipality to simulate, analyse and test future urban development in a digital environment before the physical project. The outcome will enable the Municipality to enhance its social services through more optimised building permits, identifying the most suitable sites for new schools, housing and businesses, as well as enhanced urban planning on environmental impacts, personal safety and the child's perspective.

Digital model of the planned development of Pottholmen in Karlskrona, southern Sweden. Once the digital model satisfies predetermined sustainability targets, the physical project can go live.

RISKS AND RISK MANAGEMENT

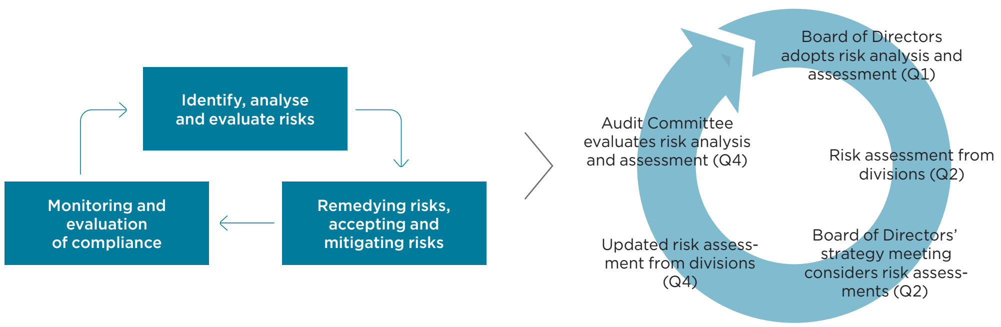
ONGOING RISK MANAGEMENT

All business operations involve risk-taking. Systematic and structured risk management, integrated with Addnode Group's strategy and business model, promotes good diversification of risk. Risks are managed at several levels in the Group, and the Board of Directors analyses and assures the risks to be managed based on documentation provided by the President and Group Management. An assessment is conducted at least twice a year.

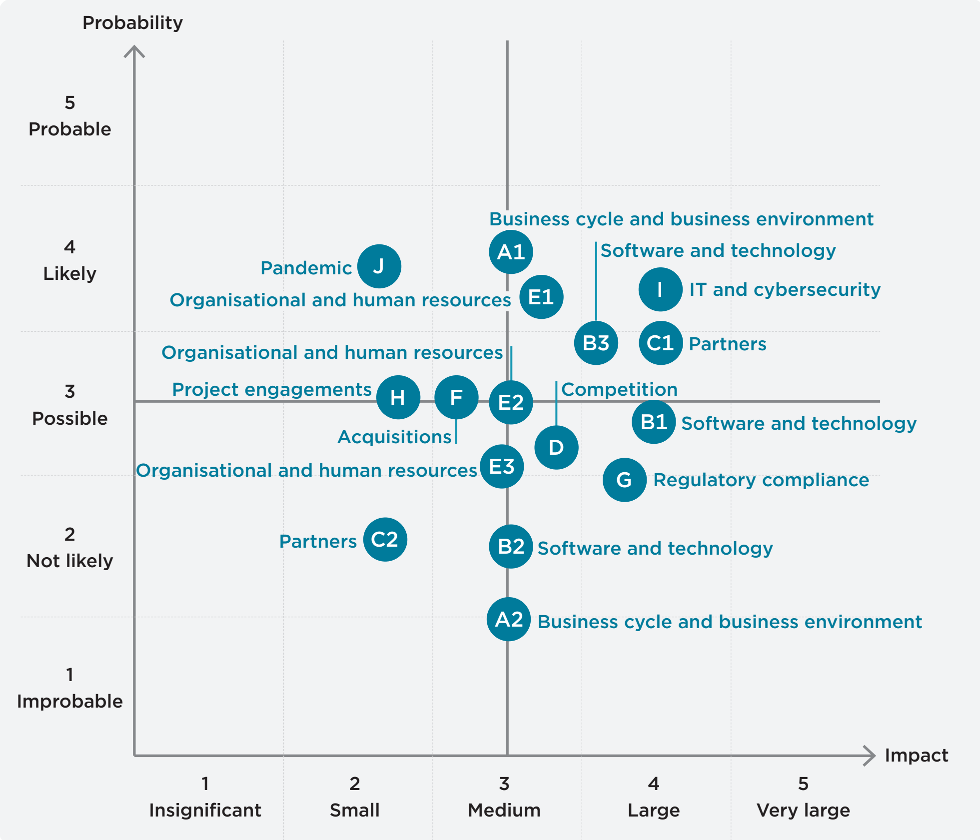
Group Management is accountable for ongoing risk management activities in individual areas of responsibility. Division and subsidiary Presidents are responsible for managing the opportunities and risks in their individual operations, for ensuring that procedures compliant with policies and rules are in place, and for their compliance and monitoring.

Read more about financial risks in note 36 on pages 112–115

RISK PROCESS



RISK ANALYSIS OVERVIEW



Read more about operational and sustainability risks on pages 30–31

BUSINESS AND SUSTAINABILITY RISKS

Probability of occurrence (1–5): 1. Improbable 2. Not likely 3. Possible 4. Likely 5. Probable

Business impact of occurrence (1–5): 1. Insignificant 2. Small 3. Medium 4. Large 5. Very large

Risk		Potential risks	Probability	Impact	How Addnode Group manages risk
A1	Business cycle and business environment	The general view of the global economy and the business cycle may affect customers willingness to invest and demand.	4	3	Addnode Group addresses these risks by conducting operations for both the private and public sectors, and on different geographical markets. Our portfolio of niche offerings addresses customers in many sectors. Our business model involves a high share of recurring revenue, and strong cash flow generation, thanks to a high share of advance payments at the beginning of the year, and low investment requirement over and above product development.
A2		Lower profitability could impair our ability to continue to realise our strategy to invest in organic growth and acquisitions.	1	3	
B1	Software and technology	New ways of working and behaviours can result in customer needs changing.	3	4	Addnode Group addresses these risks by nurturing and developing customer relationships with the aim of understanding customer expectations and needs. IT security issues are part of the group's regular work on risk. We also monitor social trends, technological progress and sustainability issues. The aim is to make the necessary adaptations of our products and technology.
B2		Rapidly changing technology and climate change leading to new sustainability expectations on our solutions.	2	3	
B3		Regulatory changes and increasing cybersecurity threats may impact our solutions' compliance and our development priorities.	3	4	
C1	Partners	Our partners may alter business models and terms & conditions that impact our earnings capacity.	3	4	We have established strategic collaborations with several IT platform and software vendors. Accordingly, our earnings capacity is not dependent on any individual partnership. We continuously evaluate our partnerships, and in 2021, increased the scope of supplier screening in respect of our Code of Conduct and sustainability issues.
C2		Working with partners that do not act in accordance with responsible business practice.	2	2	
D	Competition	The demand for, and sales of, our software and services may reduce because of more intense competition.	3	3	Addnode Group addresses competition risk by being a leader on selected markets. We have close relationships with our customers, and our offering continuously evolves with them, centring on customer needs.
E1	Organisational and human resources	The ability to hire and retain competent employees.	4	3	Each Group subsidiary is accountable for its own skills management. In recruitment, each company benefits by being backed by a Group with clear offerings, which is also financially stable. Addnode Group has formulated a Sustainability Agenda to sharpen its focus on the Group's sustainability issues still further. This Agenda includes questions on environmental impact, corporate social responsibility, diversity, and more.
E2		Difficulty in attracting and retaining talent if we do not engage in environmental and social matters.	3	3	
E3		Shortcomings in promoting diversity and an inclusive workplace could lead to us missing out on innovation opportunities.	3	3	

Business and sustainability risks, cont.

Probability of occurrence (1–5): 1. Improbable 2. Not likely 3. Possible 4. Likely 5. Probable

Business impact of occurrence (1–5): 1. Insignificant 2. Small 3. Medium 4. Large 5. Very large

Business risks	Potential risks	Probability	Impact	How Addnode Group manages risk
F Acquisitions	Failure to evaluate and integrate acquisitions.	3	3	Acquisitions are a central component of Addnode Group's strategy. Acquisitions undergo a tried-and-tested process, involving the Board of Directors and Management from the start, and where acquisition modelling does not factor in synergies.
G Regulatory compliance	Capability to comply with legislation, regulation and other external standards, and satisfy stakeholders' changing expectations.	2	4	Addnode Group closely monitors the emergence of legislation, regulations and ordinances that are applicable to each market where the Group has operations.
H Project engagements	Losses on project engagements.	3	2	An inability to execute and deliver projects can affect customer relationships and have negative impacts on profitability and growth. Addnode Group continuously monitors its project engagements to evaluate and limit their risk.
I IT and cybersecurity	Dependence on ability to offer customers reliable IT-solutions and having a secure internal IT-structure.	4	4	Outages, cyber attacks and data theft can damage our credibility on the market and cause major financial losses. Addnode Group works continuously on preventing and countering the negative impact, through Group-wide strategy and actions in individual companies.
J Pandemic	A pandemic can quickly and radically transform our potential to conduct business activities.	4	2	Take early measures to enable business operations to continue, in a manner safe for our colleagues, and ensure we can work remotely. Use furloughing and take a prudent view of costs. Ensure access to liquidity and monitor progress closely.

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT
ADDNODE GROUP'S SUSTAINABILITY AGENDA

Addnode Group's sustainability work proceeds from a Sustainability Agenda formulated in 2020. The Agenda has five focus areas with associated key performance indicators used to plan and follow up on the Group's sustainability work. The Sustainability Agenda is complemented by a Code of Conduct and Sustainability Policy that set a framework for how we interact with each other within the Group, and with our external stakeholders.

SUSTAINABILITY REPORTING

This Sustainability Report reviews Addnode Group's sustainability work in 2021. The Board of Directors of Addnode Group AB (publ.) is responsible for this Report.

URBANISATION, DIGITALISATION AND CLIMATE CHANGE – A CALL TO ACTION

A growing number of sectors need smart solutions to work more efficiently and sustainably. Climate change, digitalisation and continued urbanisation are also trends that require companies to operate more sustainably, and produce innovative solutions to today's complex problems. In 2015, world leaders agreed on 17 Sustainable Development Goals (SDGs), formulated to counter inequalities and deal with climate change. Companies and their operations serve an important role on achieving these global goals. Addnode Group regards six of the SDGs as most relevant to our business, and where we have the greatest opportunity to make an impact.

UN GLOBAL SUSTAINABLE DEVELOPMENT GOALS WITH THE CLOSEST CONNECTION TO ADDNODE GROUP'S SUSTAINABILITY AGENDA

GOAL 3
Good Health and Well-being

Our companies develop digital solutions used in the pharmaceuticals industry, life sciences and care of the elderly. Addnode Group also takes active responsibility for safeguarding and improving employee safety, health and well-being.

GOAL 5
Gender Equality

We value, and are striving to improve, diversity and gender equality in our businesses. This is imperative for our success, and in particular, we view increasing the share of women in management positions in our organisation as an opportunity.

GOAL 8
Decent Work and Economic Growth

Addnode Group offers jobs and employment opportunities, strive for fair working conditions, and make a continuous contribution to economic growth in the communities where we operate.

GOAL 9
Industry, Innovation and Infrastructure

Industry, innovation and infrastructure are central components for achieving the SDGs, and the digital solutions Addnode Group provides all contribute to them.

GOAL 11
Sustainable Cities and Communities

Addnode Group helps promote more sustainable cities and communities by developing solutions for specific needs in close interaction with our customers through innovation and continuous improvement.

GOAL 13
Climate Action

Our companies develop digital solutions that our customers can use to reduce the consumption of resources and energy in the manufacturing, construction and real estate sectors, for example. We also work to limit our own climate footprint from business travel, office premises and the equipment we use.

Sustainability agenda, cont.

ADDNODE GROUP'S SUSTAINABILITY AGENDA – BACKGROUND

Strategy and values
Addnode Group generates sustainable value growth by continuously acquiring new enterprises and actively supporting our companies to drive organic growth. This strategy creates value for communities, and for our shareholders.

Our values direct our decisions on how we run our businesses. They characterise our corporate culture, and we have also documented and made them part of our Code of Conduct and Sustainability Policy. Our values are:

- We care about our customers, employees, partners and other stakeholders, and we take a long-term approach to our commitments.
- We create innovative solutions for our customers' needs.
- We create value through proactive employees who want to make a difference.
- We strive for simplicity in everything we do, meaning that we don't get lost in details and inefficient organisation.

Sustainability end to end in the value chain
Addnode Group achieves sustainable development in several fields. The digital solutions we develop in close partnership with our customers promote a more sustainable society. Our solutions are used for sustainable and resource-efficient design and product lifecycle management, simulations that benefit the environment and health, and promote more participation in dialogue with the public.

We take responsibility for our direct impact on people and the environment, and endeavour to achieve this by minimising the negative impacts, and maximising the positives. We pledge to comply with good business practice, counter corruption and respect human rights in our value chains, and we expect the same from our suppliers and partners. Our economic responsibility includes good management, the efficient use of resources and delivering sustainable, long-term economic benefit for a large base of stakeholders.

Formulating a Sustainability Agenda
Addnode Group started the systematic process of formulating the Group's Sustainability Agenda in 2020. Because many Addnode Group companies have been working on sustainability issues, certification and other initiatives for a long time, we already had a foundation to build on. However, there was a need for collective understanding and direction in the Group's sustainability initiatives and communication. Our approach consisted of the following main elements:

- Identifying our main stakeholders and analysing their expectations.
- Mapping the contribution our own operations make to sustainable development.
- Mapping and selecting those SDGs that are most relevant for Addnode Group to work on.
- Risk analysis.
- Identifying focus areas for our Sustainability Agenda and defining the associated KPIs.

Sustainability Agenda backed by each company's activities
Addnode Group consists of some 20 subsidiaries organised into three divisions. Much of our daily work within the sustainability field is carried out in these businesses. Our companies work on activities and initiatives based on their own assessments and assumptions of what applies to each business. Some companies have decided to ISO certify their own environmental operations, others set targets for the share of their projects designed to contribute to one of the UN SDGs, while many companies also take their own decisions to incorporate social or environmental factors at local workplaces.

Sustainability agenda, cont.

VALUE CREATION FOR OUR STAKEHOLDERS

RESOURCES

Customer relationships
- Long-term relationships
- Private and public sector

Decentralised and agile organisation
- 1,900 employees
- Cutting edge competence and industry experience

Digital solutions

Strong partnerships with software companies
- Autodesk
- Dassault Systèmes
- Esri

Stable financial position and strong cash flow

STRATEGY

SUSTAINABLE GROWTH IN VALUE

ACQUISITIONS

Complementary businesses or markets

Values-based leadership

Attractive valuation

ORGANIC DEVELOPMENT

Decentralised responsibility and authority

Strategic support

Synergies and collaborations

VALUE CREATED

Customers
- New business opportunities
- More efficient and sustainable business

Employees
- Attractive place to work with developmental opportunities

Society
- Better dialogue between authorities and the public
- Digital solutions that contribute to sustainable development

Owners
- Growth in value and dividend

Our resources and strategy create value for our stakeholders

Addnode Group's strategic priorities are designed to ensure we have a long-term sustainable and competitive market position, while simultaneously maximising value creation in all links of the value chain by conducting ourselves responsibly towards customers, employees, financiers, shareholders and wider society.

Materiality analysis

When we formulated the Group's Sustainability Agenda, we conducted a materiality analysis where we identified Addnode Group's most important stakeholders and analysed their expectations. The starting point of this work was the model we were already working on, which reviews the resources of our operations, and our strategy. This model states both the stakeholders we create value for, but also those we depend on to manage our business.

Our materiality analysis was an important reference when defining our focus areas. The UN SDGs that we thought the company had the greatest potential to influence and contribute to, are also selected against the background of this materiality analysis.

Now, our ongoing stakeholder dialogues are an important reference for ensuring that the Agenda's priorities always remain relevant and consistent with the expectations of our business environment. Our dialogues also impact how we prioritise work in our focus areas, and could also mean us reprioritising what we define as focus areas over time.

Our main stakeholders and their expectations of Addnode Group in 2021

STAKEHOLDERS	EXPECTATIONS
Customers	Customers expect innovative and sustainable digital solutions that help them improve their operations. In its deliveries, Addnode Group is also expected to maintain high levels of sector expertise, quality and service.
Employees	Skills development, a good working environment and values-based leadership.
Owners and investors	Responsible execution of our strategy, the capability to address changing market needs, value-creating acquisitions, long-term economic profitability and growth.
Partners	Long-term relationships and responsible partnerships.

Sustainability agenda, cont.

FOCUS AREAS

A Sustainability Agenda with five focus areas
We formulated the Sustainability Agenda's five focus areas in 2020 from the starting-point of our materiality and risk analyses, and an internal systematic process. The focus areas are the foundation of the Group's collective sustainability work. KPIs have been identified for each focus area, designed to take our Sustainability Agenda forward. In addition to these key indicators, Addnode Group subsidiaries can also produce and implement further KPIs, as our ISO 27001-certified subsidiaries have.

Focus area KPIs and the work in each focus area are presented on pages 38–50 of this Sustainability Report.

1

DIGITAL SOLUTIONS THAT CONTRIBUTE TO SUSTAINABLE DEVELOPMENT

- Innovation for sustainability
- Ensuring privacy and integrity
- Designing for sustainable development and circular economy
- Simulations for environmental and health benefits
- Improved citizen involvement and dialogue

Read more on page 38

2

CARE FOR PEOPLE AND THE PLANET IN OUR OWN OPERATIONS

- Diversity and gender equality
- Employee well-being and safety
- Attracting and retaining talent through values-based leadership and decentralised responsibility
- Proactive and engaged employees who want to make a difference
- Environmental initiatives to reduce travel and impacts from office space

Read more on page 42

3

THE WAY WE WORK WITH OUR PARTNERS AND SUPPLIERS

- Long-term commitments
- Fair business principles and anti-corruption
- Ensuring that we respect human rights throughout the value chain
- Supplier screening

Read more on page 46

4

LONG-TERM FINANCIAL VIABILITY

- Organic growth
- Acquisitions
- Decentralised business model
- Recurring revenue

Read more on page 48

5

SUSTAINABILITY MANAGEMENT AND GOVERNANCE

- Code of Conduct and Sustainability Policy
- Certifications
- Communication
- Reporting

Read more on page 49

Sustainability agenda, cont.

SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

More stringent standards on sustainability and the rising expectations of the Group's stakeholders present risks and opportunities. We analyse risk in our yearly risk assessment process, which also includes sustainability risks. The same sustainability segment can often include both risks and business opportunities.

RISKS	OPPORTUNITIES	FOCUS AREA
• Rapidly changing technology and climate change leading to new sustainability expectations on our solutions • Regulatory changes and increasing cybersecurity threats may impact our solutions' compliance and our development priorities	• Leverage our position in simulation solutions by adding to the sustainability perspective • Increasing regulatory requirements are creating needs for solutions that support transparency and traceability • Increased requirements and expectations on digital interaction and transparency between citizens and authorities	1. **Digital solutions that contribute to sustainable development**
• Difficulty in attracting and retaining talent if we do not engage in environmental and social matters • Shortcomings in promoting diversity and an inclusive workplace could lead to us missing out on innovation opportunities	• Attract and retain talent by driving each company's sustainability agenda based on its core competence and solutions • Reduce environmental impact by challenging how we meet and travel	2. **Care for people and the planet in our own operations**
• Working with partners that do not act in accordance with responsible business practice	• Being associated with partners with strong sustainability profiles that offer innovative solutions	3. **The way we work with our partners and suppliers**
• Lower profitability could impair our ability to continue to realise our strategy to invest in organic growth and acquisitions	• Continuous growth by investing in companies and solutions that offer attractive and sustainable opportunities for stakeholders	4. **Long-term financial viability**
• Failure to comply with changing laws, regulations and other external requirements and to meet stakeholders' changing expectations	• To continue to be regarded as a trusted and resilient group of companies • Sustainability framework supports and empowers our people to do better business	5. **Sustainability management and governance**

Read more about business and sustainability risks on pages 29–31

SUSTAINABILITY WORK IN 2021

In 2021, we took a structured approach to sustainability work in the following segments:

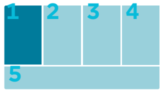
- Created a parent company function responsible for managing sustainability work within the framework of this Agenda and its five focus areas.
- Completed the group's collective Code of Conduct and Sustainability Policy, which was approved by Addode Group's Board of Directors.
- Produced and launched a web-based training package on our Code of Conduct and Sustainability Policy for all the Group's 1,900 people.
- Defined and implemented methodologies and procedures to capture data for the Sustainability Agenda's KPIs jointly with our divisions and companies.
- Analysed our business from an EU taxonomy perspective, designed to direct capital to sustainable investments.
- Managed a Group-wide initiative to clarify our companies' solutions that help realise socially or environmentally-related sustainability goals themed on solutions based on digital twin models.
- Enhanced processes, reporting and technical monitoring in cybersecurity.

For a more detailed review of our actions in 2021, please read the sections on each focus area. In addition to the above, our companies also worked on activities based on their individual sustainability priorities.

FOCUS AREA 1

DIGITAL SOLUTIONS THAT CONTRIBUTE TO SUSTAINABLE DEVELOPMENT

Addnode Group develops digital solutions and services that contribute to a more sustainable world. This is achived in close collaboration with our customers, and has the greatest potential through the products and services we deliver.



Building a long-term sustainable society in a fast-changing, urbanising world sets challenging standards for the responsible and efficient use of resources. In a digitalising world, Addnode Group offers its customers digital solutions for sustainable design and product lifecycle management, helping them manage real estate and facilities more efficiently, and streamline public administration. Through innovation and continuous development in close collaboration with customers, we create solutions for specific needs. With the support of digital work methods and more efficient processes, we can build a more sustainable society together with our customers.

Symetri, part of the Design Management division, is providing Naviate Nexus software to the new Odense University Hospital (OUH), one of the largest construction projects in Denmark. Naviate Nexus streamlines dataflows and insures every contractor accesses the same information, a necessity for setting standards from a sustainability perspective, while making tracing materials simple and cost efficient.

TOPICS WE WORK WITH

- Design for sustainable development and circular economy.
- Simulation solutions that benefit the environment and health.
- More efficient consumption of resources of energy in manufacturing and construction.
- Ensuring privacy and safety.
- More engagement and dialogue with the public.
- More equitable and sustainable decision-making in the public sector.
- Innovation.

COMPLETED IN 2021

- Analysing operations from the perspective of the EU taxonomy regulation, and reported pursuant to it.
- Defined and started measuring KPIs through customer dialogues and surveys on sustainability.
- Group-wide initiative to highlight our companies' solutions that contribute to achieving sustainability goals based on digital twin models.

PLANS FOR 2022

- Ensure all companies implement processes for customer dialogues and surveys on sustainability. Develop methodologies for sharing outcomes and experiences.
- Map solutions that can generate positive sustainability impacts in our customers' operations.

LONG-TERM AMBITIONS

- Develop a methodology to monitor revenue from solutions that have positive sustainability impacts in customers' operations.
- Pilot project to measure the CO_2 handprint from one of our companies or solutions. Given a positive outcome, this may be extended to more companies and/or solutions.
- Define KPIs to measure innovation.

Focus area 1, cont.

OPPORTUNITIES IN FOUR GROWTH SEGMENTS

Addnode Group develops and delivers digital solutions in four growth segments.

Architecture, Engineering, Construction (AEC) and BIM

Demand in this segment is driven by urbanisation and the need to build more efficiently and sustainably. Reducing energy consumption in new and existing buildings remains a high priority, as are improving energy and material productivity, plus reducing waste. To improve efficiency, and satisfy the standards of new environmental legislation, customers are digitalising their processes and embracing new ways of working. Regulators are also driving the more widespread adoption of digital working methods based on BIM. Addnode Group provides digital solutions for sustainable design and construction, as well as BIM software.

Facility management

Growth is being driven by customers' efforts to achieve more efficient management, outsource management services, and regulatory environmental, health and safety standards. Customers are increasingly demanding better systems for detailed monitoring and control as well as transparency surrounding the environmental impact of properties and facilities. Progress is moving ahead rapidly, and with the aid of modern sensor technology, Addnode Group is developing systems for predictive maintenance, where nascent problems can be detected before they cause damage to equipment or buildings. For customers, this enables cost savings and reduces the consumption of resources.

Product Lifecycle Management (PLM)

Growth is being driven by customers' efforts to continuously new products with good economic performance over product lifecycle as well as regulatory standards on traceability and product ownership. With information collated and easily accessible in a PLM system, lead-times can be reduced, and resource management and procurement can be optimised, while monitoring environmental, quality and safety standards becomes easier. Our offering of PLM solutions can enhance customers' ability to achieve environmental sustainability goals by enabling the closed-loop product development. Maximum amount of energy, resources and materials can be recovered from products at the end of their lifecycles. Our simulation solution offering can be used to ensure that product designs are optimised for longevity.

Digital Government

Growth is driven by urbanisation, and a growing array of sustainability standards in the community building segment. The demographics of an aging population, and more consideration for social sustainability, make up another driver. In parallel, continuously rising public expectations, accentuated by political initiatives, are accelerating the digitalisation of public administration. Our digital solutions can then help enable more efficient processes and more equitable and sustainable decisions, through channels including enabling more efficient document processing, streamlined administrative procedures, and better dialogue between authorities and the public. We offer a broad portfolio of software and digital solutions including school bus route planning systems, intelligent building permit robots that reduce municipal processing times, geographical information systems that enhance and streamline property formation and zoning planning, as well as the Defibrillator Register, which helps people find defibrillators and save lives.

KEY PERFORMANCE INDICATOR

THE CUSTOMERS' PERCEPTIONS OF OUR SUSTAINABILITY WORK

To systematise our working methods and ensure that our solutions, and our company, satisfy customer expectations and standards in sustainability, we monitor customer dialogues and customer surveys for sustainability.

Definition

In customer dialogues and customer surveys, we include the following (one or two) questions, which relate to our sustainability work:

1. On a scale from 1 to 10, how active do you think our company is in its ambition to make our products and services more sustainable from environmental and/or social perspectives?
2. On a scale from 1 to 10, how well do you think our company operates responsibly from an ethical and business perspective?

Sample

In 2021, 7 of the Group's 20 companies conducted customer dialogues or customer surveys that included either or both of these questions. A total of 223 customers responded to our sustainability-related questions.

Performance in 2021

On average, customers rated us 7.1 (out of 10) in terms of how active we are in pursuing our ambition of making our products and services more sustainable.

Customers rated us 7.9 (out of 10) in how responsibly we operate from ethical and business perspectives.

Focus area 1, cont.

SOLUTIONS THAT CONTRIBUTE TO POSITIVE SUSTAINABILITY EFFECTS FOR OUR CUSTOMERS

A DIGITAL TWIN THAT ENABLES SUSTAINABILITY EFFICIENCY GAINS FOR RENTOKIL

Decerno develops digital, complex and specialist management systems. By developing a digital twin system, Decerno has helped global pest control firm Rentokil to reduce its CO_2 emissions by 32 per cent while simultaneously increasing profitability by 34 per cent.

Many organisations struggle to plan and organise complex logistics setups where hundreds of people need to perform thousands of tasks at different sites at specific times. In conditions like these, creating a digital twin of flows, then using computing power to identify the optimal system, has proven successful. The outcome is that people spend less time travelling, vehicles last longer, and fuel consumption is reduced.

Decerno created a digital twin and planning solution for Rentokil and its 7,000 field specialists. The digital twin supports models of the production chain and planning, using a smart digital assistant enabling field staff to plan their working day. Initially, the ambition was to only create a system that could automate route optimisation, but now that it has been implemented, gains from reduced vehicle wear and fuel consumption have also been realised. The digital twin measures a number of KPIs, and has been able to record fuel consumption reducing by 32 per cent, maintenance costs down by 21 per cent, and productivity (measured as time in traffic) increasing by 34 per cent.

"Initially, our ambition was only to **create a system to automate route optimisation**, but now it's implemented, we're also **recording gains in reduced vehicle wear** and **fuel consumption**."

Technology that improves transportation has existed for decades, but no significant benefits of this type of digital twin system were realised until transport needs were integrated into the rest of the company's operations, customers, and business environment. Rentokil is now able to simulate, test and build alternative circular business models rapidly and cost efficiently.

Addnode Group's subsidiary Decerno, in its Process division, has developed a planning tool for global pest control firm Rentokil. This tool, based on a digital twin of actual conditions, has generated valuable sustainability gains.

Focus area 1, cont.

SOLUTIONS THAT CONTRIBUTE TO POSITIVE SUSTAINABILITY EFFECTS FOR OUR CUSTOMERS

COMPLEX DOCUMENTATION STANDARDS REQUIRE SMART SOLUTIONS

Miljöbyggnad ("environmental building"), BREEAM, LEED and Greenbuilding are some of Sweden's most widely recognised environmental certification systems, designed to improve building environmental performance in several respects. For property owners, Tribia's Interaxo, Bimeye and Unizite solutions are important tools in these certification processes.

A green, environmentally certified building reduces or eliminates negative effects and creates positive effects for our climate and environment, due to the set-up of its design, construction or operation. Green buildings satisfy the standards set by environmental certification, and provide evidence that a building is sustainable from economic, social and environmental perspectives. Environmental certifications can, for example, help reduce operating expenses, increase property values, improve health and well-being, enable access to green finance and improve resource efficiency.

Addnode Group's subsidiary Tribia, in its Design Management division, offers a range of solutions used in the construction and real estate sectors for environmental certification processes. Skanska's Hyllie Terrass project in Malmö is an environmentally certified building that deploys Tribia's solutions. Hyllie Terrass was Sweden's first climate-neutral office building, which also includes health and environmentally certified workplaces. It is also serving as a pilot project for the construction sector's new NollCO$_2$ ("zero CO$_2$") certification, created by the Sweden Green Building Council.

Skanska's Hyllie Terrass project in Malmö is an environmentally certified building that utilises Tribia's documentation solution. Tribia is an Addnode Group subsidiary in its Design Management division.

"**A green and environmentally certified building** reduces or eliminates negative effects and **creates positive effects for our climate** and environment based on the set-up of its design, construction or operation."

This climate accreditation is all-new certification for climate-neutral buildings, and an exacting standard that will enable the achievement of Sweden's goal of climate neutrality by 2045.

Tribia's Interaxo, Bimeye and Unizite solutions can be used to collate all the data necessary to reference several environmental certifications, such as BREEAM, LEED, Miljöbyggnad, NollCO$_2$ and Svanen.

FOCUS AREA 2

CARE FOR PEOPLE AND THE PLANET IN OUR OWN OPERATIONS

Addnode Group consists of entrepreneur-led companies with responsible and proactive employees who want to make a difference. By offering values-based leadership and decentralised responsibility and authority, we can attract and retain the most talented people. We select climate-smart travel alternatives, and our offices work on activities to reduce their negative environmental impact.

We take responsibility for our own operations, and the environment. We work actively to improve diversity and gender equality in the workplace and invest in employee well-being and safety. We work continuously to pursue a range of initiatives to reduce our environmental impact.

EMPOWERED EMPLOYEES WITH AN ENTREPRENEURIAL SPIRIT

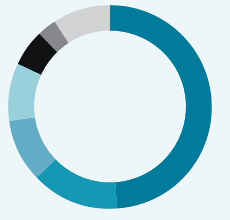
Our people are the foundation of our competitiveness, with a combination of local presence, sector competence and expert knowledge being key to enabling us to keep delivering digital solutions and services that satisfy customer needs.

Our decentralised model offers our subsidiaries a high degree of freedom and responsibility for their own businesses, while remaining part of a large corporate group. Our ambition is to have proactive and engaged employees who want to make a difference. We strive to empower people to take responsibility and nurture an entrepreneurial spirit. We view the capability to take the initiative as a key to success.

DIVERSITY AND GENDER EQUALITY

Addnode Group's employees have roots in more than 30 countries on several continents. We value, and endeavour to improve, diversity and gender equality in our businesses. We do not tolerate discrimination on grounds of ethnic origin, gender, transgender identity or expression, differences in ability, age, language, religion or other faith, political or other opinion, national or social origin, property, birthplace or other status. Harassment or other inappropriate conduct is not permitted. One challenge we share with other companies in our sector is to achieve more equal gender balance among our employees and managers. We work jointly with the IT sector and educational institutions to make ourselves more accessible and achieve better gender equality. In 2021, the share of women was 24 per cent of the Group's employee headcount. Gender division in the Group's management teams is an important KPI for us, which we measure yearly.

EMPLOYEES BY COUNTRY



TOPICS WE WORK WITH

- Attract and retain talent with values-based leadership and delegated accountability.
- Diversity and gender equality.
- Employee well-being and a good working environment.
- Initiatives to reduce the environmental impact of travel and office premises.
- Proactive and committed employees that want to make a difference.

COMPLETED IN 2021

- Defined and implemented KPIs for the share of women in management, eNPS and the share of offices working on environmentally related or social action.
- Employee career opportunities within the Group are advertised on a section of Addnode Group's website.
- Commenced definition of implementation of KPIs for CO_2 from air and car journeys.
- The Process Management division conducted the Addnode Addventure competition.

PLANS FOR 2022

- Set a target for gender division in the Group's and companies' management teams.
- Improve procedures for following up on a KPI for CO_2 from air and car travel per employee.
- Review travel policies and select more climate smart options for travel.
- Investigate the potential to measure the Group's CO_2 emissions from the GHG Protocol's Scope 1/2/3 definition.

LONG-TERM AMBITIONS

- Structure exchange of best practice to utilise positive initiatives to increase the rate of achieving more even gender division in management teams.
- Develop the measurement of CO_2 emissions from the GHG Protocol's Scope 1/2/3 definition.
- Analyse more ways to reduce CO_2 emissions and implement the related actions.
- Define a goal for reducing CO_2 emissions.
- Evaluate more initiatives such as science-based targets and climate-related financial follow-ups and reporting pursuant to TCFD.

Focus area 2, cont.

EMPLOYEE WELL-BEING AND GOOD WORKING ENVIRONMENT

All subsidiaries, apart from recently acquired operations, conduct regular employee satisfaction surveys to monitor employee well-being. As new companies join the Group, processes are put in place to also enable regular employee satisfaction surveys. The outcomes of these surveys are reported under the KPI of employee net promoter score (eNPS), and are reviewed at least once per year by management teams in each subsidiary, division Boards of Directors, Group Management and the parent company's Board of Directors.

DIRECT CONSEQUENCES FOR THE ENVIRONMENT AND SOCIAL WELL-BEING

Addnode Group's greatest contribution is the positive impact we make through the digital solutions that we supply to our customers, which they use to drive sustainable societal development. The Group's negative environmental impact are from the offices we work in, the electricity we consume, and the equipment and transport we use.

To enable broad engagement in our accountability for the environment and social well-being, we have defined nine priority activities that our companies and their offices are encouraged to work on. Each year, we measure a KPI of how many offices are working on these activities.

We're working to introduce a KPI to monitor our direct environmental burden from CO_2 emissions from car and air travel.

In our decentralised organisation, each of our divisions also draws up local policy documents that are adapted to the needs of the operation's with the goal of reducing their negative environmental impact.

WE'RE GIVING BACK TO SOCIETY

We engage ourselves in the countries in which we operate, and support local aid projects. For example, in India TECHNIA supports Akanksha, a charitable foundation that operates schools for children from low-income areas. In Sweden, Ida Infront donated to causes including BRIS and the Tim Bergling Foundation in 2021, while Service Works Global supported the London Air Ambulance and the Salvation Army's work in Australia. In our decentralised business model, staff often vote on which organisation they want to donate money to instead of recieving a Christmas gift, and their individual companies often top this off with their own contributions.

OUR ACTIONS IN THE COVID-19 PANDEMIC

The Covid-19 pandemic, which started to affect us in 2020, continued to impact our business and working conditions in 2021, albeit on a far lesser scale. Employee health and safety was our top priority. We created the potential for efficient remote working by offering digital solutions, ensuring good working environments, modifying our leadership and enabling Group activities to address new needs in terms of communication and meeting. Most of our staff worked from home for an extended period, but were able to maintain contact with customers and colleagues through digital meetings and other channels.

AddVenture is the Process Management division's yearly innovation programme, which offers all staff the chance to realise an idea and start a business. The winners are rewarded with a grant enabling them to devote development time to realise their idea. Emmie Nilsek (tester and designer) and Rasmus Jansson (system developer) from Stamford were the winners in 2021. Their idea is a gig booking service for artists and musicians.

Focus area 2, cont.

KEY PERFORMANCE INDICATOR

SHARE OF WOMEN IN MANAGEMENT TEAMS

In diversity and gender equality, we monitor KPIs of the share of women in management teams.

Definition

Share of women as a percentage of total senior executives of Addode Group. Senior executives are defined as members of Addnode Group's:

- Board of Directors
- Group Management
- Division/subsidiary managements

Sample

Board of Directors: 7 people

Group Management: 7 people

Division/subsidiary managements:
19 management teams, totalling 97 people.

Performance in 2021

Share of women in Board of Directors: 43%

Share of women in Group Management: 14%

Share of women in division/subsidiary management teams: 28%

KEY PERFORMANCE INDICATOR

eNPS

We use for employee Net Promoter Score, eNPS, to monitor employee satisfaction and perception of their working environments.

Definition

Yearly employee satisfaction surveys include the following question:

"How likely are you to recommend your workplace to others?"

An index value, eNPS, of between –100 to +100 is computed from responses.

Sample

1,708 Group employees were able to respond to this question in 2021. The response frequency was 75%.

Performance in 2021

eNPS: 25

Yesbox Talent AB states that the average eNPS for Sweden's IT sector was 16 in 2021. The same source states that values of 10–30 should generally be considered good/very good.

KEY PERFORMANCE INDICATOR

CO_2 FROM BUSINESS AIR TRAVEL AND VEHICLE USAGE

We measure CO_2 emissions from air and car travel to monitor our direct environmental impact.

Definition

Total CO_2 emissions from business air travel and vehicle usage (in kg) divided by the average number of employees.

Sample

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Performance in 2021

Measurement of this KPI has commenced, but no performance is being reported for 2021.

KEY PERFORMANCE INDICATOR

SHARE OF THE OFFICES WORKING ON ENVIRONMENTAL AND SOCIAL ACTION

To motivate engagement and accountability, we monitor activities that promote a better environment and social well-being.

Definition

Number of priority activities taken in relation to the total number of priority activities (total 9):

1–2. Recycling in offices and reduced paper consumption
3–4. Improved energy efficiency and selection of renewable energy when possible
5–6. Reducing office area per employee and recycling office furniture/equipment
7. Environmental care criteria in the selection of suppliers of office materials and services
8. Employee benefits related to health and well-being
9. Contributions to the community

Sample

Group offices with over 20 employees. In 2021, there were 27 of these offices. Over 75% of the Group's staff work at these offices.

Performance in 2021

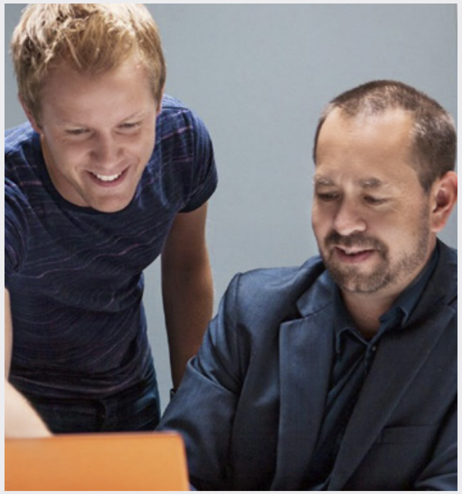
All offices in the sample conducted at least two activities. On average, the 27 offices have conducted seven of the nine activities.

Focus area 2, cont.

EMPLOYEE WELL-BEING, HEALTH & SAFETY

IDA INFRONT'S STAFF DECIDE WHO THEY WORK WITH, AND ON WHAT, THEMSELVES

Ida Infront is organised into three business areas, all of which work on delivering digital solutions to customers, but in different application segments. Inspired by a conviction that individuals are happiest and most effective when they can participate in planning what they work on and who they work with, in 2021, the company decided to start using self-selection as an HR planning method.



Ida Infront's staff members plan how they will create the best teams for each customer and assignment together.

Self-selection as a resource planning system is based on the idea that instead of managers organising teams, this is done on the basis of staff members' own wishes, combined with their understanding of their own capacity and the needs of the assignments that deliveries are currently focused on.

Self-selection is a process conducted on the basis of a clear structure. Managers review the projects to be executed, and staff members state their preferences and competences. In a process that included various types of group work, all staff collaborate to create the most optimal teams for each customer project to be executed. This factors in the required technological skills, customer knowledge, experience and social skills.

Based on the self-selection methodology, resource planning can be for a complete organisation, or for smaller scale, separate units within a larger organisation. Although so far in 2021, Ida Infront has executed a collective HR plan for the whole organisation simultaneously, a number of separate HR plans have also been conducted using self-selection in each business area, and in the company-wide development team. The results were convincing, so the intention for the coming years is to conduct at least two company-wide rounds each year.

"**Self-selection is a process** built on a clear structure. Managers review the customer projects to be **executed**, and staff state their **preferences and competences**."

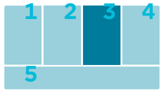
The main positive effects that have been noted for the new organisational and HR model so far are:

- When individuals can participate in influencing what they're working on, and who they're working with, on projects, the feeling of accountability and participation increases, which in turn, improves employee satisfaction.
- Meanwhile, this working method also means that people with the most knowledge of the company's overall competences participate in planning staffing on each project, which in turn, means more effective teams that can make better, more precise deliveries. Accordingly, the end result is also more satisfied customers.

FOCUS AREA 3

THE WAY WE WORK WITH OUR PARTNERS AND SUPPLIERS

Addode Group focuses on long-term collaboration, and has built sustainable supplier models to be accountable end to end in the supplier chain. Addode Group's corporate culture, and its subsidiaries' knowledge of their individual markets, are critical components of the Group's success.



Our values and corporate culture feature high standards of ethics and respect in relation to each other, and our customers. Accordingly, setting the same demanding standards of our suppliers and collaborative partners is just as self-evident. We will comply with fair business practice, counter corruption and respect human rights.

LONG-TERM RELATIONSHIPS WITH PARTNERS

Our operations are built on long-term collaboration and partnership with our main suppliers. In several cases, we have shared histories going back several decades.

Those suppliers that represent the highest share of our total procurement are the software suppliers Autodesk and Dassault Systèmes. Both work actively on a range of sustainability issues, including renewable energy in their own operations, and are pursuing ambitious goals for the share of women in management positions.

FAIR BUSINESS PRACTICE AND ANTI-CORRUPTION

Our Code of Conduct and Sustainability Policy prohibit all forms of corruption. Corruption includes bribes, receiving gifts and entertainment benefits, payments for felicitation and protection, money laundering and nepotism. We comply with competition legislation on each market where we are active, which includes prohibition against contracts and agreements to limit competition. This also includes price-rigging, dividing of customers and geographical markets, cartels and abuses of power.

TOPICS WE WORK WITH

- Long-term relationships with suppliers and collaborative partners.
- Fair business practice and anti-corruption.
- Respect for human rights at all links of the value chain.
- Screening of suppliers.

COMPLETED IN 2021

- Defined and implemented a KPI for screening of suppliers, based on the Code of Conduct.
- Meetings and dialogues to facilitate and develop the relationships with our main collaborative partners.

PLANS FOR 2022

- Increase awareness and capacity for supplier screening processes within the Group.
- Organise exchange of best practice within the Group to disseminate successful practices for good supplier screening.
- Develop a Group-wide Code of Conduct for suppliers.

LONG-TERM AMBITIONS

- Develop processes and tools for managing and controlling supplier chains, such as questionnaires and screening records.
- Organise exchange of best practice within the Group to disseminate successful practices on managing and controlling supplier chains.
- Implement a process to identify and mitigate the risks of human rights abuses.

Focus area 3, cont.

ADDNODE GROUP'S CODE OF CONDUCT AND SUSTAINABILITY POLICY

Deliveries to our customers are mainly done by the Group's own employees, which means we have good insight into occupational health & safety. We do appoint subcontractors on some projects, so in the context of the Group's international growth, we need to ensure a collective understanding of fair business practice, anti-corruption and respect for human rights end to end in the value chain. In 2020, we produced a Group-wide Code of Conduct and Sustainability Policy that define a number of principles in the segments that our employees, suppliers and collaborative partners must comply with. The Code of Conduct and Sustainability Policy is based on internationally recognised standards. We support and respect human rights as stated in the International Bill of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work.

Addnode Group's complete Code of Conduct and Sustainability Policy is available at addnodegroup.com

KEY PERFORMANCE INDICATOR

NUMBER OF SUPPLIERS SCREENED AND TOTAL PROCUREMENT PURCHASED VALUE FROM THEM

We verify regular screening of our suppliers and collaborative partners to ensure that they satisfy the standards of our Code of Conduct and Sustainability Policy.

Definition

Supplier screening from a sustainability perspective is based on:

1. The supplier's own Code of Conduct satisfies our standards, or
2. The supplier has undertaken to comply with the Group's or one of our subsidiary's Codes of Conduct.

Suppliers representing high purchase value, or due to another critical constraint, should be screened regularly.

Sample

19 of 20 companies conducted supplier screenings in 2021.

Performance in 2021

Total number of suppliers screened: 148

Screened purchase value as a proportion of Group total: 69%

We apply the same high standards to our suppliers and collaborative partners as we do to ourselves. Accordingly, we screen our suppliers regularly to ensure they satisfy the standards of our Code of Conduct and Sustainability Policy.

FOCUS AREA 4

LONG-TERM FINANCIAL VIABILITY

Addnode Group generates sustainable growth over time by acquiring a stream of new enterprises and actively supporting our subsidiaries to drive organic growth. Economic responsibility includes good financial management, the efficient utilisation of resources and delivering sustainable, long-term economic profitability that benefits the Group's shareholders.

We achieve long-term financial viability by acquiring a stream of new, complementary enterprises and driving organic growth. Our strategy is backed by values-based leadership and decentralised responsibility and authority. A stable base of recurring revenue and strong operating cash flow are the foundation of our sound financial position.

TOPICS WE WORK WITH

- Organic growth
- Acquisitions
- Decentralised business model
- Recurring revenue

VALUE-CREATING ACQUISITIONS

We actively seek suitable acquisitions and maintain discussions with various business owners interested in becoming part of the Group. We have successfully acquired over 70 enterprises since 2003. We are continuously evaluating our acquisition criteria, and now also factor sustainability aspects into acquisition decisions.

DECENTRALISED BUSINESS MODEL DRIVING ORGANIC GROWTH

Addnode Group is well positioned to benefit from strong global trends that drive organic growth. Market leadership, long-term customer relationships and business models with a strong base of recurring revenue create the potential for stability in our business. Our business model, which delegates responsibility to our subsidiaries, also creates potential for taking the initiative in day-to-day work, and contributing to our success.

KEY PERFORMANCE INDICATOR

NET SALES GROWTH

Definition
Total increase (acquired and organic) in net sales compared to previous year.

Financial target: >10%

Sample
Group

Performance in 2021
Total net sales growth: 7%

KEY PERFORMANCE INDICATOR

EBITA MARGIN

Definition
Operating profit before amortisation and impairment of intangible assets (EBITA) in relation to net sales.

Financial target: >10%

Sample
Group

Performance in 2021
EBITA margin: 11.3%

KEY PERFORMANCE INDICATOR

SHARE OF RECURRING REVENUE

Definition
Share of revenue of repeat nature (revenue from support and maintenance agreements, software subscriptions, leases and SaaS) in relation to total revenue.

Sample
Group

Performance in 2021
Recurring revenue: 66%

FOCUS AREA 5

SUSTAINABILITY MANAGEMENT AND GOVERNANCE

Addnode Group has a decentralised organisational structure where a significant share of accountability for business is delegated to each division and subsidiary. There is a central sustainability function, with the mission of managing, supporting and monitoring the implementation of Group-wide priorities.

Addnode Group's operations are organised in three divisions with entrepreneur-led companies with the freedom to manage their own businesses. Our business model implies delegated responsibility with authority to operate, but Group-wide policies are implemented in each company to support internal controls and regulatory compliance.

MANAGEMENT SYSTEMS AND CERTIFICATIONS

Addnode Group's decentralised organisational structure means that each division formulates local policy documents tailored to the needs of each business. Several companies have also created business-specific codes of conduct and policies, including procurement and travel policies, which govern their sustainability work.

In many of our subsidiaries, certifications govern how different activities are managed, and are often a precondition for starting up on markets. Our subsidiaries TECHNA and Service Works Global Ltd. both have ISO 9001-certified quality management systems. Service Works Global Ltd. has ISO 27001 information security certification and TECHNA is working on the same certification. TECHNA also holds ISO 14001 environmental management certification. Our subsidiaries Sokigo and Decerno are FR 2000 certified, which is an integrated management system for quality, the environment, occupational health & safety and recruitment.

COMMUNICATING, REPORTING AND IMPLEMENTING THE SUSTAINABILITY AGENDA

As a public and listed company, Addnode Group is subject to stringent demands to clearly state the company's performance and priorities in sustainability. External communication and reporting is managed by its Group-wide sustainability function, which also performs an internal coordinating function and facilitates the exchange of best practice and knowledge between the Group's divisions and companies. Each division is responsible for implementing the Sustainability Agenda, and for following up and reporting the KPIs of its companies.

TOPICS WE WORK WITH

- Certifications.
- Sustainability communication and reporting.
- Group-wide initiatives.
- Implementation and follow-up of the Group-wide Sustainability Agenda and related KPIs.
- Training.

COMPLETED IN 2021

- The Board of Directors adopted the Group's Code of Conduct and Sustainability Policy.
- The parent company created a function for the Group's Sustainability Agenda.
- Developed web-based training on the Group's Code of Conduct and Sustainability Policy, launched for all the Group's 1,900 employees.

PLANS FOR 2022

- Develop the materiality analysis through intensified stakeholder dialogues.
- Update the Group's Code of Conduct and Sustainability Policy training package.
- Implement the new EU whistleblower directive that comes into effect on 17 July 2022.
- Addnode Group to join the UN Global Compact.

LONG-TERM AMBITIONS

- Adapt sustainability reporting for compliance with the EU's Corporate Sustainability Reporting Directive, CSRD, scheduled to come into effect in the financial year 2023.
- If necessary, evaluate more development and expansion of the Group's sustainability reporting to satisfy internal priorities or new external standards.

Focus area 5, cont.

GROUP-WIDE INITIATIV

In the sustainability segment, opportunities to utilise a range of initiatives constantly arise. This may involve coordinating Group companies and divisions on different activities, exchanging best practice or defining consistent working methods. This may also be satisfying a need for more depth and understanding of specific sustainability issues. The teams involved are managed by the Group's central sustainability function, and sustainability managers, controllers, corporate communication executives and HR representatives from divisions and companies also participate.

WHISTLEBLOWER FUNCTION

Addnode Group's whistleblower function gives everyone the opportunity to report suspicions of serious impropriety. In the first instance, we encourage staff to approach their first-line manager. If they feel unable to report the information openly, they can also report their suspicions to the Board of Directors through the Chair of the Audit Committee. Information on the whistleblower function is an element of the training in our Code of Conduct and Sustainability Policy.

The existing function will be reviewed in 2022 to ensure it satisfies the EU's new whistleblower directive, which comes into effect on 17 July.

Addnode Group's whistleblower function is available at addnodegroup.com

TRAINING ON OUR CODE OF CONDUCT AND SUSTAINABILITY POLICY

Addnode Group's Group-wide Code of Conduct and Sustainability Policy was adopted by the Board of Directors in early-2021. Its guidelines set a foundation for our sustainability work and day-to-day conduct in a number of key segments that include consideration for people, communities and the environment.

To ensure all staff are familiar with the expectations applied on them, and how we should assume collective responsibility for complying with our Code of Conduct and Sustainability Policy, in 2021, we launched a web-based training package, which has five parts. The first part introduces sustainability and the specific issues that are current and relevant to Addnode Group's operations. The second gives staff knowledge and understanding of our five focus areas. The third focuses on our Code of Conduct and ethics issues. The fourth is about Addnode Group's values and corporate culture. The fifth and final part reviews our whistleblower function.

The training package takes about 25 minutes and consists of text components, interactive elements and exercises, and videos of the President to reinforce the content and message. The first launch to the Group's some 1,900 staff was in November 2021. The intention is for all staff to take the training every year.

Addnode Group's complete Code of Conduct and Sustainability Policy is available at addnodegroup.com

KEY PERFORMANCE INDICATOR

SHARE OF EMPLOYEES THAT HAVE TAKEN TRAINING ON OUR CODE OF CONDUCT AND SUSTAINABILITY POLICY

The activity we have chosen to monitor in this focus area is for all employees to be familiar with our Code of Conduct and Sustainability Policy. We achieve this by all staff taking web-based training each year.

Definition

Number of employees that have taken the Group-wide web-based training on the Code of Conduct and Sustainability Policy in relation to total number of employees.

Employees are defined as permanent, part-time and project staff.

Sample

All employees.

Performance in 2021

Share of employees that have taken the Group's Code of Conduct and Sustainability Policy training: 70%

REPORTING ACCORDING TO THE EU TAXONOMY REGULATION
ARTICLE 8 OF EU REGULATION 2020/852

TAXONOMY REGULATION – BACKGROUND

The Taxonomy Regulation is a core component of the EU Commission's action-plan to direct capital flows towards a more sustainable economy. The EU Taxonomy Regulation sets a framework that is designed to help investors identify and compare environmentally sustainable investments through a collective classification system for environmentally sustainable economic activities. The Taxonomy Regulation covers 11 sectors, generating an estimated 95% of emissions in the EU.

For a specific economic activity to be classified as environmentally sustainable, it should make a material contribution to one or more of six predetermined environmental goals, not cause significant damage to any of the other goals, and satisfy certain minimum safeguard criteria. It also requires the activity to be consistent with detailed terms & conditions, such as technical screening criteria, adopted by the EU Commission in delegated acts to the Regulation. The Taxonomy Regulation is based on a binary approach, which means that an economic activity is either environmentally sustainable or it is not.

Companies with over 500 employees, whose shares trade on a regulated market place and are thereby covered by the EU directive on non-financial reporting, should include information on how, and the extent to which, operations are linked to taxonomy-related activities in their Sustainability Reports.

ANALYSIS OF ADDNODE GROUP'S BUSINESSES

Addnode Group's business should be assessed based on the operational reviews that have been defined to date for two of the taxonomy regulation's six environmental objectives: "climate change mitigation" and "climate change adaptation."

To assess which economic activities that are relevant to Addnode Group, the Taxonomy Regulation and delegated acts need to be interpreted. Our interpretations are based on information available on 31 January 2022. After a review and analysis of the Group's digital solutions and services, three economic activities have been identified in the delegated acts for the information and communication sector that are most relevant for Addnode Group to consider.

1. Data processing, hosting and related activities (delegated act I, chapter 8.1)

Addnode Group does not provide any straight hosting services. A limited portion of the Group's digital solutions are delivered as SaaS services, where hosting is an integrated component. However, most of the content of these SaaS services are software, while technical hosting is a very limited part that cannot be separated. Accordingly, the assessment is that Addnode Group does not have any activity in this business segment that could make a significant contribution to limiting climate change.

2. Data-driven solutions for GHG emissions reductions (delegated act I, chapter 8.2)

Addnode Group's digital solutions, as reviewed on page 39 of the Sustainability Report and elsewhere, can be used to promote positive sustainability effects, such as the reduced consumption of energy or resources in customers' operations, or in their offerings to their customers. However, in and of themselves, these solutions are not directly considered to make a material contribution to reducing GHG emissions. Accordingly, the assessment is that Addnode Group does not have any activities in this business segment that could make a material contribution to limiting climate change.

3. Computer programming, consultancy and related activities (delegated act II, chapter 8.2)

Proprietary software and related services are part of Addnode Group's offerings in all the Group's three divisions. However, the solutions are not what is known as enabling activities directly intended to make a material contribution to preventing or reducing negative consequences on climate change. Nor is there any need to take action to make Addnode Group's own operations resistant to climate change. Accordingly, the assessment is that Addnode Group neither has sales in any activity that can make a material contribution to climate change adaptation, nor capex or opex to make the Group's own operations resistant to climate change.

Based on the above analysis, Addnode Group's assessment is that the Taxonomy Regulation is non-eligible to the Group's economic activities. However, some uncertainty remains as to how the Taxonomy Regulation should be implemented, and accordingly, the expectation is that interpretation and practice around reporting will evolve over time.

REPORTING OF KEY PERFORMANCE INDICATORS

Because the assessment is that the Taxonomy Regulation is not applicable to Addnode Group's economic activity, no share of net sales is reported as eligible for 2021. This also means that no capex or opex associated with the Group's economic activity should be considered eligible.

However, capex or opex for product and service procurement from suppliers whose operations are taxonomy eligible and that contribute to reducing emissions in the Group's operations are eligible according to the Taxonomy Regulation. Addnode Group did not incur any such expenditure in 2021.

AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of Addnode Group AB (publ),
corporate identity number 556291-3185

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory Sustainability Report presented on pages 33–51 for the year 2021 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory Sustainability Report. This means that our examination of the statutory Sustainability Report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A Sustainability Report has been prepared.

Anna Rosendal
Authorised Public Accountant
PricewaterhouseCoopers AB

Stockholm, Sweden, 25 March 2022

CORPORATE GOVERNANCE

CHAIRMAN'S STATEMENT
A YEAR OF HIGH ACTIVITY LEVELS IN MANY FIELDS

Supported by the Board of Directors, Addnode Group's Management has navigated the company through an unusual period that now appears to be nearing its end. We can conclude that things went well; in 2021, Addnode Group reported its best earnings to date. Encouraged by our successes, we are now looking ahead to keep evolving our operations.

Looking back at a period that now appears to be nearing its end, I can conclude that in the first year of the Covid-19 pandemic, we were really occupied with the acute phase of the crisis. We worked on risk scenarios modelling differing courses of events. Many of these issues were about cost savings, and how we could protect our colleagues without this simultaneously impacting our business. In the past year, 2021, we were able to shift our focus back to our business and capitalise on a robust market recovery. Sales and profitability performance accelerated through 2021, and we are now prioritising forward-looking strategic issues.

In 2021, the Board of Directors formulated a proposal on a long-term share-based incentive programme for senior executives, that was then submitted to, and adopted by, the AGM. The intention of this programme is that with a personal investment, Addnode Group executives will be able to benefit from, and work for, positive value growth of the company's shares. This programme should also create the potential to retain and hire skilled professionals for the Group, and offer them competitive compensation.

Cybersecurity is a segment that a growing number of companies are being compelled to focus on. During the Covid-19 pandemic, society's digitalisation accelerated, working from home expanded, and new digital ways of working appeared, which combined, have created scope for a growing number of more sophisticated cyber attacks. Over the past year, Addnode Group sharpened its focus on these issues. We developed and consolidated our processes and reporting structures, while also scaling up technology surveillance.

"In the past year, 2021, we were able to shift our focus back to our business and capitalise on a robust market recovery. **Sales and profitability performance accelerated through 2021**, and we are now prioritising forward-looking strategic issues."

The digital solutions Addnode Group companies deliver are used by customers to help realise a more sustainable society in a wide variety of ways, everything from resource and energy efficiency, to improved health, infrastructure and accessibility. This segment is important to us, both because we want to remain relevant to our customers, but also because as a business and employer, we want to nurture our people and the environment in our own operations. In 2020, the Group prepared its first collective Code of Conduct and Sustainability Policy, adopted by the Board in early-2021.

In the year, the Board of Directors dealt with renewing the Group's credit facility, which expands our acquisition capacity, but also devoted more resources to screening new acquisition targets. We can conclude that there are more opportunities, and the number of companies we are currently screening increased continuously through 2021.

Encouraged by our successes in 2021, and our sights set on new opportunities, I'm looking forward to continuing to work towards the successful execution of our strategy alongside the rest of the Board of Directors and Management: using sound risk-taking to acquire and develop cutting edge enterprises that digitalise society.

STAFFAN HANSTORP,
CHAIRMAN OF THE BOARD

CORPORATE GOVERNANCE REPORT
ADDNODE GROUP

Addnode Group's governance is formalised by external regulations and internal governance documents. External regulations include the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers, and other applicable legislation and regulation. Internal governance documents include the Articles of Association adopted by the AGM, the Board's Rules of Procedure, and the Board's instructions for the CEO, as well as the Group's Code of Conduct and Sustainability Policy.

Addnode Group AB ("Addnode Group") applies the Swedish Corporate Governance Code (also referred to as "the Code"). The Code is based on the "comply or explain" principle, which means that a company that applies the Code may depart from individual provisions, but in such cases, must provide an explanation for the departure. Addnode Group is not reporting any departures from the Code in 2021.

No breaches of applicable stock market rules or generally accepted practice on the stock market were reported with respect to Addnode Group by Nasdaq Stockholm's Disciplinary Committee or the Swedish Securities Council in 2021.

FOR MORE INFORMATION

- Nasdaq Stockholm, nasdaqomxnordic.com
- The Swedish Code of Corporate Governance, bolagsstyrning.se
- The Swedish Financial Supervisory Authority, fi.se
- Addnode Group's website, addnodegroup.com

GOVERNANCE

SIGNIFICANT EVENTS IN 2021

- Magnus Falkman became President of TECHNIA and President of the PLM division on 1 January 2021. He succeeded Jonas Gejer, who then became a new member of Group Management as Vice President of Business Development.
- In tandem with completing the acquisition of S-GROUP Solutions AB on 1 April 2021, Addnode Group's Board of Directors decided to issue 204,802 new class B shares as part of the total purchase consideration. The non-cash issue was conducted with previous AGM authorisation.
- In May 2021, Aeternum Capital AS acquired 285,000 class B shares and 115,000 class A shares of Addnode Group AB from principal shareholder Aretro Capital Group AB. As of 30 December 2021, Aeternum Capital held 115,000 class A shares and 994,000 class B shares, or 3.3 per cent of the capital and 5.0 per cent of the votes of Addnode Group.
- After a resolution by Addnode Group's AGM in May 2021, Addnode Group created a long-term incentive programme for some 60 managers and senior executives.
- With authorisation from the AGM 2021, in September 2021, the Addnode Group's Board of Directors decided to repurchase class B treasury shares. The main purpose of using this authorisation was to enable delivery of shares associated with implementation of Addnode Group's share-based incentive programme. 200,000 shares were repurchased on Nasdaq Stockholm on 29 October 2021, which remained in treasury as of 30 December 2021.
- In December 2021, Addnode Group announced that Rolf Kjaernsli, President of the Design Management division, had decided to leave Addnode Group. CEO & President Johan Andersson became Interim Division President effective 1 January 2022. In tandem with this, Jens Kollserud, President of the subsidiary Symetri, became a member of Addnode Group's Group Management.

OWNERSHIP STRUCTURE AND VOTING RIGHTS

Addnode Group is affiliated to Euroclear Sweden AB. This means that no share certificates are issued and that Euroclear Sweden maintains a register of the company's shareholders and nominees.

Addnode Group's share capital is made up of class A and class B shares. Class A shares carry ten votes each, and class B shares carry one vote each. Class A and B shares are entitled to dividends. All shares are equally entitled to the company's assets. On request from their holder, class A shares can be converted to class B shares.

On 30 December 2021, Addnode Group had 7,145 shareholders, and the proportion of foreign ownership was 22 per cent. The proportion of institutional ownership, including equity funds, was 69 per cent.

Aretro Capital Group AB was the largest shareholder with 5.4 per cent of the share capital and 15.1 per cent of the votes. Verg AB is the second largest owner, with 1.1 per cent of the share capital and 8.5 per cent of the votes. Aretro Capital Group AB is held jointly through companies by Addnode Group's Chairman, Staffan Hanstorp, and Jonas Gejer, Addnode Group's Vice President of Business Development.

Corporate Governance Report, cont.

NOMINATION COMMITTEE

The AGM 2021 resolved to instruct the Chairman of the Board to contact the four largest shareholders (in terms of votes) in Euroclear Sweden's share register as of 31 August 2021, to each appoint a representative who is not a member of the company's Board, to form the Nomination Committee for the AGM 2021 along with the Chairman of the Board.

The Chair of the Nomination Committee will be that member appointed by the largest shareholder in terms of votes, unless its members decide otherwise. The Chairman of the Board should not serve as Chair of the Nomination Committee.

The duty of the Nomination Committee is to protect the interests of all shareholders and submit recommendations to the following year's AGM on the following:
- Chair of the AGM
- Directors
- Chairman of the Board
- Fees for each Director
- Fees for committee work
- Nomination Committee for the following year
- Auditors and audit fees

The Board's Audit Committee assists the Nomination Committee in the work on submitting recommendations for the election of auditors and the auditors' fees. The Audit Committee evaluates the work of the auditors and informs the Nomination Committee about the results of its evaluation.

Nomination Committee for the AGM 2022

The composition of the Nomination Committee was announced in a press release that was published on 20 October 2021 and is also uploaded to Addnode Group's website.
- Jonas Gejer, appointed by Aretro Capital Group AB. Jonas Gejer is Chair of the Nomination Committee as representative of the largest shareholder in terms of votes
- Hans Christian Bratterud, appointed by Odin Fonder
- Marianne Nilsson, appointed by Swedbank Robur Fonder
- Robert Vicsai, appointed by SEB Investment Management
- Staffan Hanstorp, Chairman of the Board of Addnode Group

All Nomination Committee members, apart from Jonas Gejer and Staffan Hanstorp, are independent of the company and Group Management, as well the largest shareholder in terms of votes.

Addnode Group, through its Nomination Committee, applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy when considering recommendations for the election of Directors. Ahead of the AGM 2022, the Nomination Committee met on four occasions until the date of publication of this Annual Report. The Nomination Committee represented approximately 33 per cent of the vote as of 30 December 2021. As the basis for the Nomination Committee's work, the company's President made a presentation on the company's operations and strategic direction. In addition, the Chairman of the Board presented an annual appraisal of Directors' performance. The Chairman of the Board also reviewed the work of the Board in the year.

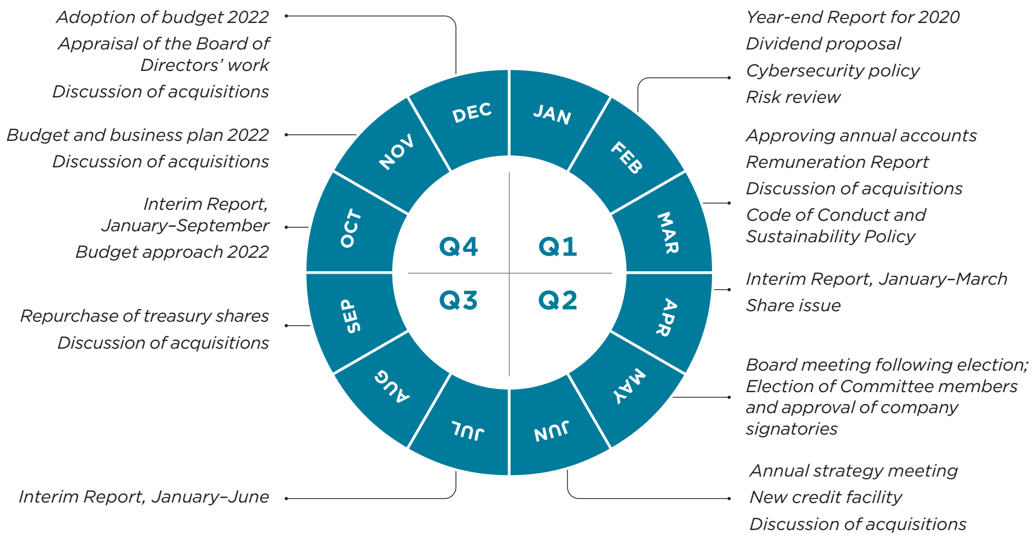
ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is Addnode Group's chief decision-making body. Shareholders exercise their right to make decisions on Addnode Group's affairs at AGMs or, where applicable, Extraordinary General Meetings (EGMs). The AGM is normally held in April or May.

The AGM resolves on the following:
- Adopting the annual accounts
- Dividend
- Election of Directors and auditors
- Directors' and audit fees
- Guidelines for remuneration of Group Management and other senior executives
- Nomination Committee
- Remuneration Report
- Other important matters

An EGM may be held if the Board deems it necessary or if Addnode Group's auditors or owners of at least 10 per cent of the shares so request.

HIGHLIGHTS OF THE BOARD OF DIRECTORS' WORK IN 2021



Corporate Governance Report, cont.

AGM 2021

The AGM 2021 was held on 6 May 2021. Chairman of the Board Staffan Hanstorp was elected as Chairman of the AGM, in accordance with the Nomination Committee's proposal. The minutes of the AGM are available from Addnode Group's website.

Staffan Hanstorp was re-elected Chairman of the Board. In accordance with the Nomination Committee's proposal, all Directors were re-elected: Jan Andersson, Kristofer Arwin, Johanna Frelin, Sigrun Hjelmquist, Thord Wilkne and Kristina Willgård. The AGM approved the Nomination Committee's proposed Directors' fees and the Board's proposed guidelines for remuneration and terms of employment for the President and other senior executives. The AGM resolved to adopt the Board of Directors' proposed dividend of SEK 2.50 per share for the financial year 2020.

The AGM also resolved on the adoption of a long-term share-based incentive programme (the "LTIP 2021"), for managers of Addnode Group, which means that participants will gain the opportunity to acquire call options on Addnode Group's repurchased class B shares at market price. The maximum number of call options to be issued would be 225,000, or approximately 0.67 per cent of the total number of shares and approximately 0.53 per cent of the total number of votes of Addnode Group. Each call option confers entitlement to purchase one (1) repurchased class B share of the company in specific stated periods from the day after publication of the Interim Report for July–September 2024, the Year-end Report for 2024, and the Interim Report for January–March 2025, although no later by than 10 June 2025 inclusive.

Authorisations granted by the AGM

The AGM authorised the Board to decide, on one or more occasions in the period until the next AGM, to purchase a maximum number of class B shares so that the company's holding following such purchase would be an aggregate maximum of 10 per cent of the total number of shares of the company at any given time. The Meeting also authorised the Board to decide, on one or more occasions prior to the next AGM, on the transfer of class B shares in the company to a third party. The number of shares transferred may not exceed the total number of treasury shares held by the company at any given time. The reasons for allowing the Board to depart from shareholders' preferential rights include enabling the finance of potential company acquisitions and other types of strategic investment cost-efficiently, and enabling the delivery of shares associated with implementing the company's long-term share-based incentive programme. Up to and including the date of publication of this Annual Report, 200,000 shares had been purchased with this authorisation, and all shares remain in treasury.

The AGM also authorised the Board to decide, on one or more occasions in the period until the next AGM, on the new issue of class B shares, with or without waiving shareholders' preferential rights. The total maximum number of class B shares that could be issued with support with this authorisation is 10 per cent of the outstanding class B shares of the company at the time of the first exercise of the authorisation. This authorisation should also include entitlement to decide on the new issue of class B shares with provisions on payment in kind, or shares to be subscribed with right of offset or other terms and conditions stated in chap. 13 §7 of the Swedish Companies Act. The reason for departing from shareholders' preferential rights is to enable private placements to execute acquisitions of all or parts of other companies or operations. The corresponding authorisation from the AGM 2020 was exercised in tandem with completing the acquisition of S-GROUP Solutions AB on 1 April 2021, when 204,802 new class B shares were issued as part of the purchase consideration.

BOARD OF DIRECTORS

The Board of Directors has overall responsibility for Addnode Group's organisation and administration.

The Board's duties

The Board of Directors' main duty is to protect the company's and shareholders' interests, appoint the President and bear responsibility for the company's compliance with applicable laws, the Articles of Association and the Swedish Code of Corporate Governance.

The Board reports each year to the shareholders on how corporate governance in Addnode Group is exercised in the Corporate Governance Report. The Board's work governed by regulatory structures including the Swedish Companies Act, applicable rules for listed companies, including the Swedish Corporate Governance Code, the Articles of Association, other laws and regulations, and the Board's and its Committees' internal Rules of Procedure.

The Board considers and decides on Group-wide matters, including:

- Strategic direction
- Short and long-term targets
- Significant matters such as financing, investments, acquisitions and divestments
- Monitoring and verification of information and organisational matters, including evaluation of the Group's organisation and executive management
- Appointment and, where necessary, dismissal, of the company's President
- Overarching responsibility for establishing effective systems for internal control and risk management, and Group-wide policies

The Board's composition

According to the Articles of Association, Addnode Group AB's Board of Directors should consist of three to eight members elected by the AGM for a term through the end of the next AGM. The Articles of Association allow the election of deputy Directors, although there are currently no deputies elected by the AGM. The Articles of Association contain no general stipulations on the appointment or dismissal of Directors. The Board of Directors has seven members. For more information on the Directors, see page 62.

Director independence

According to the Code, a majority of Directors elected by shareholders' meetings should be independent of the company and its management, and at least two should also be independent of the company's major shareholders. Addnode Group's Board of Directors is considered to satisfy this requirement on Director independence. All Directors, apart from Staffan Hanstorp, are considered independent. Chairman of the Board Staffan Hanstorp was formerly President and CEO of Addnode Group AB, and through his part-ownership of Aretro Capital Group AB, is the largest shareholder of Addnode Group in terms of votes, and accordingly, is not considered independent of the company and its management, or the company's major shareholders.

Corporate Governance Report, cont.

The Board's Rules of Procedure and Board meetings

Each year the Board adopts written Rules of Procedure stating the Board's responsibilities and regulating the Board's and its Committees' internal delegation of duties, including the Chairman's role, the Board's decision-making processes, notices convening Board meetings, agendas and minutes, and the Board's work on accounting and audit issues, as well as financial reporting. Decisions on amendments of these instructions may be made at Board meetings in the course of the financial year if the Board deems it necessary.

According to the Rules of Procedure, the Chairman should:

- Consult with the President on strategic issues and, through regular and frequent contact with the President, closely monitor Addnode Group's performance
- Lead the Board's work and ensure that Directors continuously receive the information required to monitor business performance
- Consult with the President on the agenda for Board meetings
- Ensure that matters are dealt with in a manner that is not in conflict with the Companies Act, other laws and regulations or the Articles of Association
- Serve as Chair of the Remuneration Committee

The Rules of Procedure also include detailed instructions for the President and other company functions on issues that require the Board's approval. The instructions stipulate the maximum amount that the various decision-making bodies of the Group are authorised to approve in terms of agreements, credit facilities, investments and other expenditure. According to the Rules of Procedure, a Board meeting following election should be held immediately after the AGM. Decisions on Addnode Group's authorised signatories and the Directors to serve on the Board's two consultative committees, the Remuneration Committee and the Audit Committee, are taken at this meeting. Although Committee work is mainly consultative and advisory, in special cases, the Board may delegate decision-making authority to the Committees. According to the Rules of Procedure, the Board should meet at least four times per year, and when necessary otherwise.

The Board's work in 2021

The Board held 13 meetings in 2021, of which one was the Board meeting following election held directly in conjunction with the AGM. All Board meetings in the year followed an approved agenda, which was provided to the Directors prior to each meeting with supporting documentation for each agenda item. Meetings normally take half a day, while the Board's annual strategic meeting is held over a full day to allow time for more in-depth discussion. The President and CEO attend Board meetings to make presentations. The CFO serves as secretary of the Board. Division Presidents are invited to Board meetings on a regular basis to present reviews of their operations.

Other Group employees attend Board meetings to reports on specific matters when the Board deems it necessary. Permanent agenda items at Board meetings include a presentation by the President and monthly financial reporting, as well as the outlook for the coming quarter.

BOARD MEMBERS AND MEETING ATTENDANCE, 2021

Name	Function	Committee position	Elected in	Independent of company and management/shareholders	Attendance at Board meetings	class A shares	class B shares
Staffan Hanstorp[1]	Chairman of the Board	Chair of Remuneration Committee	2017	No/No	13/13	510,332	1,303,597
Jan Andersson	Director	Chair of Audit Committee	2012	Yes/Yes	13/13	–	15,000
Kristofer Arwin	Director	Member of Audit Committee	2012	Yes/Yes	13/13	–	2,180
Johanna Frelin	Director	–	2017	Yes/Yes	13/13	–	–
Sigrun Hjelmquist[2]	Director	Member of Audit Committee	2009	Yes/Yes	13/13	–	2,000
Thord Wilkne[3]	Director	Member of Remuneration Committee	2008	Yes/Yes	13/13	–	435,000
Kristina Willgård	Director	–	2020	Yes/Yes	13/13	–	500
						510,332	**1,758,277**

1) Including 510,332 class A shares and 1,299,624 class B shares held by Aretro Capital Group AB that Staffan Hanstorp holds 50 per cent of the shares of via companies.
2) Including spouse's holding of 1,000 shares.
3) Including spouse's holding of 35,000 shares.
All Directors' shareholdings are as of 30 December 2021. Fees to the Chairman and Directors are stated in note 5 of the annual accounts.

Corporate Governance Report, cont.

In addition, the Board dealt with a number of other matters at its meetings in 2021, with special attention on the following:

- Strategy and acquisition matters
- The Covid-19 pandemic and its impact on operations
- Refinancing
- Business plan including budget
- Code of Conduct and Sustainability
- Competence, leadership succession and incentive programmes
- Reports from the Audit Committee on matters including internal controls and the audit
- Corporate governance issues
- Full-year and interim financial statements
- Review of risk metrics covering business and market risks, as well as sustainability issues
- Cybersecurity
- New issue for acquisitions, and the purchase of treasury shares
- Dividend proposal for the financial year

Quality-assurance of financial reporting

The Rules of Procedure adopted each year by the Board include detailed instructions on the financial reports and information to be provided to the Board. In addition to the Year-end Report, Interim Reports and the annual accounts, the Board reviews and evaluates extensive financial information relating to the Group as a whole and its various units. The Board also considers information on risk assessments, disputes and any impropriety that may impact Addnode Group's financial position. Primarily through the Audit Committee, the Board also reviews the critical accounting policies the Group applies for financial reporting, as well as significant amendments to policies. The duties of the Audit Committee include reviewing reports on internal controls and financial reporting procedures.

The Group's auditors' report to the Board at least once per year and whenever necessary. At least one of these reports is presented without the President or any other member of Group Management being in attendance. The Group's auditors also attend Audit Committee meetings. The Audit Committee Chair presents a report to the Board after each meeting. All Audit Committee meetings are documented by minutes, which are available to all Directors and the auditors.

Appraisal of the Board of Directors

The Board performs an annual self-assessment of its work. All Directors are requested to complete a written questionnaire on working methods and sentiment within the Board, the focus of the Board's work, as well as the availability of, and need for, specific expertise on the Board. The Directors' written responses are then compiled in a report. Pursuant to the Rules of Procedure, this report is presented and the outcomes of the assessment are discussed at a regular Board meeting. This assessment is used as a means to develop the Board's work and serves to support the work of the Nomination Committee.

Directors' fees

Fees paid to the AGM-elected Directors are set by the AGM based on the Nomination Committee's recommendation. For the period between the AGMs of 2021 to 2022, a fixed fee of SEK 450,000 (400,000) is payable to the Chairman of the Board, and SEK 225,000 (200,000) is payable to each of the other Directors. In addition, a fee may be payable on account for special service (consulting, etc.) by Directors in their individual areas of expertise, provided that such service is approved in advance by the Chairman of the Board or by two Directors. A fee of SEK 85,000 (55,000) is payable to each of the two regular members of the Board's Audit Committee, and a fee of SEK 125,000 (85,000) is payable to the Chair of the Audit Committee. A fee of SEK 25,000 (20,000) is payable to each of the members of the Remuneration Committee. The AGM also resolved to continue using the services of Chairman of the Board Staffan Hanstorp on a consultancy basis for service related to the Group's acquisition candidates, financing matters, strategic partnerships and overarching strategic issues. A maximum monthly fee of SEK 180,000 is payable for such service.

There are no agreements concerning pensions, severance pay or other benefits for Directors.

COMMITTEES

The Board has established a Remuneration Committee and an Audit Committee. The work of these Committees is mainly consultative and advisory, but the Board may delegate decision-making authority to the Committees in special cases. Committee members and the Committee Chairs are appointed at each year's Board meeting following election.

Remuneration Committee

The Remuneration Committee's main duty is to represent the Board on matters concerning remuneration and terms of employment of the President and other senior executives based on the guidelines for remuneration and terms of employment of the President and other senior executives adopted by the AGM. The Committee reports on its work to the Board regularly. The Remuneration Committee's members are Chairman of the Board Staffan Hanstorp and Director Thord Wilkne. The Remuneration Committee held four meetings in 2021.

Audit Committee

The Audit Committee's main duty is to monitor procedures governing Addnode Group's financial reporting and internal controls in order to ensure the quality of external reporting. The Audit Committee's members are Jan Andersson (Committee Chair), Sigrun Hjelmquist and Kristofer Arwin. The Audit Committee held five meetings in 2021. All members attended all meetings. The Audit Committee's duties include:

- Reviewing the financial statements and addressing accounting issues that impact the quality of the company's financial reporting
- Monitoring the effectiveness of internal controls over financial reporting, including risk management
- Supervising the audit and evaluating the work of the auditors
- Evaluating auditor objectivity and independence
- Assisting the Nomination Committee

Corporate Governance Report, cont.

AUDITOR

The auditor is appointed by the AGM and reports on its audit of the annual accounts, accounting records and the consolidated accounts, as well as on the Board of Directors' and President's administration of Addnode Group. The auditor also conducts a review of the Nine-month Interim Report.

The AGM 2021 re-elected public audit firm PricewaterhouseCoopers AB (PwC), with Authorised Public Accountant Anna Rosendal as senior auditor. To ensure compliance with the information and control standards applied by the Board, the auditor attends Audit Committee meetings and reports on all material accounting issues as well as on any misstatements or impropriety. The auditor also reports directly to the Board of Directors at Board meeting, at least once a year.

The fees paid by Addnode Group to the auditor, for both audit and non-audit-related assignments, are specified in Note 6 of the annual accounts, Audit fees.

PRESIDENT AND CEO

The President and CEO is responsible for the day-to-day administration of the Group's operations in accordance with the Board's guidelines and instructions. The President provides the Board with the necessary documentation for its work both prior to and between Board meetings.

Group Management

The President appoints the other members of Group Management, who consist of the CFO, the VP of M&A, VP of Business Development, and the Presidents of the three divisions, Design Management, Product Lifecycle Management and Process Management. The President of the subsidiary Symetri is also a member of Group Management effective 1 January 2022. The members of Group Management are responsible for implementing the Group's strategy in their individual areas of responsibility, and bear overall responsibility for Addnode Group on long-term and strategic issues, such as the Group's organisation, acquisitions, trademarks and brands, investments and financing. Group Management meetings are held monthly to review the Group's financial performance, acquisitions and Group-wide matters, as well as strategic discussions. In addition to these scheduled meetings, Group Management also regularly reviews matters as necessary. The President and other members of Group Management are presented on page 63.

Group functions

Addnode Group AB's Finance, Corporate Communication, M&As and Business Development functions are managed by the President.

Divisions

The three divisions – Design Management, Product Lifecycle Management and Process Management – make up Addnode Group's operational structure. Pursuant to adopted strategies, Division Presidents are accountable for the operations of the individual divisions and report to Addnode Group's President and CEO. Division Board meetings are held quarterly to review matters including financial performance, strategic matters, acquisitions, product investments and risk. Financial review meetings are also held monthly. In addition to the Division Presidents, Division Controllers, the Group CEO and CFO attend these meetings.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Board of Directors bears overall responsibility for internal controls over financial reporting. The Board has established an Audit Committee to consult on the Board's work on controls over the company's financial reporting. The following has been prepared in accordance with the Swedish Corporate Governance Code (the Code) and is the Board's review of the company's systems for internal controls and risk management for financial reporting.

Addnode Group's control environment

Addnode Group's control environment includes the values and ethics that the Board, the President and Group Management communicate and comply with. They are also defined in the Group's Code of Conduct and Sustainability Policy. This is complemented by the Group's organisational structure, leadership, accountability and authorisations, as well as staff competences.

The Board works continuously on risk assessment and management. Addnode Group's Board has decided not to create a dedicated internal audit function for internal controls. The Board's opinion is that Addnode Group's existing organisation and control structures enable effective operations, identify risks in financial reporting and ensure compliance with applicable laws and regulations. Addnode Group has a decentralised business model in which governance, risk management and regular financial reporting are conducted primarily by the business divisions. This is backed by a central Accounting function responsible for monitoring the divisions' financial reporting, and for external financial reporting.

Responsibilities and authorisations are defined in instructions for rights of authorisation, manuals, policies, routines and the Code of Conduct. Examples include the Articles of Association, the Board's Rules of Procedure, instructions on the segregation of duties between the President and the Board, the instructions on financial reporting, the Finance Policy, and the Financial Manual with accompanying Accounting Manual.

These guidelines, together with laws and external regulations, make up the control environment. The Board tests the relevance and pertinence of these instructions on a regular basis. Responsibility for continuously maintaining an effective control environment and the day-to-day work on internal controls over financial reporting is delegated to the President. Group Management and other senior executives are accountable for internal controls in their individual areas of responsibility.

Risk assessment

The Audit Committee regularly assesses the Group's risks related to financial reporting, and reports to the Board. Its aim is to identify events in the market or operations that could result in changes in the value of assets and liabilities. Another important part of risk assessment involves staying abreast of changes to accounting rules and ensuring that any changes are correctly conveyed in financial reporting. The CFO is responsible for the consulting on the Audit Committee's opinions and for operational monitoring of risks identified. The company's monthly financial reporting and the reports that are submitted each month by the Division Presidents and the managers that report directly to them are an important component of risk assessment.

Control activities
The control structures have been designed to manage the risks that the Board and management deem most material to operations and financial reporting. Addnode Group's control structures consist in part of an organisation with clear roles that facilitate the effective and suitable delegation of duties and responsibilities, and in part of instructions and specific control activities aimed at detecting or preventing risks of misstatement in reporting in a timely fashion.

Examples of control activities include:
- Clear decision-making processes and authorisation instructions for important decisions (e.g., purchases, investments, agreements, and acquisitions and divestments)
- Monthly earnings and liquidity analyses with variance monitoring from budgets and forecasts
- Monthly risk assessment of overdue accounts receivable and major projects
- Automatic verifications in IT systems that are essential to financial reporting and other analytical monitoring and reconciliation
- Self-assessment of internal controls in selected companies

Monitoring
Control activities are monitored continuously to ensure that risks have been identified and addressed satisfactorily. Monitoring is conducted informally and formally, and involves reconciliation of monthly financial reports against budget, forecast and other predetermined targets. Monitoring to ensure the effectiveness of internal controls over financial reporting is conducted by the Board, the President, Group Management, and individuals in the Group's divisions and companies who are responsible for operations. A self-assessment process has also been created, where the group's subsidiaries assess the status of their internal control environments. The outcome is followed up at Division and Group levels, and by the Group's auditors. The outcome of these self-assessments are consolidated and presented to the Audit Committee.

The Audit Committee reviews reports on internal controls and financial reporting processes, as well as analysis by the Group and Divisional managements. The company's auditors report to the Audit Committee in tandem with their review of the Nine-month Interim Report, Year-end Report, and annual accounts. The Audit Committee also maintains regular contact with the company's auditors.

Information and communication
Guidelines governing financial reporting are communicated to employees through targeted communication initiatives, regular information meetings with the Group's controllers and financial managers, and manuals, Group-wide policies and codes that are published on Group-wide systems. Such information includes methodologies, instructions and practical checklists, descriptions of roles and responsibilities, and overarching timetables for budgets, forecasts, monthly reports, quarterly book-closings and work on the annual accounts, for example. The CFO is responsible for ensuring that information and training activities are conducted regularly with Divisional heads of finance/accounting and administration. The effectiveness of this communication is followed up on a regular basis to ensure receipt of information. In addition, there are informal channels for employees to communicate important information with relevant recipients – ultimately the Board of Directors where necessary. Addnode Group also has a whistleblower function that is accessible via the Group's website with contact information for the Audit Committee Chair, who in turn, is responsible for informing the Board about matters raised. For communication with external parties, an Insider Policy and Communication Policy state guidelines for external communication. The aim of these Policies is to ensure correct and thorough compliance with all information obligations.

Financial reporting and information
Addnode Group's procedures and systems for issuing information are intended to provide the market with regular and accurate information about the Group's performance and financial position in accordance with applicable regulations and laws. Staff are provided with Group-wide policies, governance documents and manuals on Addnode Group's intranet.

Financial reporting and business information are provided on a regular basis through the following channels:
- Year-end and Interim Reports, published in press releases
- Annual Reports including Sustainability Reports
- Press releases on significant events
- Presentations for financial analysts, investors and the media on the same day that Year-end and Interim Reports are published and in tandem with the publication of other important information
- Meetings with financial analysts and investors

The Board monitors and assures the quality of the financial reporting through instructions on the segregation of duties between the President and the Board, and instructions for financial reporting to the Board. The Audit Committee is responsible for consultation on the Board's work on controls over the company's financial reporting. The Board also assures the quality of financial reporting by thoroughly reviewing Interim Reports, Year-end Reports and the annual accounts at Board meetings. The Board also reviews information on risk assessments, disputes and any impropriety. The Board has delegated responsibility to executive management for ensuring the quality of press releases with financial content as well as presentation material in tandem with meetings with the media, shareholders and financial institutions.

BOARD OF DIRECTORS

STAFFAN HANSTORP

Born 1957. Director since 2017. Chairman since 2017. Chair of Remuneration Committee.

Education and experience: M.Sc. (Eng.), Royal Institute of Technology, Stockholm. Over 35 years' experience as a Sales & Marketing VP, and President, in the IT sector. Founded TECHNIA in 1994, which Addnode Group acquired in 2004. President and CEO of Addnode Group 2007–2017.

Current assignments: Chairman of Byggnadsfirman Viktor Hansson AB, Director of TechSverige, Almega and Carasent ASA.

Addnode Group shareholding: Through companies, 50 per cent of Aretro Capital Group AB, which holds 510,332 class A shares and 1,299,624 class B shares. Personal holdings of 3,973 class B shares.

JAN ANDERSSON

Born 1959. Director since 2012 and Chair of Audit Committee.

Education and experience: M.Sc. (Eng.) in computer engineering. Co-founder of Readsoft, President 1991–2011.

Current assignments: Chairman of Mildef Group AB and DH Anticounterfeit, Director of companies including Entrepenörinvest AB, Innovum Invest AB, Localize Direct AB, Myloc AB and TimeZynk AB.

Addnode Group shareholding: 15,000 class B shares.

KRISTOFER ARWIN

Born 1970. Director since 2012 and member of Audit Committee.

Education and experience: B.Sc. in business administration, finance, Stockholm University. Co-founder of TestFreaks, President 2006–2013. Founded Pricerunner in 1999, President 1999–2005. Director of TradeDoubler 2007–2013, Stagepool 2007–2012, and Alertsec 2007–2017. Director and member of Audit Committee of Kindred Group 2008–2019.

Current assignments: Chairman of TestFreaks AB.

Addnode Group shareholding: 2,180 class B shares.

JOHANNA FRELIN

Born 1969. Director since 2017.

Education and experience: Journalist, B.A. Luther College, USA, MBA, Stockholm School of Economics. 20 years' management experience, including 12 years in SVT's group management. President of Hyper Island and Tengbom.

Current assignments: President of Riksbyggen, Director of Springtime AB and Folksam SAK.

Addnode Group shareholding: None.

SIGRUN HJELMQUIST

Born 1956. Director since 2009 and member of Audit Committee.

Education and experience: M.Sc. (Eng.) and licentiate's degree in engineering physics, Royal Institute of Technology, Stockholm. Active in the Ericsson group 1979–2000, most recently as President of Ericsson Components AB. Investment Manager at BrainHeart Capital 2000–2005. Currently Executive Partner of Facesso AB.

Current assignments: Chairman of Teqnion AB and Trancendent Group AB. Director of Eolus Vind AB and Ragnsellsbolagen AB.

Addnode Group shareholding: 1,000 class B shares. Spouse holds 1,000 class B shares.

THORD WILKNE

Born 1943. Director since 2008 and member of Remuneration Committee.

Education and experience: Accounting qualifications. Co-founder of WM-data, President 1970–1997 and Chairman 1998–2004.

Current assignments: Director of companies including Asia Growth Managment AB and Wilgot AB.

Addnode Group shareholding: 400,000 class B shares. Spouse holds 35,000 class B shares.

KRISTINA WILLGÅRD

Born 1965. Director since 2020.

Education and experience: M.Sc. (Econ.). CFO of Addtech, Finance Manager of Ericsson AB, CFO of Netwise, CFO of Frontec, Business Controller of Spendrups, auditor with Arthur Andersen, Director of Serneke Group AB and Nordic Waterproofing Holding A/S.

Current assignments: President and CEO of AddLife since 2015 samt Director of Mölnlycke Health Care.

Addnode Group shareholding: 500 class B shares.

AUDITOR

The AGM 2021 re-elected registered public accounting firm PricewaterhouseCoopers AB (PwC), with Authorised Public Accountant Anna Rosendal as senior auditor. Other audit assignments: Indutrade AB (publ.) and Dometic Group AB (publ.)

MANAGEMENT

JOHAN ANDERSSON
Born 1974. President and CEO of Addnode Group AB. *Interim President of the Design Management Division effective 1 January 2022.*

Education and experience:
M.Sc. (Econ.), Uppsala University. Executive Management Programme, IFL/Stockholm School of Economics. Served in the Group since 2006 as Vice President of IR and M&A, and as CFO. President and CEO since 2017. Previous experience as an investment bank advisor for tech companies.

Current external assignments:
Chairman of Videnca AB.

Addnode Group shareholding:
98,478 class B shares and 13,000 call options on class B shares.

LOTTA JARLERYD
Born 1966. CFO of Addnode Group AB.

Education and experience:
B.Sc. business administration & economics, and journalism degree, Stockholm University. Previous experience as Authorised Public Accountant, M&A advisor and CFO of companies including Protect Data AB (publ.) and Acando AB (publ.). Active in the Group since 2019.

Current external assignments:
None outside the Group.

Addnode Group shareholding:
7,000 call options on class B shares.

MAGNUS FALKMAN
Born 1976. Division President, Product Lifecycle Management.

Education and experience:
M.Sc. (Eng.), Chalmers University of Technology, economics qualifications, Gothenburg School of Economics. Active in the Group since 2002 in various senior positions.

Current external assignments:
None outside the Group.

Addnode Group shareholding:
9,100 call options on class B shares.

ANDREAS WIKHOLM
Born 1974. President of the Process Management Division.

Education and experience:
Public health graduate, Karolinska Institute. Post-graduate qualifications in business management, accounting and business development. 25 years' IT sector experience as Division President, President and other senior positions. Active in the Group since 2015.

Current external assignments:
None outside the Group.

Addnode Group shareholding:
40,000 class B shares and 7,000 call options on class B shares.

JENS KOLLSERUD
Born 1979. President of Symetri AB.

Education and experience:

Accounting qualifications. Post-graduate business management and development qualifications. Over 20 years' IT sector experience. Active in the Group since 2009 and President of Symetri AB since 2016.

Current external assignments:
None outside the Group.

Addnode Group shareholding:
5,000 call options on class B shares.

Jens Kollserud is a member of Management effective 1 January 2022.

JONAS GEJER
Born 1963. Vice President of Business Development.

Education and experience: Engineering qualifications and Market economics graduate of IHM Business School. One of three co-founders of TECHNIA 1994, which Addnode Group acquired in 2004. President of TECHNIA and President of the PLM Division 2011–2020.

Current external assignments:
None outside the Group.

Addnode Group shareholding:
Through companies, 50 per cent of Aretro Capital Group AB, which holds 510,332 class A shares and 1,299,624 class B shares. Personal holdings of 3,973 class B shares, and 9,100 call options on class B shares.

ADAM NILSSON
Born 1984. Vice President of M&A.

Education and experience:
M.Sc. (Econ.), Stockholm University. Previous experience as a consultant in transactions and financial analysis. Active in the Group since 2018.

Current external assignments:
None outside the Group.

Addnode Group shareholding:
1,250 class B shares and 7,000 call options on class B shares.

ROLF KJÆRNSLI
Born 1958. President of the Design Management Division.

Education and experience:
M.Sc. (Eng.), Norwegian Institute of Technology. Over 30 years' experience as head of R&D and President in the IT sector. Active in the Group since 2005.

Current external assignments:
Director of WK Entreprenør AS.

Addnode Group shareholding:
4,498 class B shares via company.

Rolf Kjærnsli resigned as President of the Design Management Division on 31 December 2021, and accordingly left Management.

SIGNATURES

Staffan Hanstorp
Chairman of the Board

Jan Andersson Director	**Kristofer Arwin** Director	**Johanna Frelin** Director
Sigrun Hjelmquist Director	**Thord Wilkne** Director	**Kristina Willgård** Director

Stockholm, Sweden, 23 March 2022

AUDITOR'S OPINION

To the general meeting of the shareholders of Addnode Group AB (publ), corp. ID no. 556291-3185

ENGAGEMENT AND RESPONSIBILITY
It is the Board of Directors who is responsible for the corporate governance statement for the year 2021 on pages 55–63 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT
Our examination has been conducted in accordance with FAR's recommendation RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Anna Rosendal
Authorised Public Accountant
PricewaterhouseCoopers AB

Stockholm, Sweden, 25 March 2022

FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT

The Board of Directors and President of Addnode Group AB hereby present the annual accounts and consolidated accounts for the financial year 1 January – 31 December 2021. Addnode Group AB (publ), with registered office in Stockholm, Sweden, is a public limited company with corporate identity number 556291-3185.

BUSINESS FOCUS

Addnode Group acquires, operates and develops entrepreneur-led companies that digitalise society. We are a leading European provider of software and services for design, construction, product data information, project collaboration and facility management. Addnode Group is also a leading supplier of document and case management systems to Swedish public authorities.

Operations are organised in three divisions:

- **Design Management**
  – Digital solutions for design, BIM, product data and facility management.
- **Product Lifecycle Management**
  – Digital solutions for the complete lifecycle of products and facilities – from idea, design, simulation and construction to sale, aftermarket and recycling.
- **Process Management**
  – Digital solutions for the public sector that keep track of cases, simplify communication with the public and contribute to more reliable and secure social services.

NET SALES AND EARNINGS

Consolidated net sales in 2021 amounted to SEK 4,077 m (3,807), an increase of 7 per cent, of which 2 per cent was organic. Currency-adjusted organic growth was 3 per cent. The Group's recurring revenue increased by 6 per cent to SEK 2,707 m, accounting for 66 per cent of total revenue.

EBITA increased to SEK 461 m (356) and the EBITA margin increased to 11.3 per cent (9.4). In 2021, personnel costs reduced temporarily by SEK 3 (51) m through central government support, mainly for furloughs. Restructuring costs of SEK 28 m were charged to EBITA in 2020. In 2021, SEK 80 m (80) of expenditure for investments in proprietary software and applications was capitalised.

Scheduled amortisation of intangible non-current assets amounted to SEK –156 m (–127). Operating profit increased to SEK 305 m (229), corresponding to an operating margin of 7.5 per cent (6.0). Profit for 2021 was charged with SEK 4 m (4) in acquisition costs.

The Group's net financial items amounted to SEK –20 m (–18). Profit for the year increased to SEK 223 m (163), and earnings per share increased to SEK 6.65 (4.88).

DIVISIONAL PERFORMANCE

Design Management division

Design Management is one of Europe's leading providers of digital solutions for design, BIM and product data for architects and engineers in the construction and manufacturing industries. The division also has a strong offering in project collaborations and facility management in the Nordic countries, UK and Ireland.

Operations of the Design Management division are conducted by the subsidiaries Symetri, Tribia and Service Works Global (SWG). Symetri is the Nordic region's and UK's largest provider of Autodesk software, peripheral software and services to construction and property companies, the manufacturing industry and its suppliers. Symetri has also developed complementary software for managing product data and local standards and norms in digital design processes, for example. Tribia is a software company that delivers cloud-native collaborative tools for construction and civil engineering projects to contractors and construction companies in the Norwegian and Swedish markets. SWG is a software company that delivers digital solutions for property management and maintenance as well as workplace and facility services. The Nordic countries and the UK are the company's home markets, but SWG is also active in Australia and Canada.

The market conditions facing Symetri's offering progressively improved through 2021 as manufacturing customers became more willing to invest after the Covid-19 pandemic. Demand for property systems and collaborative solutions for construction and infrastructure projects made positive progress. The integration of Excitech, acquired in 2020, was completed in 2021. Design Management's net sales were SEK 1,852 m (1,860). EBITA increased to SEK 204 m (190), and the EBITA margin widened to 11.0 per cent (10.2).

Product Lifecycle Management division

Product Lifecycle Management is a global provider of solutions to digitalise the complete lifecycle of a product or facility – from idea, design, simulation and construction, to sale, the aftermarket and recycling. For our customers, this means shorter lead-times, enhanced innovation, superior efficiency and traceability.

Operations are conducted in our subsidiary TECHNIA, one of Europe's largest vendors of PLM software and consulting services. The division's markets are the Nordics, Benelux, German-speaking parts of Europe, Poland, France, the UK, the USA and Japan.

Board of Directors' Report, cont.

Demand for the division's offerings was stable in the Nordics through the year. Demand in the UK and Germany recovered as the effects of the Covid-19 pandemic across society tapered off. The cost savings programme initiated in 2020 had its intended effect. Product Lifecycle Management's net sales increased to SEK 1,227 m (1,141). Currency-adjusted organic growth of net sales rose 7 per cent. EBITA increased to SEK 117 m (57), and the EBITA margin increased to 9.5 per cent (5.0).

Process Management division
The Process Management division is a leading provider of software and digital solutions to the public sector in Sweden. The solutions contribute to smoother case management, simplified administration and quality-assured processes in contacts between authorities and the public. The division also offers solutions and services in GIS and the social services sector.

The division's operations are conducted via the subsidiaries Adtollo, Arkiva, Canella, Decerno, Elpool, Evitbe, Forsler & Stjerna, Ida Infront, Intraphone, Kompanion, Mittbygge, Netpublicator, S-GROUP Solutions, Sokigo, Stamford and Voice Provider.

Process Management progressed well in 2021 because of good demand for the division's offerings. The division's businesses are well positioned in public tenders thanks to their attractive digital solutions, rigorous experience and good references. Net sales increased to SEK 1,020 m (827), and organic growth was 9 per cent. EBITA increased to SEK 195 m (151), and the EBITA margin increased to 19.1 per cent (18.3). Completed acquisitions in the year contributed to the division's growth and profitability.

KEY PERFORMANCE INDICATORS BY DIVISION

	Net sales		EBITA		Operating profit		Ave. no. employees	
SEK m	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Design Management	1,852	1,860	204	190	146	133	560	565
Product Lifecycle Mgt	1,227	1,141	117	57	72	23	613	654
Process Management	1,020	827	195	151	142	115	595	532
Central functions[1)]	15	14	-55	-42	-55	-42	8	7
Elimination	-37	-35	—	—	—	—	—	—
Addnode Group	**4,077**	**3,807**	**461**	**356**	**305**	**229**	**1,776**	**1,758**

1) EBITA and operating profit of central functions were charged with acquisition expenses of SEK 4 m (4) in 2021.

ACQUISITIONS IN 2021
Addnode Group acquired four companies in 2021, S-GROUP Solutions AB ("S-GROUP"), Elpool i Umeå AB ("Elpool"), Procad Ltd. ("Procad") and Budsoft Sp. z.o.o. ("Budsoft").

S-GROUP
Addnode Group acquired S-GROUP, which specialises in business-related GIS solutions for municipalities, water utilities and surveyors, on 1 April 2021. S-GROUP has sales of some SEK 150 m and over 70 staff. The purchase consideration was approximately SEK 340 m, consisting partly of cash, and partly new class B shares issued to the seller. Operations were consolidated into Addnode Group's Process Management division effective April 2021.

Elpool
Addnode Group acquired Elpool, which brings skills in digital solutions for extending and maintaining power networks, on 3 May 2021. The company has sales of some SEK 6 m. Operations were consolidated into Addnode Group's Process Management division effective May 2021.

Procad
Procad, a leading Autodesk provider on the Irish market, was acquired on 1 June 2021. The company has 18 staff and sales of some SEK 60 m. Operations were consolidated into Addnode Group's design management division effective June 2021.

Budsoft
Budsoft, a leading Polish partner of Dassault Systèmes, which offers sophisticated simulation solutions including consulting services, training and support, was acquired on 1 September 2021. Budsoft has sales of some SEK 20 m. Operations were consolidated into Addnode Group's Product Lifecycle Management division effective September 2021.

Read more about acquisitions in 2021 in note 33 on pages 110–112

GOVERNMENT ASSISTANCE AND OTHER SUPPORT MEASURES
During 2020 the Group received government assistance as part of the measures taken against the Covid-19 pandemic by the authorities in several countries in Europe in which the Group's companies are active. These measures were short-term furloughs, reductions in social security taxes and compensation for sick pay. Usage of government assistance reduced progressively in the second half-year 2020, and only limited government assistance mainly related to furloughs in companies outside Sweden was taken in 2021. Some 17 staff (equivalent to about 7 FTEs) were on furlough in the period January–December 2021. Pursuant to IAS 20, SEK 3 m (51) of effects from government assistance were recognised net in the Group's personnel costs.

LIQUIDITY AND FINANCIAL POSITION
The Group's cash and cash equivalents were SEK 406 m (644) on 31 December 2021. In June 2021, Addnode Group arranged a revolving funding facility of SEK 1,600 m with Nordea and SEB. This multi-currency facility can be used to refinance existing loans, acquisitions and other working capital finance. The new facility has a three-year term with a 1+1 year extension option. It replaces the previous acquisition facility and overdraft facility with Nordea totalling SEK 1,100 m.

Board of Directors' Report, cont.

Interest-bearing liabilities for the used portion of the funding facility were SEK 669 m (698) as of 31 December 2021. Interest-bearing liabilities associated with leases of SEK 105 m (125) were additional. There were no interest-bearing liabilities for acquisitions (previous year: SEK 3 m). This meant that the Group's interest-bearing liabilities totalled SEK 774 m (827). Accordingly, the Group's net debt was SEK 368 m (182) and the equity/assets ratio was 39 per cent (40).

INVESTMENTS

Investments in intangible non-current assets and in property, plant and equipment amounted to SEK 157 m (181), of which SEK 80 m (80) related to proprietary software.

SOFTWARE DEVELOPMENT

In 2021, capital expenditure of SEK 80 m (80) in proprietary software and applications was capitalised. Expenditure for customer-financed development and certain other development work that do not meet the criteria for capitalisation was expensed in the Income Statement.

GOODWILL AND OTHER INTANGIBLE ASSETS

The Group's carrying amount of goodwill on 31 December 2021 was SEK 2,107 m (1,763). Goodwill increased in 2021 by SEK 278 m in connection with company acquisitions. Other intangible assets amounted to SEK 467 m (380) and relate mainly to customer contracts, trademarks and brands, and software.

DEFERRED TAX ASSETS

Total, reported deferred tax assets amounted to SEK 22 m (18) on 31 December 2021, of which SEK 11 m (12) relates to tax loss carry-forwards. As of 31 December 2021 the Group's accumulated tax loss carry-forwards amounted to approximately SEK 80 m (80). Deferred tax assets attributable to tax loss carry-forwards are reported as assets to the extent it is likely that the loss carry-forwards can be offset against surpluses in future taxation.

SHAREHOLDERS' EQUITY

Shareholders' equity on 31 December 2021 amounted to SEK 1,693 m (1,512), corresponding to SEK 50.64 (45.23) per share outstanding. In 2021, the dividend paid to shareholders was SEK 2.50 (–) per share, a total of SEK 84 m (–). There were SEK 72 m of treasury share repurchases in the year (–).

PROVISIONS

Provisions, which are reported in non-current and current liabilities in the Consolidated Balance Sheet, amounted to SEK 105 m (142) on 31 December 2021, of which SEK 92 m (111) related to estimated contingent consideration for completed company acquisitions. During 2021, a total of SEK 31 m (7) was paid in contingent consideration.

EMPLOYEES

The average number of employees in the Group (full-time equivalents) increased to 1,776 (1,758) in 2021. The number of employees at year-end was 1,897 (1,833).

STOCK OPTION PROGRAMME

The AGM 2021 resolved on a share-based, long-term incentive programme for managers and senior executives, which involved 195,800 call options being issued to some 60 participants. The market-valued call option premium of SEK 29.80 implied a total purchase consideration of approximately SEK 6 m, which was added to consolidated equity. These options can be exercised for class B shares in periods stipulated by agreement between 25 October 2024 and 10 June 2025.

Read more about the stock option programme in note 4 on page 94

SHARE REPURCHASES, AND TRANSFERS AND HOLDINGS OF TREASURY SHARES

Addnode Group used the authorisation of the AGM 2020 for the new issue of class B shares in tandem with completing the acquisition of S-GROUP Solutions AB on 1 April 2021, when 204,802 new class B shares were issued with the purpose of being part of the total purchase consideration.

Addnode Group used the authorisation of the AGM 2021 for the new issue of class B shares. By the date of publication of these annual accounts, 200,000 shares had been purchased through using this authorisation and all shares remain in treasury. The main purpose of holding 200,000 (–) repurchased class B shares in treasury was to enable delivery of shares for Addnode Group's share-based incentive programme. The number of shares outstanding on 31 December 2021 was 33,432,058 (33,427,256).

PARENT COMPANY

The Parent Company's operations consist of Group-wide functions for financial reporting and follow-up, financing, communication and investor relations, among other things.

Net sales amounted to SEK 24 m (18) in 2021 and related mainly to invoicing to subsidiaries for rents of premises and services rendered. Profit after financial items totalled SEK 200 m (44) including SEK 218 m (30) in dividends from subsidiaries, Group contributions of SEK 227 m (151) received from subsidiaries, impairment of shares in subsidiaries of 168 m (125), and reversals of impairment of shares in subsidiaries of SEK 35 m (40). Cash and cash equivalents amounted to SEK 301 m (518) on 31 December 2021. Investments relating to shares in subsidiaries amounted to SEK 413 m (450). No significant investments were made in intangible non-current assets or in property, plant and equipment.

SENSITIVITY ANALYSIS

The table below shows the impact on earnings per share before tax of changes in various factors.

Impact factor	Chg.	Earnings effect[1]
Net sales	+/– 1%	SEK 0.69
Gross margin	+/– 1%	SEK 1.22
Payroll costs	+/– 1%	SEK 0.45
Other operating expenses	+/– 1%	SEK 0.17

[1] All other things being equal, profit before tax per share for the financial year 2021.

Board of Directors' Report, cont.

RISKS AND UNCERTAINTIES

In general, Addnode Group's earnings capacity and financial position are affected by customer demand, the ability to retain and hire competent employees, the integration of newly acquired businesses, and risks associated with individual customers and current assignments. The Group's financial risks relate mainly to changes in exchange rates, interest rates and customer solvency. The following does not claim to be comprehensive, and the risks and uncertainties are not listed in any order of significance.

Business cycle and macro risks

The general view of the external operating environment and economy may affect customers' willingness to invest and demand. Addnode Group manages these risks by conducting business in both the private and public sectors and in numerous geographical markets. A high share of recurring revenue and a balanced customer structure provide stable earnings over time.

Covid-19 pandemic

Because uncertainty remains surrounding how extensive and lasting the current Covid-19 pandemic will be, the Board of Directors notes the risk of financial impact on Addnode Group remains in 2022.

Software and technology

New ways of working, behaviours and rapid technology transitions may lead to changes in customer requirements. Addnode Group manages this risk by collaborating closely with customers in software development in order to gain an understanding of their needs and changes in the market.

Partners

Our partners may alter business models and terms, which affects our earnings capacity. Addnode Group manages this risk by having well-established and strategic collaborations with numerous suppliers of digital platforms and software.

Competition

Demand for and sales of our software and services may decline as a result of greater competition. Addnode Group manages competition risk by being a leading player in selected markets. We have close relationships with our customers, and continuously develop our offering in collaboration with them, and with their needs in focus.

Organisation and employees

To be able to grow, Addnode Group is dependent on its ability to hire and retain competent employees. Every subsidiary in the Group is responsible for its own competence succession. In their recruitment activities, individual companies benefit from entrepreneur-led brands while simultaneously belonging to a financially stable group.

Acquisitions

There is always a risk of Addnode Group being unsuccessful in assessing and integrating an acquired company or business. Addnode Group manages this risk by making acquisitions central to its strategy. Acquired companies are subject to a tried-and-tested acquisition process in which the Board of Directors and Management participate from the start and where calculations do not include synergies.

Compliance

Addnode Group closely monitors developments in legislation, regulations and statutes that apply for the respective markets where the Group has operations.

Project engagements

An inability to implement and deliver on projects may affect customer relationships and have negative effects on profitability and growth. Addnode Group continuously monitors its project engagements to evaluate and limit their associated risk.

IT and cybersecurity

Addnode Group is dependent on its ability to offer customers reliable digital solutions and having a secure internal IT structure. In addition, increased remote working during the pandemic has given rise to new challenges. Operational disruptions, cyberattacks and data theft may undermine the market's trust in Addnode Group and cause substantial financial losses. Addnode Group works continuously to prevent and counter these negative effects through a Group-wide strategy and actions in individual companies.

Financial risks

The Group is exposed to various financial risks, including interest rate risk, financing and liquidity risk, currency risk, credit risk and other price risks. On the whole, the Group believes its overall exposure to financial risks continued to increase in the year as a result of the increasingly international scope of its business resulting from actions including foreign acquisitions. The Group's financial transactions and risks are managed centrally by the Parent Company. The overall objective of the Group's financial strategy is to support growth and maximise returns to shareholders based on secure and cost-efficient management of the financial risks that the Group is exposed to. See also note 36 on pages 112–115 for a description of the financial risks identified by Addnode Group and how these are managed.

Other

Addnode Group is party to certain agreements containing stipulations that the agreement may be discontinued if control of Addnode Group changes as a result of a public takeover bid. However, the Board of Addnode Group has deemed that none of these agreements individually have significant bearing on Addnode Group's operations.

ENVIRONMENTAL IMPACT

The Group does not conduct any operations requiring permits according to applicable environmental regulations.

cont. Board of Directors' Report

SUSTAINABILITY REPORT

The Group's Sustainability Report for 2021, which is presented on pages 32–51 of these annual accounts, has been prepared by Addnode Group AB (publ), corporate identity number 556291-3185, with registered office in Stockholm, Sweden.

ADDNODE GROUP'S SHARES AND OWNERSHIP

Addnode Group's Class B shares have been listed on Nasdaq Stockholm since 1999. Class A shares carry ten votes each, and Class B and C shares carry one vote each; only Class B shares are listed. Class C shares do not carry entitlement to dividends. On 30 December 2021 the number of Class A shares was 987,174, the number of Class B shares was 32,644,884 and the number of Class C shares was 0.

The largest shareholder in terms of voting rights is Aretro Capital Group AB, which at 30 December 2021 held 15.1 per cent of the votes and 5.4 per cent of the share capital. Aretro Capital Group AB is jointly owned via companies by Addnode Group's Chairman, Staffan Hanstorp, and Jonas Gejer, Vice President of Business Development for Addnode Group.

As far as the Board of Addnode Group AB is aware, there are no agreements between major shareholders that restrict the transferability of shares. Neither are there any restrictions on the transferability of shares posed by stipulations in law or the Articles of Association. There is no limitation on the number of votes each shareholder is entitled to at shareholders' meetings. According to the Articles of Association, the Board of Directors shall comprise of three to eight members, with a maximum of two deputy members. The Articles of Association do not contain any general stipulations concerning the appointment or dismissal of Board members or amendments to the Articles of Association.

CORPORATE GOVERNANCE

In accordance with the Annual Accounts Act and the Swedish Corporate Governance Code ("the Code"), a separate corporate governance report, which includes a section on internal controls, has been prepared and appended to these annual accounts, see pages 55–63. Addnode Group has no departures from the Code to report for 2021.

Authorisations

The Annual General Meeting (AGM) 2021 authorised the Board to:

- on one or more occasions during the period until the next AGM, decide on purchases of a maximum number of Class B shares so that the company's holding following such purchase is a combined maximum of 10 per cent of the total number of shares in the company at any given time. Until the date of publication of these annual accounts, 200,000 class B shares had been purchased using this authorisation, and all shares remain in treasury.
- on one or more occasions in the period until the next AGM, decide on the new issue of class B shares, with or without waiving shareholders' preferential rights. The total maximum number of class B shares that could be issued with support with this authorisation is 10 per cent of the outstanding class B shares of the company at the time of the first exercise of the authorisation. This authorisation should also include entitlement to decide on the new issue of class B shares with provisions on payment in kind, or shares to be subscribed with right of offset or other terms and conditions stated in chap. 13 §7 of the Swedish Companies Act. The reason for departing from shareholders' preferential rights is to enable private placements to execute acquisitions of all or parts of other companies or operations. The corresponding authorisation from the AGM 2020 was exercised in tandem with completing the acquisition of S-GROUP Solutions AB on 1 April 2021, when 204,802 new class B shares were issued as part of the total purchase consideration.

Guidelines for remuneration of senior executives

Introduction

The following guidelines were adopted by the AGM 2020 and are applicable until the AGM 2024 providing no amendments are proposed. No amendments have been proposed to the AGM 2022.

Senior executive mean the President of the Parent Company and other members of Group Management, which consisted of 7 people in 2021. The guidelines shall be applied for remuneration agreed after the guidelines were adopted by the AGM as well as to agreements to existing agreements on remuneration. The guidelines do not relate to remuneration approved by a shareholders' meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Addnode Group's strategy is to acquire, operate and develop entrepreneur-led companies that help digitalise society. The Group's financial targets are i) annual growth in net sales of at least 10 per cent, ii) an operating margin before amortisation and impairment of intangible assets (EBITA margin) of at least 10 per cent, and iii) that at least 50 per cent of consolidated profit after tax shall be distributed to shareholders, provided that net cash is sufficient to operate and develop the business.

Successful implementation of the company's business strategy and safeguarding of the company's long-term interests, including its sustainability, requires the company being able to hire and retain qualified employees. Calling the company will offer market-level and competitive remuneration and terms of employment to be able to hire and retain management with high skills levels and the capability to achieve targets set

Forms of remuneration, etc.

Remuneration of the President of the Parent Company and other members of Group Management shall normally consist of a fixed salary, variable remuneration, share-based incentive programmes, pension and other customary benefits.

Fixed salary

Fixed salary is not conditional upon the achievement of any performance standards. However, individual employee performance and qualitative competence will be taken into account along with business performance when setting fixed salary and any increases to fixed salary. As a rule, fixed salary is reviewed once a year.

Variable cash remuneration

In addition to fixed salary, variable cash remuneration may be payable. Variable remuneration shall be based on achieved results and/or individual and specific goals. In addition, variable remuneration shall be based on metrics based on the yearly business plan, which in turn is linked to Addnode

Board of Directors' Report, cont.

Group's long-term business strategy and financial targets. These metrics shall include financial targets at Group and divisional levels (for relevant members of Group Management). Other metrics may include strategic targets, operational targets, targets for employee engagement or customer satisfaction, targets relating to sustainability and corporate social responsibility, or other leading indicators. The starting point is that most of the variable remuneration shall be based on metrics for that part of operations that the senior executive is responsible for.

An overall maximum of four targets may be assigned to an individual senior executive for a financial year. Financial targets shall account for at least 75 per cent of the possible target bonus, and at least 15 per cent shall be at the Group level. The minimum weight for a specific target shall be 10 per cent. The outcome of all targets shall be calculated based on a performance period of 12 months (the financial year). For the President and Chief Executive Officer, the maximum award of variable remuneration shall be an amount corresponding to 12 months' fixed salary. For other members of Group Management, the maximum award shall correspond to nine months' fixed salary.

Share-based incentive programmes

Share-based incentive programmes should ensure long-term commitment to the Group's development and promote a personal shareholding in the company, and should be implemented on market terms. Share-based incentive programmes require a resolution by a shareholders' meeting so are not covered by these guidelines.

Pension and other benefits

Pensions should always be defined contribution solutions in order to create predictability regarding the company's future obligations. Pension premiums shall be paid in an amount up to a maximum of 30 per cent of the employee's current, fixed yearly salary.

Other remuneration and benefits shall be in line with the going rate in the market and contribute to facilitating the executive's opportunities to perform his or her work duties and may amount to a maximum of 10 per cent of fixed yearly cash salary. Other benefits relate mainly to company cars or mileage allowance.

Termination of employment

Senior executives' employment contracts include stipulations on notice of termination of employment. The policy is that employment maybe terminated by either party with a notice period of at least six months and not more than 12 months. During the notice period, unchanged salary, remuneration and benefits shall be paid.

Salary and terms of employment for employees

When consulting on the Board's proposal for these remuneration guidelines, salary and terms of employment for the company's employees have been taken into account, whereby information on the employees' overall compensation, remuneration components, and the increase in compensation and rate of increase over time have made up part of the Remuneration Committee's and Board's decision-making documentation in evaluating the fairness of the guidelines and the limitations they impose.

Compensation of Directors in addition to Directors' fees approved by shareholders' meetings

In special circumstances, Directors will be able to receive fees and other compensation for service on the company's behalf in addition to service on the Board of Directors (consulting services etc. in Directors' individual areas of expertise). For such services, a fee that is in line with the going rate in the market, approved in advance by the Chairman of the Board or by two Directors, will be payable. These guidelines shall be applied for such remuneration.

Decision-making process for setting, reviewing and implementing the guidelines

The Board has established a Remuneration Committee. The Committee is tasked with consultative work on the Board's decisions on proposed guidelines for remuneration of senior executives and any decisions to depart from the guidelines. The Board shall draw up a proposal for new guidelines at least every four years and submit its proposal to the AGM for resolution. The guidelines shall remain in effect until new guidelines have been adopted by a shareholders' meeting. The Remuneration Committee shall also monitor and evaluate variable remuneration programmes for members of Group Management, the application of guidelines for remuneration of senior executives, and applicable remuneration structures and remuneration levels in the company. In the Board's consultation and decisions on remuneration-related matters, the President or other members of Group Management shall not be present for matters relating to their own compensation.

Departures from the guidelines

The Board may only depart from these guidelines temporarily in special circumstances in an individual case, and where such departure is necessary to protect the company's long-term interests, including its sustainability, or to safeguard the company's long-term economic viability. If the Board departs from the guidelines for remuneration of senior executives, this must be stated on in the remuneration report to the following AGM.

POST BALANCE SHEET EVENTS

Acquisition of Claytex

In January 2022, Addnode Group acquired Claytex Services Ltd. (Claytex) of the UK, a company specialised in advanced simulation and testing for the automotive industry. Claytex is a partner of Dassault Systèmes, and also delivers complementary proprietary software. This company has sales of some SEK 25 m, and it will become part of TECHNIA in the Product Lifecycle Management division.

Real estate divestment

In January 2022, Addnode Group divested the office property in Enfield, UK, included in the acquisition of Excitech in 2020, which was intended for sale at the time of acquisition. The remaining purchase consideration was settled to the sellers of the shares of Excitech in tandem with this. Addnode Group's estimated capital gain is approx. SEK 20 m, and will be accounted in the Interim Report for the first quarter of 2022.

Board of Directors' Report, cont.

Acquisition of DESYS

On 1 March 2022, Addnode Group acquired DESYS GmbH (DESYS), a leading partner of Dassault Systèmes in Germany, which also provides proprietary software solutions. DESYS has 45 employees and net sales of some SEK 170 m. DESYS will become part of Addnode Group company TECHNIA, and is being consolidated into the Product Lifecycle Management division effective March 2022.

Acquisition of Microdesk

On 1 March 2022, Addnode Group acquired Microdesk LLC and M2 Technologies LLC (Microdesk) with net sales of some SEK 1,000 m (USD 110 m). The purchase consideration for all shares is a maximum of some USD 50 m, of which USD 26 m is fixed, and up to USD 24 m depends on future financial earnings. Microdesk is a Platinum Partner of Autodesk and has some 300 employees in the US and UK. Addnode Group company Symetri and Microdesk will jointly become the leading global vendor of Autodesk solutions. The company is being consolidated effective March 2022, and becomes part of the Design Management division.

Read more about acquisitions in 2022 in note 40 on page 117

ANTICIPATED FUTURE PROGRESS

The Board has not changed its assessment of the long-term future outlook since the publication of the Year-end Report for 2021. The Board provided the following future outlook in the Year-end Report:

In the long term, Addnode Group regards the segments where it is active to have strong underlying potential. Addnode Group's growth strategy is to grow organically and by acquiring new businesses in the aim of adding new, complementary offerings and additional expertise.

The Russian invasion of Ukraine has already had impacts on the global economy including increased oil and energy prices, supply chain delays and turmoil on global stock markets. Addnode Group has no operations in Russia, Belarus or the Ukraine, and only a few customers in the region, so its exposure at present is very limited. Because it is not possible to predict the duration or scope of the conflict and its impact on the global economy and general security, the Board of Directors notes a significant risk that Addnode Group may be impacted financially in 2022.

PROPOSED APPROPRIATION OF EARNINGS

Profit for the year of SEK 153,264,156 and other non-restricted equity, totalling SEK 692,742,312, together totalling SEK 846,006,468, are at the disposal of the Annual General Meeting. The Board of Directors proposes that these earnings, SEK 846,006,468, be appropriated as follows;

Dividend to shareholders of SEK 3.00 per share[1)]	100,296,174
Carried forward	745,710,294
Total	**846,006,468**

1) The Parent Company has 33,632,058 registered shares as of the 28 February 2022, of which the number of shares entitled to dividend is 33,432,058.

The Board's reasoned statement regarding the proposed appropriation of earnings is available at the company's website: www.addnodegroup.com. It is also available from the company upon request.

ACCOUNTS

CONSOLIDATED INCOME STATEMENT

SEK m, 1 January–31 December	**Note**	**2021**	**2020**
Net sales	2, 3, 38	4,077	3,807
Operating expenses			
Purchases of goods and services	38	–1,768	–1,715
Other external costs	6, 17	–285	–270
Personnel costs	4, 5	–1,558	–1,461
Capitalised work performed by the company for its own use	15	80	80
Depreciation/amortisation and impairment of			
– property, plant and equipment	16	–86	–88
– intangible non-current assets	15	–156	–127
Profit on sale of business		1	3
Operating profit		**305**	**229**
Financial income	9	2	3
Financial expenses	10	–27	–21
Remeasurement of contingent consideration	27	5	0
Profit after financial items		**285**	**211**
Current tax	11, 12	–71	–47
Deferred tax	11, 12	9	–1
Profit for the year		**223**	**163**
Attributable to:			
Equity holders of the parent		223	163
Share data			
Earnings per share before and after dilution, SEK	13	6.65	4.88
Shareholders' equity per share outstanding, SEK		50.64	45.23
Average number of shares outstanding before and after dilution		33,548,080	33,427,256
Number of shares outstanding at end of year		33,432,058	33,427,256
Number of registered shares at end of year		33,632,058	33,427,256

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m, 1 January–31 December	**Note**	**2021**	**2020**
Profit for the year		223	163
Other comprehensive income, items not reclassifiable to profit or loss:			
Actuarial gains and losses on pension obligations		0	0
Other comprehensive income, items reclassifiable to profit or loss:			
Exchange rate differences on translation of foreign operations		106	–124
Hedge of net investment in foreign operations		–52	63
Total other comprehensive income for the year, net after tax	11	**54**	**–61**
Comprehensive income for the year		**277**	**102**
Attributable to:			
Equity holders of the parent		277	102

CONSOLIDATED BALANCE SHEET

SEK m, 31 December	Note	2021	2020
ASSETS			
Non-current assets			
Goodwill	15	2,107	1,763
Other intangible non-current assets	15	467	380
Property, plant and equipment	16, 17	162	187
Deferred tax assets	12	22	18
Long-term securities holdings	20	13	9
Non-current receivables	21	13	13
Total non-current assets		**2,784**	**2,370**
Current assets			
Inventories		0	1
Trade receivables		750	543
Tax assets		26	21
Other receivables		16	11
Prepaid expenses and accrued income	22	340	228
Cash and cash equivalents	34	406	644
Total current assets		**1,538**	**1,448**
TOTAL ASSETS		**4,322**	**3,818**

SEK m, 31 December	Note	2021	2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	24		
Share capital	24	404	401
Other paid-up capital		484	433
Reserves		22	-32
Retained earnings (including profit for the year)		783	710
Total shareholders' equity		**1,693**	**1,512**
Non-current liabilities			
Non-current interest-bearing liabilities	26	718	66
Deferred tax liabilities	12	113	91
Long-term provisions	27	61	78
Total non-current liabilities		**892**	**235**
Current liabilities			
Current interest-bearing liabilities	26	58	761
Trade payables		303	199
Tax liabilities		42	32
Advances from customers		32	28
Other liabilities		175	196
Accrued expenses and deferred income	29	1,082	791
Short-term provisions	27	45	64
Total current liabilities		**1,737**	**2,071**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**4,322**	**3,818**

Pledged assets and contingent liabilities are reported in notes 30 and 31.

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK m, 1 January–31 December	Note	2021	2020
Operating activities			
Operating profit		305	229
Depreciation/amortisation		242	216
Adjustments for other non-cash items	32	–20	26
Sub-total		**527**	**471**
Interest received		0	1
Dividends received		0	—
Interest paid		–17	–16
Other financial income and expenses		–4	–3
Income tax paid		–59	–38
Cash flow from operating activities before changes in working capital		**447**	**415**
Changes in working capital:			
– increase/decrease in inventories		1	2
– increase/decrease in receivables		–238	43
– increase/decrease in current liabilities		227	119
Total changes in working capital		**–10**	**164**
Cash flow from operating activities		**437**	**579**

SEK m, 1 January–31 December	Note	2021	2020
Investing activities			
Purchase of:			
– intangible non-current assets		–100	–98
– property, plant and equipment		–8	–8
– financial assets		–4	—
– subsidiaries and operations	33	–360	–343
– cash and cash equivalents in acquired subsidiaries	33	71	72
Sale of:			
– property, plant and equipment		3	2
Cash flow from investing activities		**–398**	**–375**
Financing activities			
Dividend paid		–84	—
Call options issued		6	—
Repurchase of treasury shares		–72	—
Borrowings	35	770	263
Repayment of loan liabilities	35	–855	—
Repayment of lease liabilities	35	–70	–70
Cash flow from financing activities		**–305**	**193**
Change in cash and cash equivalents		**–266**	**397**
Cash and cash equivalents at beginning of year		644	294
Exchange rate difference cash and cash equivalents		28	–47
Cash and cash equivalents at end of year	34	**406**	**644**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent				
SEK m	**Share capital**	**Other paid-up capital**	**Reserves**[1]	**Retained earnings**	**Total shareholders' equity**
SHAREHOLDERS' EQUITY, ADOPTED BALANCE SHEET, 31 DEC. 2020	**401**	**433**	**–32**	**710**	**1,512**
Comprehensive income					
Profit for the year				223	223
Other comprehensive income, items not reclassifiable to profit or loss:					
Actuarial gains and losses on pension obligations				0	0
Other comprehensive income, items reclassifiable to profit or loss:					
Exchange rate differences on translation of foreign operations			106		106
Hedge of net investment in foreign operations			–52		–52
Total other comprehensive income			**54**	**0**	**54**
Total comprehensive income			**54**	**223**	**277**
Transactions with shareholders					
Dividend				–84	–84
New share issue	3	51			54
Call options issued				6	6
Repurchase of treasury shares				–72	–72
Total transactions with shareholders	**3**	**51**		**–150**	**–96**
Shareholders' equity, 31 Dec. 2021	**404**	**484**	**22**	**783**	**1,693**

[1] Pertains to exchange rate differences on the translation of foreign operations, and gains and losses related to hedges of net investment in foreign operations (see also note 24).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, cont.

	Attributable to equity holders of the parent				
SEK m	**Share capital**	**Other paid-up capital**	**Reserves**[1)]	**Retained earnings**	**Total shareholders' equity**
SHAREHOLDERS' EQUITY, ADOPTED BALANCE SHEET, 31 DEC. 2019	**401**	**433**	**29**	**547**	**1,410**
Comprehensive income					
Profit for the year				163	163
Other comprehensive income, items not reclassifiable to profit or loss:					
Actuarial gains and losses on pension obligations				0	0
Other comprehensive income, items reclassifiable to profit or loss:					
Exchange rate differences on translation of foreign operations			–124		–124
Hedge of net investment in foreign operations			63		63
Total other comprehensive income			**–61**	**0**	**–61**
Total comprehensive income			**–61**	**163**	**102**
Transactions with shareholders					
Dividend				–	–
Total transactions with shareholders				**–**	**–**
Shareholders' equity, 31 Dec. 2020	**401**	**433**	**–32**	**710**	**1,512**

[1)] Pertains to exchange rate differences on the translation of foreign operations, and gains and losses related to hedges of net investment in foreign operations (see also note 24).

PARENT COMPANY INCOME STATEMENT

SEK m, 1 January–31 December	Note	2021	2020
Net sales	38	24	18
Operating expenses			
Other external costs	6, 38	–42	–36
Personnel costs	4	–36	–23
Amortisation/depreciation of intangible assets and property, plant and equipment	15, 16	0	0
Operating profit		**–54**	**–41**
Profit from financial items			
Profit from participations in Group companies	9	312	97
Interest income and similar profit/loss items	9	2	5
Interest expense and similar profit/loss items	10	–60	–17
Profit after financial items		**200**	**44**
Appropriations			
Provision to tax allocation reserve		–29	–25
Profit before tax		**171**	**19**
Tax	11, 12	–18	–16
Profit for the year		**153**	**3**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK m, 1 January–31 December	Note	2021	2020
Profit for the year		153	3
Total other comprehensive income for the year, net after tax		**0**	**0**
Comprehensive income for the year		**153**	**3**

PARENT COMPANY BALANCE SHEET

SEK m, 31 December	Note	2021	2020
ASSETS			
Non-current assets			
Intangible non-current assets			
Software	15	0	0
Total intangible non-current assets		**0**	**0**
Property, plant and equipment			
Equipment, tools, fixtures and fittings	16	—	0
Total property, plant and equipment		**0**	**0**
Financial assets			
Participations in Group companies	18	2,710	2,434
Other long-term securities holdings	20	3	1
Deferred tax assets	12	0	0
Receivables from Group companies		2	3
Total financial assets		**2,715**	**2,438**
Total non-current assets		**2,715**	**2,438**
Current assets			
Current receivables			
Receivables from Group companies	23	23	40
Other receivables		2	2
Prepaid expenses and accrued income	22	9	8
Total current receivables		**34**	**50**
Cash and bank balances	23	301	518
Total current assets		**335**	**568**
TOTAL ASSETS		**3,050**	**3,006**

SEK m, 31 December	Note	2021	2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	24		
Restricted equity			
Share capital	24	404	401
Statutory reserve		89	89
Non-restricted equity	14		
Share premium reserve		402	344
Retained earnings		291	444
Profit for the year		153	3
Total shareholders' equity		**1,339**	**1,281**
Untaxed reserves	25	**126**	**96**
Provisions			
Other provisions	27	93	117
Total provisions		**93**	**117**
Non-current liabilities			
Liabilities to credit institutions	26	**660**	—
Current liabilities			
Liabilities to credit institutions	26, 28	—	707
Trade payables		2	3
Liabilities to Group companies	23	799	784
Tax liabilities		4	1
Other liabilities		7	4
Accrued expenses and deferred income	29	20	13
Total current liabilities		**832**	**1,512**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,050**	**3,006**

Pledged assets and contingent liabilities are reported in notes 30 and 31.

PARENT COMPANY STATEMENT OF CASH FLOWS

SEK m, 1 January–31 December	Note	2021	2020
Operating activities			
Operating profit		–54	–41
Depreciation/amortisation		0	0
Adjustments for other non-cash items		—	—
Sub-total		**–54**	**–41**
Interest received		1	2
Dividends received		218	30
Interest paid		–14	–13
Other financial income and expenses		–5	0
Income tax paid		–15	–14
Cash flow from operating activities before changes in working capital		**131**	**–36**
Changes in working capital:			
– change in current receivables		–1	–6
– change in current liabilities		9	2
Total changes in working capital		**8**	**–4**
Cash flow from operating activities		**139**	**–40**

SEK m, 1 January–31 December	Note	2021	2020
Investing activities			
Acquisitions of and investments in participations in Group companies		–380	–356
Sale of participations in Group companies		5	4
Acquisition of other long-term securities holdings		–1	—
Cash flow from investing activities		**–376**	**–352**
Financing activities			
Dividend paid		–84	—
Call options issued		6	—
Repurchase of treasury shares		–72	—
Borrowings		770	263
Repayment of liabilities		–854	—
Change in intra-group receivables and liabilities		109	266
Group contributions received		151	146
Cash flow from financing activities		**26**	**675**
Change in cash and cash equivalents		**–211**	**283**
Cash and cash equivalents at beginning of year		518	235
Exchange rate difference cash and cash equivalents		–6	0
Cash and cash equivalents at end of year	23	**301**	**518**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity			
SEK m	**Share capital**	**Statutory reserve**	**Non-restricted equity**	**Total shareholders' equity**
SHAREHOLDERS' EQUITY, 1 JAN. 2020	**401**	**89**	**788**	**1 278**
Comprehensive income				
Profit for the year			3	3
Total other comprehensive income			**0**	**0**
Total comprehensive income			**3**	**3**
Transactions with shareholders				
Dividend			–	–
Total transactions with shareholders			**–**	**–**
Shareholders' equity, 31 Dec. 2020	**401**	**89**	**791**	**1,281**
SHAREHOLDERS' EQUITY, 1 JAN. 2021	**401**	**89**	**791**	**1,281**
Comprehensive income				
Profit for the year			153	153
Total other comprehensive income			**0**	**0**
Total comprehensive income			**153**	**153**
Transactions with shareholders				
Dividend			–84	–84
New share issue	3		51	54
Call options issued			6	6
Repurchase of treasury shares			–72	–72
Total transactions with shareholders	**3**		**–99**	**–96**
Shareholders' equity, 31 Dec. 2021	**404**	**89**	**846**	**1,339**

NOTES

SUPPLEMENTARY DISCLOSURES AND NOTES

NOTE 1 ACCOUNTING AND VALUATION POLICIES

The critical accounting policies applied when preparing the consolidated accounts are stated below. These policies have been applied consistently for all years presented, unless otherwise indicated.

The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act, Swedish Financial Reporting Board (RFR) recommendation RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) as endorsed by the EU. The consolidated accounts have been prepared in accordance with the cost method, except for remeasurement of financial assets and liabilities measured at fair value through other comprehensive income and financial assets and liabilities measured at fair value through profit or loss.

Preparing financial statements in conformity with IFRS requires the use of certain important accounting estimates. It also requires management to make certain judgements in applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are of significant importance for the consolidated accounts, are addressed in Note 37.

New and amended standards that came into effect in 2021

Amendment to IFRS 16 Leases relating to rent concessions as a result of the Covid-19 pandemic

In May 2020, the IASB introduced a practical expedient for IFRS 16, which in short entails that a lessee is not required to determine if a rent concession, in response to the Covid-19 pandemic, entails a modification of an existing lease or not. Thus the rent concession for a lessee can be recognised directly through profit or loss. This practical expedient originally applied to rent payments due for payment until 30 June 2021 inclusive, but the IASB then extended this period until 30 June 2022 inclusive. The Group has not applied the practical expedient for the limited, temporary rent concessions in 2020 and 2021.

Other new and amended standards

Amendments and interpretations of existing standards that came into effect in 2021 have not had any material effect on the Group's financial position or financial statements.

New standards that have not yet come into effect in 2021

Published new and amended standards and interpretations of existing standards that have not yet taken effect in 2021 nor have begun to be applied are not expected to have any material effect on the consolidated accounts.

CONSOLIDATED ACCOUNTS

The consolidated accounts cover the Parent Company and the companies over which the Parent Company, directly or indirectly, has control. The Parent Company has control of an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its influence over the entity.

The consolidated accounts have been prepared in accordance with the acquisition method, which entails that the shareholders' equity of subsidiaries on acquisition, determined as the difference between the fair value of the assets and the liabilities, is eliminated in its entirety. Only the part of the subsidiaries' shareholders' equity that accrued after the acquisition is included in the Group's shareholders' equity.

The purchase price for the acquisition of a subsidiary consists of the fair value of the assets transferred to the former owners of the acquired company, the liabilities incurred by the Group to the former owners, and the new shares issued by the Group. The purchase price also includes the fair value of assets or liabilities resulting from a contingent consideration arrangement. Subsequent changes in the fair value of contingent consideration are recognised through profit or loss. Transaction costs in conjunction with acquisitions are expensed in the Consolidated Income Statement when they arise.

Companies acquired during the year are included in the consolidated accounts in amounts relating to the period after the acquisition. The profit or loss from companies sold during the year is included in the Consolidated Income Statement for the period until the divestment date.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated accounts are presented in Swedish kronor (SEK), which is the Parent Company's functional currency and presentation currency. All foreign subsidiaries are translated to SEK by applying the current method. This means that all of the assets and liabilities of foreign subsidiaries are translated at closing day rates. All items in the Income Statements are translated at the respective months' average rates of exchange. Translation differences are recognised in the Consolidated Statement of Comprehensive Income.

Intra-Group transactions and balance sheet items, as well as unrealised gains on transactions between Group companies, are eliminated in their entirety. Unrealised losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset. Where necessary, the accounting policies for subsidiaries have been adjusted to guarantee consistent application of the Group's policies.

The Consolidated Income Statement includes non-controlling interests (previously termed "minority shares") under net profit for the year. On the Consolidated Balance Sheet, non-controlling interests are reported as a separate item under the Group's shareholders' equity.

In connection with each individual company acquisition, the Group determines whether non-controlling interests are to be measured at either fair value or at the proportional share of net assets of the acquired company. Transactions with non-controlling interests that do not result in a change in control are reported in shareholders' equity. When the Group no longer has control, each remaining holding is measured at fair value at the date on which control ceased. Changes in carrying amounts are then recognised in the Consolidated Income Statement. The fair value subsequently forms the basis of future reporting of the remaining holding as an associated company, joint venture or financial asset.

NOTE 1 ACCOUNTING AND VALUATION POLICIES, cont.

REVENUE RECOGNITION

Revenue is recognised when the customer gains control over the sold product or service, which entails that the customer can decide on the use of the asset and draw benefit from it. Revenue is recognised in the manner that best reflects the transfer of the promised good or service to the customer at the amount that the company expects to be entitled to receive in exchange for the transferred product or service. This recognition is conducted with the help of a five-step model:

Step 1: Identify the contract with the customer
Step 2: Identify the various performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations
Step 5: Recognise revenue when the performance obligation is fulfilled

The Group's revenue is derived mainly from consulting services, licences for own and external vendors' software, and recurring revenue from software subscriptions, support and maintenance services, and SaaS solutions.

Service assignments performed on a current account basis are recognised as revenue in pace with performance of the services, i.e., both revenue and expenses are recognised in the period in which they are earned and consumed, respectively. Fees earned as of the reporting date that have not been invoiced are recognised as accrued income. When the outcome of a fixed-fee assignment can be measured reliably, income and expenses attributable to the assignment are recognised as revenue and expenses in proportion to the degree of completion as of the reporting date (percentage of completion). The degree of completion is primarily determined based on the number of hours as of the reporting date in proportion to the estimated total number of hours for the assignment. If it is difficult to calculate the earnings of an assignment, yet nevertheless probable that costs incurred will be covered by the customer, revenue is recognised as of the reporting date in an amount corresponding to the costs incurred for the assignment. Accordingly, no profit is recognised.

When the outcome of an assignment cannot be measured reliably, only the costs that the customer is expected to pay are recognised as revenue. No revenue is recognised if it is probable that expenses incurred will not be paid by the customer. An expected loss is immediately recognised as an expense to the extent that it can be calculated.

Fixed-fee assignments currently make up a small portion of the Group's net sales. Invoiced fees for fixed-fee service assignments that have not been performed are recognised as advances from customers.

Licence fees for software, which represent a distinct performance obligation, are recognised as revenue immediately upon delivery, as the customer gains control over the software. Licences for proprietary software may in certain cases be included as part of a larger implementation project with a high degree of customisation. If these performance obligations are determined to be so integrated that they each constitute distinct performance obligations, the licence revenue is recognised successively in pace with performance of the implementation services.

Software subscriptions and support and maintenance agreements where companies in the Group do not have any obligation to the customer are recognised as revenue immediately at the inception of the contract, as the performance obligation has been fulfilled. Software subscriptions and support and maintenance agreements where companies in the Group have an obligation to the customer are recognised as revenue on a straight-line basis during the contract period in pace with completion of the performance obligation. Revenue for SaaS solutions is recognised in pace with provision of the services.

If a customer contract contains several distinct performance obligations, the transaction price is allocated to each of the separate performance obligations based on their standalone sales prices. In cases where the standalone sales prices are not directly observable, the price is estimated based on the anticipated costs plus a profit margin.

Sales of products may arise to a limited extent and are recognised as revenue upon completion of delivery to the customer.

The Group's revenue from contracts with customers is described in more detail in Notes 2 and 3.

REPORTING OF GOVERNMENT ASSISTANCE

Government assistance is reported at fair value when there is reasonable certainty that the assistance will be received and that the Group will meet the conditions associated with the assistance. Government assistance that relates to cost coverage is allocated and recognised in the Income Statement in the same period as the costs that the assistance is intended to compensate.

In 2020 and 2021, the Group received government assistance to compensate for personnel costs in connection with the Covid-19 pandemic. In accordance with IAS 20, government assistance is recognised net in personnel costs. The Group's reporting of government assistance and other support measures is described in more detail in Note 4.

INCOME TAXES

Reported income taxes include tax to be paid or received for the current year, adjustments of current tax for previous years and changes in deferred tax.

Measurement of all tax liabilities/assets is at nominal amounts in accordance with the tax regulations and tax rates that have been decided on or announced, and which are likely to be adopted.

Tax is recognised through profit or loss, except when the tax relates to items recognised in other comprehensive income or directly in shareholders' equity. In such cases, tax is also recognised in other comprehensive income or shareholders' equity.

Deferred tax is calculated using the balance sheet method on all temporary differences arising between the recognised and tax values of assets and liabilities. Deferred tax assets relating to tax loss carry-forwards or other future tax deductions are recognised to the extent that it is likely that the deductions can be offset against surpluses in connection with future taxation.

RECEIVABLES, AND LIABILITIES IN FOREIGN CURRENCY

The distinguishing feature is that loan receivables and accounts receivable arise when the Group provides funds, goods or services directly to a customer without intending to trade in the receivables. They are included under current assets, with the exception of items falling due more than 12 months after the reporting date, which are classified as non-current assets. Loan receivables and trade receivables are initially measured at fair value and subsequently at amortised cost by applying the effective interest method, less any provisions for impairment. A reserve is established for impairment when the

NOTE 1 ACCOUNTING AND VALUATION POLICIES, cont.

amount that is expected to be paid following an individual assessment is less than the carrying amount of the asset. A provision for anticipated credit losses is also made in accordance with IFRS 9.

Receivables and liabilities in foreign currency are measured at the exchange rate in effect on the reporting date. In cases where currency hedges have been applied, for example forward contracts, both the hedged item and the hedging instrument are measured at fair value. Transactions in foreign currency are translated at the spot rate on the transaction date. Exchange rate differences relating to operating receivables and liabilities are recognised in operating profit, while exchange rate differences relating to cash and cash equivalents and loans are recognised as financial income and expenses in the Income Statement. Remeasurement of liabilities at the exchange rate in effect on the reporting date for consideration paid and provisions for estimated contingent consideration in foreign currency as well as bank loans in foreign currency is recognised in the Consolidated Statement of Comprehensive Income if the requirements for hedge accounting of net investments in foreign operations are met.

NON-CURRENT ASSETS

Non-current assets are measured at cost less accumulated depreciation or amortisation, as well as any impairment.

When there are indicators that an asset is impaired, the asset's recoverable amount is measured. If the asset's carrying amount exceeds the recoverable amount, the asset is immediately impaired to its recoverable amount.

INTANGIBLE ASSETS

Costs for software development

Software development is conducted mainly within the framework of customer assignments.

Costs that are directly related to identifiable and unique software that is controlled by the Group are reported as intangible non-current assets if there is a clearly defined development project with specific plans for how and when the asset is to be used in the operations, the cost can be measured reliably, and the asset is expected to generate future financial benefits. In addition, it should also be technically possible to carry out the project, and the resources required to complete development must be available. Other development costs that do not meet these criteria are expensed as incurred. Development costs that were previously expensed are not reported as an asset in subsequent periods.

The cost of the intangible asset includes direct costs for, for example, consultants and personnel developing proprietary software, and a reasonable share of relevant indirect costs. Scheduled amortisation is on a straight-line basis over the estimated useful life, which is either three or five years. A three-year amortisation schedule is used for software that is developed as an additional component to an external vendor's software or platform. A five-year amortisation schedule is used for entirely proprietary software that is not based on an external vendor's software or platform. Amortisation is recognised from the date on which the software becomes operational.

Goodwill

Goodwill consists of the amount by which the cost for acquisition of companies or businesses exceeds the fair value of the acquired identifiable net assets on the acquisition date. In the allocation analysis, acquired intangible assets, such as customer relationships, software and trademarks & brands, are stated at market value before the remainder is attributed to goodwill.

Goodwill is measured at cost less any impairment. Scheduled amortisation is not conducted; instead, an impairment test is conducted yearly or more often if there is an indication of a decline in value.

Other intangible assets

Other intangible assets relate mainly to customer agreements, acquired software, trademarks and administrative software. These assets are recognised at cost less scheduled amortisation. Amortisation is done on a straight-line basis over the estimated useful life, which is either five or seven years.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are reported at cost less depreciation. Costs for repairs and maintenance are expensed.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the assets. The asset's residual value is taken into account when determining the depreciable amount of the asset. Equipment and installations are depreciated over a period of three to five years. Depreciation of buildings is at 4 per cent per year. No depreciation was applied in 2020 to the office building that was included in the acquisition of Excitech Ltd. in the UK in 2020, because the intention was divestment through a sale/leaseback transaction. 2 per cent depreciation was applied in 2021, and the office property was then divested in January 2022, with an estimated capital gain of some SEK 20 m (see note 40).

LEASES

The Group's leases consist mainly of rental contracts for premises and leases for company cars. Starting on 1 January 2019, all leases where the Group is the lessee, except for short-term leases and leases with a low value, are recognised on the Balance Sheet as right-of-use assets and corresponding financial liabilities. The right-of-use assets are included in property, plant and equipment, and the financial liabilities are included in interest-bearing liabilities. In the Consolidated Income Statement, an expense is recognised for depreciation of the leased asset along with interest expense for the financial liability.

Assets and liabilities arising out leases are initially recognised at the present value of the future lease payments when the leased asset is available for use by the Group. The future lease payments are discounted using the lease's implicit rate. If this interest rate cannot be easily determined, the lessee's incremental borrowing rate is used. The lease payments are divided into amortisation of principal and payment of interest. The interest is recognised through profit or loss over the term of the lease in a way that conveys a fixed interest rate for the lease liability that is recognised during the respective period.

Right-of-use assets are ordinarily depreciated on a straight-line basis over the shorter of the useful life and the lease term. Payments for short-term leases and leases where the underlying assets are of low value are expensed on a straight-line basis in the Income Statement. A more detailed description of the Group's lease activities and reporting of these is provided in Note 17.

NOTE 1 ACCOUNTING AND VALUATION POLICIES, cont.

FINANCIAL INSTRUMENTS

Financial instruments include cash and cash equivalents, securities holdings, receivables, operating liabilities, liabilities under leases, borrowings and any derivative instruments. Purchases and sales of securities and derivative instruments are recognised on the trade date, i.e., the date on which a binding purchase or sale contract was signed. The fair value of market-listed securities is based on the purchase price on the reporting date.

Securities intended to held in the long term and any short-term investments are attributed to the measurement categories of either financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, or financial assets at amortised cost. The measurement category is determined separately for each holding of securities based on the nature of the contractual cash flows and the company's business model for asset management, i.e., based on the nature and the purpose of the holding.

For financial assets measured at fair value through profit or loss, changes in fair value are recognised as financial income and financial expenses, respectively, in profit or loss. However, changes in value on any forward exchange contracts are recognised in operating profit (see below).

Changes in fair value of financial assets measured at fair value through other comprehensive income are recognised in the Consolidated Statement of Comprehensive Income during the holding period. Upon divestment of the instrument, no reclassification of accumulated changes in value is made to financial income and financial expense in the Income Statement.

For the category financial liabilities at fair value through profit or loss (mainly provisions for estimated contingent consideration), changes in value are recognised as financial items in the Income Statement. Other financial liabilities are recognised at amortised cost. However, liabilities relating to leases are recognised at the present value of the remaining lease payments.

Any outstanding forward exchange contracts are measured at fair value. Forward exchange contracts relate to hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedges). Hedge accounting according to IFRS 9 can be applied for certain forward exchange contracts. This means that unrealised changes in value are recognised in the Consolidated Statement of Comprehensive Income until the hedged item is to be recognised in the Consolidated Income Statement, at which point the profit or loss for the corresponding foreign exchange forward contract is recognised in the Consolidated Income Statement. When the formal conditions for hedge accounting are not met, outstanding forward exchange contracts are measured as independent financial instruments on their respective reporting dates, for which both realised and unrealised changes in value are recognised in operating profit. The Group had no outstanding forward exchange contracts on either 31 December 2021 or 31 December 2020.

INVENTORIES

Inventories are measured at the lower of cost or net realisable value. Cost is calculated through application of the first-in, first-out (FIFO) principle. Net realisable value consists of the sales price in the operating activities less the estimated selling costs.

SHAREHOLDERS' EQUITY

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issuance of new shares are recognised, net after tax, in shareholders' equity as a deduction from the issue proceeds.

When any Group company purchases Parent Company shares (a share repurchase), the purchase price paid, including any directly attributable transaction costs (net after tax), reduces the profit brought forward until the shares are extinguished or sold. If these shares are subsequently sold, the amount received for them (net after any transaction costs and tax effects) is recognised in profit brought forward.

STOCK OPTION PROGRAMME

The Group's incentive programme enables managers and senior executives to acquire class B shares of the company by investing in call options. Employees have paid a market premium for these call options. The premium received is recognised in shareholders' equity as transactions with shareholders.

PROVISIONS

Provisions are defined as obligations that are attributable to the financial year or previous financial years and that are certain or likely to arise as of the reporting date, but for which the amount or the date on which the obligations are to be realised are uncertain. Provisions for estimated contingent consideration for acquisitions of businesses and for restructuring measures that have been decided on are recognised on the Balance Sheet. A provision for restructuring costs is reported when a detailed plan for the implementation of the measures exists and when this plan has been communicated to those affected.

PENSIONS

The Group's pension plans are administered almost exclusively by various insurance institutions. The Group primarily has defined contribution pension plans, although defined benefit pension plans also exist to a certain extent. The Group's payments toward defined contribution plans are recognised as personnel costs in the Income Statement during the period in which the employee performed the services and that the contributions relate to.

The defined benefit plans relate in all essential respects to obligations for retirement pensions and family pensions for salaried employees in Sweden, which are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is classified a defined benefit multi-employer plan. For the financial year 2021, the Group did not have access to the type of information required for recognising these plans as defined benefit plans. As a result, the ITP (individual supplementary pension) plans that are secured through insurance with Alecta are reported as defined contribution plans. Contributions are recognised as personnel costs in profit or loss when they fall due for payment. Fees for pension insurance arranged with Alecta amounted to SEK 10 m (7) in 2021 and are expected to be comparable in 2022. Alecta's surplus can be distributed to the policyholders and/or insured parties. At year-end 2021, Alecta's surplus in the form of its collective consolidation ratio was 172 per cent (148). The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its insurance obligations calculated using Alecta's actuarial assumptions, which are not compatible with IAS 19.

NOTE 1 ACCOUNTING AND VALUATION POLICIES, cont.

The German subsidiary TECHNIA GmbH has defined benefit pension obligations for five employees. The provision reported on the Balance Sheet for these pension obligations corresponds to the present value of the obligations on the reporting date and has been calculated in accordance with IAS 19 by an independent actuary. The provision as of 31 December 2021 amounted to SEK 10 m (9) (see Note 27). Actuarial gains and losses are recognised in the Consolidated Statement of Comprehensive Income in the periods in which they arise.

BORROWINGS

Borrowings are initially measured at fair value, net after transaction costs. Borrowings are subsequently measured at amortised cost, and any difference between the amount received (net after transaction costs) and the repayment amount is recognised through profit or loss, distributed over the term of the loan, using the effective interest method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the reporting date.

TRADE PAYABLES

Trade payables are commitments to pay for goods or services acquired in operating activities from vendors. Trade payables are classified as current liabilities if they fall due within one year after the reporting date; otherwise they are classified as non-current liabilities. Trade payables are initially measured at fair value and thereafter at amortised cost by applying the effective interest method.

IMPAIRMENT

Assets with indefinite useful life, such as goodwill, are not amortised but are tested at least yearly for impairment. When impairment tests are performed, goodwill is distributed between the cash-generating units or groups of cash-generating units, determined in accordance with the Group's operating segments that are expected to benefit from the business combination in which the goodwill item arose.

Depreciated/amortised assets are assessed with regard to any decrease in value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling costs and its value in use.

REPORTING BY OPERATING SEGMENT

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function that is responsible for allocating resources and assessing the performance of the operating segments. For the Group, this function has been identified as the President of the Parent Company.

STATEMENT OF CASH FLOWS, CASH AND CASH EQUIVALENTS

The statement of cash flows is prepared in accordance with the indirect method. The reported cash flows include only transactions that involve cash inflows and outflows.

Cash and cash equivalents include cash, bank balances and short-term investments with a remaining term of less than three months from the acquisition date.

PARENT COMPANY

The Parent Company's accounts are prepared in accordance with the Swedish Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities. The recommendation entails that legal entities whose securities are listed on a Swedish stock exchange on the reporting date are, as a main rule, to apply the IFRSs used in the consolidated accounts along with certain exemptions and additions stated in the recommendation.

The accounting policies and calculation methods for the Parent Company are unchanged compared with the preceding year.

Financial instruments, such as long-term securities holdings, are measured at fair value. Changes in fair value are recognised in accordance with the same principles as for the Group (see the description above). Participations in Group companies are reported at cost less any impairment. The cost of participations in Group companies includes transaction costs that arose in conjunction with the acquisition. Contingent consideration is recognised as a part of cost if it is probable that such consideration will be paid. Any remeasurement of estimated contingent consideration in subsequent periods is recognised as a change in the cost of participations in Group companies. Liabilities for consideration in foreign currency and provisions for estimated contingent consideration in foreign currency may in certain cases be treated in the accounts as a hedge of net investments in foreign operations. In such case the Parent Company recognises the liabilities and provisions at the exchange rate in effect on the acquisition date until they are settled, at which point realised exchange rate differences are recognised as a change in the cost of participations in Group companies. Certain bank loans in foreign currency are also treated for accounting purposes as hedges of net investments in foreign currency, entailing that such bank loans are stated at cost. Other assets and liabilities are stated at historical cost less depreciation/amortisation and any impairment. Dividends received and Group contributions received are reported as financial income.

In the Parent Company, all leases are recognised as rental contracts, whereby the lease payments are expensed in the Income Statement on a straight-line basis over the lease term.

NOTE 2 OPERATING SEGMENTS

Addnode Group's operations are organised and managed on the basis of the Design Management, Product Lifecycle Management (PLM) and Process Management divisions, which make up the Group's operating segments. Within Addnode Group's three divisions the subsidiaries develop and deliver software and digital solutions for customers in industries such as construction and real estate, manufacturing, automotive, and life sciences as well as the public sector. The solutions that Addnode Group provides enable the Group's customers to adopt digital ways of working to rationalise their operations, quality-assure their production and communicate more seamlessly with customers and the public. No changes were made in the segment breakdown in 2021. The segment breakdown is based on the Group's products and services. Design Management sells digital solutions for design, projects and facility management. Product Lifecycle Management offers digital solutions for design and product data management. The operations of Process Management are focused on digital solutions for document and case management. Centralised work is conducted in market communications, financial reporting and control, financing, tax issues, business development and company acquisitions.

A breakdown of the Group's net sales by the various types of revenue is provided in Note 3. All of the divisions receive revenue, including recurring revenue, from services, licences and software, although the share of revenue from each type of revenue varies between the divisions. Revenue for central units primarily relates to invoicing to subsidiaries for rents of premises and services performed. Transactions between the divisions are normally conducted in accordance with normal commercial terms, which also apply for external parties.

The segments report earnings according to the same accounting policies as the Group. The difference between the sum of the segments' operating profit and consolidated profit before tax relates to financial income of SEK 2 m (3), financial expenses of SEK –27 m (–21), and remeasurement of contingent consideration, totalling SEK 5 m (0).

Operating capital is defined as the sum of goodwill and other intangible non-current assets, property, plant and equipment including leases, financial assets, trade receivables and other operating assets less trade payables and other operating liabilities.

	Design		PLM		Process		Central		Elimination		Group	
SEK m	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Revenue and profit or loss												
Revenue from external customers	1,848	1,855	1,217	1,135	1,010	816	2	1	–	–	4,077	3,807
Transactions between segments	4	5	10	6	10	11	13	13	-37	-35	0	0
Total revenue	**1,852**	**1,860**	**1,227**	**1,141**	**1,020**	**827**	**15**	**14**	**-37**	**-35**	**4,077**	**3,807**
EBITA	**204**	**190**	**117**	**57**	**195**	**151**	**-55**	**-42**	**–**	**–**	**461**	**356**
Operating profit	**146**	**133**	**72**	**23**	**142**	**115**	**-55**	**-42**	**–**	**–**	**305**	**229**
Other disclosures												
Total net operating assets	868	761	596	596	853	559	-11	29	–	–	2,306	1,945
Investments in intangible non-current assets and property, plant and equipment	51	67	62	56	44	42	0	16	–	–	157	181
Depreciation/amortisation and impairment of intangible non-current assets and property, plant and equipment	-84	-83	-71	-63	-78	-60	-9	-9	–	–	-242	-215
Average number of employees	560	565	613	654	595	532	8	7	–	–	1,776	1,758

NOTE 2 OPERATING SEGMENTS, cont.

Geographical information
The Group conducts business primarily in the Nordic countries, Germany, the UK and the USA. Most of the Group's business is in Sweden, where all of the divisions conduct business. Business in Norway is mainly conducted by Design Management, but also Product Lifecycle Management. Business in Finland and the UK is conducted by Design Management and Product Lifecycle Management. Business in Germany and the USA is conducted by Product Lifecycle Management.

The information below regarding revenue from external customers is based on where Group companies are domiciled.

	Revenue from external customers		Intangible assets and property, plant and equipment	
SEK m	**2021**	**2020**	**2021**	**2020**
Sweden	1,746	1,443	1,437	1,109
Norway	321	314	226	212
Finland	185	195	51	51
Denmark	43	41	22	21
Netherlands	75	62	26	28
Germany	526	497	214	217
UK	974	1,090	678	653
USA	37	40	1	1
Other countries	170	125	81	38
Group	**4,077**	**3,807**	**2,736**	**2,330**

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's net sales consist of the following main revenue streams per operating segment.

	Design		PLM		Process		Central		Elimination		Group	
SEK m	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Licenses	46	64	168	126	41	31	–	–	0	0	255	221
Recurring revenue	1,550	1,520	696	680	462	363	–	–	-1	-3	2,707	2,560
Services	231	232	349	327	486	410	–	–	-10	-6	1,056	963
Other	25	44	14	8	31	23	15	14	-26	-26	59	63
Total revenue	**1,852**	**1,860**	**1,227**	**1,141**	**1,020**	**827**	**15**	**14**	**-37**	**-35**	**4,077**	**3,807**

Recurring revenue means revenue of a yearly recurring nature, such as revenue from support and maintenance contracts, and revenue from software subscriptions, rental agreements and SaaS solutions.

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS, cont.

Design Management

Product and service	Description of the nature, invoicing and timing of satisfaction of performance obligations, as well as revenue recognition and important payment terms	
Licenses	**Proprietary software and external software vendors** Revenue for perpetual right of use for software is recognised immediately at the delivery date, when the customer gains control of the software. New sales of Autodesk software are in the form of software subscriptions (see below).	Customers are invoiced on contract signing/delivery, and payment terms are normally 30 days.
Recurring revenue	**Software subscriptions and lease contracts** Revenue from software subscriptions and lease contracts related to time-restricted rights of use and updates of the Group's proprietary software, where Group companies have an obligation to the customer, is recognised on a straight-line basis over the contract term as the performance obligation is satisfied. The contract term is typically one year, but can be up to three years. Revenue for software subscriptions and lease contracts relating to time-restricted rights of use and updates of software from Autodesk and other external vendors, where Group companies do not have an obligation to the customer, is recognised immediately at the start of the contract. The contract term is typically one year but can be up to three years. **Support and maintenance agreements** Revenue from support and maintenance agreements where Group companies do not have an obligation to the customer is recognised immediately at the start of the contract. The contract term is usually one year, but can be up to three years.	Revenue from support and maintenance agreements where Group companies have an obligation to the customer is recognised on a straight-line basis over the contract term as the performance obligation is satisfied. The contract term is typically one year, but can in certain cases be up to ten years. For software subscriptions, lease contracts, and support and maintenance agreements, customers are usually invoiced in advance, where the time invoiced may be all or part of the contract term. Amounts invoiced in advance are recognised as deferred income in the Balance Sheet. Payment terms are normally 30 days. **SaaS services** Revenue for SaaS solutions is recognised as services are rendered. Customers are invoiced and typically pay for services rendered monthly in arrears.
Services	Revenue from services assignments is recognised as services are rendered. Customers are invoiced and typically pay for services rendered monthly in arrears. Fixed fee assignments are negligible.	

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS, cont.

Product Lifecycle Management

Product and service	Description of the nature, invoicing and timing of satisfaction of performance obligations, as well as revenue recognition and important payment terms	
Licenses	**Proprietary software and external software vendors** Revenue from perpetual rights of use for software is recognised immediately at the delivery date, when the customer gains control of the software. Sales of Dassault Systèmes' software are now conducted to a greater extent in the form of software subscriptions (see below).	Customers are invoiced on contract signing/delivery, and payment terms are normally 30 days.
Recurring revenue	**Software subscriptions and lease contracts** Revenue from software subscriptions and lease contracts relating to time-restricted rights of use and updates, where Group companies have an obligation to the customer, is recognised on a straight-line basis over the contract term as the performance obligation is satisfied. The contract term is typically one year, but can vary between a quarter and in some cases several years. **Support and maintenance agreements** Revenue from support and maintenance agreements, where Group companies have an obligation to the customer is recognised on a straight-line basis over the contract term as the performance obligation is satisfied. The contract term is typically one year, but can vary between one quarter and in some cases several years.	For software subscriptions, lease contracts and support and maintenance agreements, customers are typically invoiced in advance, whereby the period of time being invoiced can relate to either the entire or part of the contract term. Amounts invoiced in advance are recognised as deferred income in the Balance Sheet. Payment terms are normally 30 days. **SaaS services** Revenue for SaaS solutions is negligible and is recognised in pace with provision of the services. Customers are invoiced and typically pay for services rendered monthly in arrears.
Services	Revenue for services rendered on open account is recognised as services are rendered. Customers are typically invoiced and pay monthly in arrears. There are some fixed-fee assignments, where revenue is recognised on a percentage of completion basis.	Invoiced fees for fixed-fee assignments relating to services that have not yet been rendered are recognised as customer advances in the Balance Sheet.

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS, cont.

Process Management

Product and service	Description of the nature, invoicing and timing of satisfaction of performance obligations, as well as revenue recognition and important payment terms	
Licenses	Revenue from perpetual rights of use for software that constitutes a distinct performance obligation is recognised immediately at the delivery date, when the customer gains control of the software.	Customers are invoiced on contract signing/delivery, and payment terms are normally 30 days.
Implementation of system solutions (combination of licences and services)	Licences for proprietary software can in certain cases be included as part of a larger implementation project with a high degree of customisation. If these performance obligations are considered to be so integrated that they do not constitute a distinct performance obligation, the licence revenue is recognised as the implementation services are rendered.	In these cases, invoicing and payment terms are often based on specific agreements with the customer.
Recurring revenue	**Support and maintenance agreements** Revenue from support and maintenance agreements where Group companies have an obligation to the customer is recognised on a straight-line basis over the contract term as the performance obligation is satisfied. The contract term is typically one year, but can be several years. There are some maintenance agreements relating to external vendors' software where Group companies do not have an obligation to the customer, where revenue is recognised immediately at the start of the agreement, when the performance obligation has been satisfied.	Customers are typically invoiced in advance, where the time invoiced may be all or part of the contract term. Amounts invoiced in advance are recognised as deferred income in the Balance Sheet. Payment terms are normally 30 days. **SaaS services** Revenue from SaaS solutions is recognised as services are rendered. Customers are invoiced and typically pay for services rendered either monthly in advance or in arrears. Amounts invoiced in advance are recognised as deferred income on the Balance Sheet. Terms of payment are normally 30 days.
Services	Revenue for services rendered on open account is recognised as services are rendered. Customers are invoiced and typically pay monthly in arrears. There are some fixed-fee assignments, where revenue is recognised on a percentage of completion basis.	Invoiced fees for fixed-fee assignments relating to services that have not yet been rendered are recognised as customer advances in the Balance Sheet.

Contract assets and contract liabilities
Addnode Group recognises trade receivables when there is an unconditional right to payment for services rendered. Accrued income is recognised for earned fees and other payment for services rendered that have not yet been invoiced on the reporting date. Contracts invoiced in advance are recognised as deferred income on the Balance Sheet. Invoiced fees for fixed-fee assignments for services that have not yet been performed are recognised as customer advances.

Accrued income
Of the year's opening balance of SEK 56 m (40), SEK 49 m (33) was invoiced in 2021. No significant impairment was recognised for accrued income at the beginning of the year. SEK 42 m (51) of revenue recognised in 2021 is included in accrued income at year-end.

Deferred income
Of the year's opening balance of SEK 509 m (435), SEK 488 m (421) was recognised as revenue in 2021. Companies acquired in 2021 increased deferred income by SEK 78 m (20), with SEK 68 m (15) of this revenue recognised in 2021. Deferred income of SEK 740 m (493) of agreements advance invoiced in 2021 was included in deferred income at the end of the year.

Customer advances
Of the year's opening balance of SEK 28 m (19), SEK 24 m (18) was revenue recognised in 2021. SEK 26 m (27) of fees invoiced on fixed-fee assignments for services not yet rendered are included in the closing balance for the year.

Trade receivables and possible and expected credit losses
Addnode Group has historically had very low costs for bad debt. The provision for bad debt on the reporting date of 31 December 2021 was SEK 8 m (8), which corresponds to 1.0 per cent (1.4) of total trade receivables. Profit for 2021 was positively impacted by SEK 0 m (negatively by 5) due to provisions and reversals of previous provisions for possible and expected credit losses. The Group's trade receivables are divided over a large base of counterparties. The anticipated level of credit losses is very low in relation to outstanding trade receivables and net sales. In terms of monetary amounts, the effects of the model for calculating the provision for anticipated credit losses according to IFRS 9 have been negligible.

Contract fees
Addnode Group has not reported any assets due to fees for receiving or fulfilling contracts with customers.

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS, cont.

Transaction price allocated to remaining performance obligations
The following table shows revenue to be recognised in future relating to unsatisfied or partly satisfied performance obligations on the reporting date, and when revenue is expected to be recognised (SEK m).

	31 Dec. 2021	31 Dec. 2020
Within one year of reporting date	217	134
Later than one year but within five years of reporting date	227	184
Later than five years from reporting date	10	17
Total	**454**	**335**

The table does not include performance obligations that are part of a contract with an original anticipated term of not more than one year or a contract under which the company has a right to variable compensation based on its completed performance, such as consulting contracts where compensation is at a fixed rate per hour of completed work (according to IFRS 15 points 121 and B16). Nor does the table include performance obligations that arose before the initial date of application of IFRS 15, i.e., 1 January 2018.

Parent Company
The Parent Company's net sales relate mainly to invoicing to subsidiaries for rents of premises and services rendered.

NOTE 4 SALARIES, OTHER BENEFITS AND SOCIAL SECURITY COSTS

	Group		Parent Company	
SEK m	**2021**	**2020**	**2021**	**2020**
Salaries and other benefits to:				
– boards of directors, presidents and senior executives	168	151	21	12
– other employees	980	949	5	4
Government assistance for reduced working-hours and sick pay	-3	-22	–	–
Pension costs for:				
– boards of directors, presidents and senior executives	22	19	3	2
– other employees	80	71	1	1
Other social security costs	274	255	9	6
Total	**1,521**	**1,423**	**39**	**25**
The above salaries and other benefits to boards of directors, presidents and senior executives include the following bonuses etc.	31	26	8	3
The number of people included in boards of directors, presidents and senior executives above	142	139	12	11

Government assistance and other support
In 2020 and 2021, the Group had access to assistance as part of the measures taken during the Covid-19 pandemic by governments in a number of European countries where Group companies operate. Usage of government assistance reduced gradually in the second half-year 2020, with only small amounts received in 2021, relating mainly to furlough in companies outside Sweden. Government assistance was not paid to companies in some countries, but instead, directly to employees. In both cases, this resulted in lower costs for the Group. Government assistance measures, which temporarily reduced the Group's personnel costs by a total of SEK 51 m in 2020, and SEK 3 m in 2021, is reviewed in more detail below.

Government assistance
As stated in the table above, the Group received government assistance totalling SEK 3 m (22) in 2021 for reduced working hours and sick pay, reported as a decrease in the Group's personnel costs. Of this assistance, SEK 15 m (14) is conditional, but conditions are considered satisfied. The accounting policies for government assistance are described in more detail in note 1.

Other assistance measures that reduced personnel costs
In addition to government assistance, temporarily reduced employer payroll taxes resulted in lower social security cost, with SEK 0 m (10). In addition, the Group's payroll costs and other personnel costs reduced by SEK 0 m (19) due to reduced working-hours through furloughs, mainly for Group companies in Germany and the UK.

Stock option programme
The AGM 2021 approved an incentive programme for managers and senior executives of Addnode Group. This programme consists of call options on Addnode Group's repurchased shares, with each call option conferring entitlement to acquire one repurchased class B share. The option premium of the programme has been set using an accepted valuation methodology, Black-Scholes. The conditions for computation set the exercise price at 126 per cent of the calculated average of the high and low share prices quoted during the day over the measurement period, volatility was based on statistical historical data, the risk-free interest rate was based on the yield on government bonds, the term and exercise period pursuant to the terms & conditions of the programme, and dividend according to financial analysts' estimates available, balanced with the Group's dividend policy.

The granting approved by the AGM 2021 covered 60 people and a total of 195,800 call options. Granting varied between 100–13,000 options per person. The measurement period for determining the average share price, which was SEK 297.55, was 7–21 May 2021. The exercise price of the call options, set at 126 percent of the average share price, was SEK 374.90. The market value of the call options was set at SEK 29.80 per option. The programme has three exercise periods, which are after 3, 3.5 and 4 years respectively. Exercise is possible in three periods; (i) from and including the day after the company publishes its Interim Report for the period 1 July 2024– 30 September 2024, but no earlier than 25 October 2024, and up to and including 10 December 2024, (ii) after the company publishes its Year-end Report for the period 1 January 2024–31 December 2024, but no earlier than the 25 January 2025, and up to and including 10 March 2025, (iii) after the company publishes its Interim Report for the period 1 January 2025–31 March 2025, but no earlier than 25 April 2025, and up to and including 10 June 2025.

NOTE 5 REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Remuneration and other benefits in 2021

SEK 000	Basic salary/fee	Variable remuneration	Other benefits	Pension costs	Total 2021
Chairman of the Board Staffan Hanstorp	456	–	–	–	456[1]
Director Jan Andersson	328	–	–	–	328
Director Kristofer Arwin	292	–	–	–	292
Director Johanna Frelin	217	–	–	–	217
Director Sigrun Hjelmquist	292	–	–	–	292[2]
Director Thord Wilkne	240	–	–	–	240
Director Kristina Willgård	217	–	–	–	217
Chief Executive Officer Johan Andersson	3,344	3,300	113	990	7,747
Other senior executives (6 people)	12,371	6,306	414	2,346	21,437
Total	**17,757**	**9,606**	**527**	**3,336**	**31,226**

[1] In 2021, Chairman of the Board Staffan Hanstorp invoiced the Parent Company SEK 2,462,000 of fees from a company for consulting services related to the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters. This amount is not included in the table above.

[2] Board member Sigrun Hjelmquist invoiced the Parent Company SEK 20,000 from a company for administering and compiling an appraisal of the Board of Directors. This amount is not included in the table above.

Remuneration and other benefits in 2020

SEK 000	Basic salary/fee	Variable remuneration	Other benefits	Pension costs	Total 2020
Chairman of the Board Staffan Hanstorp	420	–	–	–	420[1]
Director Jan Andersson	285	–	–	–	285
Director Kristofer Arwin	255	–	–	–	255
Director Johanna Frelin	200	–	–	–	200
Director Sigrun Hjelmquist	255	–	–	–	255[2]
Director Thord Wilkne	220	–	–	–	220
Director Kristina Willgård	133	–	–	–	133
Chief Executive Officer Johan Andersson	2,820	1,535	112	864	5,331
Other senior executives (5 people)	8,344	3,068	233	1,819	13,464[3]
Total	**12,932**	**4,603**	**345**	**2,683**	**20,563**

[1] In 2020, Chairman of the Board Staffan Hanstorp invoiced the Parent Company SEK 2,509,000 of fees from a company for consulting services related to the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters. This amount is not included in the table above.

[2] Board member Sigrun Hjelmquist invoiced the Parent Company SEK 20,000 from a company for administering and compiling an appraisal of the Board of Directors. This amount is not included in the table above.

[3] The Group CFO was contracted as a consultant in September 2019 – March 2020. The fee paid to the staffing agency for January–March 2020 was SEK 1,249,000. This amount is not included in the table above.

REMUNERATION GUIDELINES FOR SENIOR EXECUTIVES

Remuneration guidelines for senior executives, as approved by the AGM in May 2020 and applicable until the AGM 2024, providing no amendments are proposed, are stated in the Board of Directors' Report, pages 70–71. No amendments are proposed for the AGM 2022.

NOTE 5 REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES, cont.

REMUNERATION AND BENEFITS FOR THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES IN 2021

Parent Company Board of Directors

For the time between the 2021 and AGM 2022, a fixed fee of SEK 450,000 is payable to the Chairman of the Board and SEK 225,000 to each of the other Board members. A fee of SEK 125,000 is payable to the Audit Committee chair, and a fee of SEK 85,000 is payable to each of the two other members of the Audit Committee. A fee of SEK 25,000 is payable to each of the two members of the Board's Remuneration Committee. In 2021, Chairman of the Board Staffan Hanstorp was contracted on a consulting basis for work with the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters. Fees invoiced for the consulting services rendered by Staffan Hanstorp were a maximum of SEK 237,000 per month (based on an invoiced amount including social security contributions). Board member Sigrun Hjelmquist invoiced the Parent Company SEK 20,000 from a company for administering and compiling an appraisal of the Board of Directors. No other fees were paid in 2021 for service on the Board of Directors or the Audit or Remuneration Committees. There are no agreements on pensions, severance pay or other benefits for Board members.

Subsidiary Boards of Directors

No separate fee is paid to Board members of the Group's subsidiaries, nor any pension or other benefits.

President of the Parent Company

The President, Johan Andersson, is employed by the Parent Company. Under his employment contract, remuneration is paid in the form of base salary of SEK 275,000 per month, variable remuneration, other benefits and occupational pension premiums. Variable remuneration is the expensed bonus for 2021, which will be paid in 2022. Variable remuneration is based mainly on consolidated operating profit after amortisation of intangible assets and earnings per share. The variable remuneration component is capped at 12 months' fixed salary on a yearly basis. Other benefits consist primarily of a car mileage allowance. Pension costs relate to the cost that affects net profit for the year. Occupational pension premiums are paid at an amount corresponding to 30 per cent of fixed salary.

The President's employment contract has a mutual notice period of six months with continued service. In the event the company serves notice, severance pay equivalent to six months' fixed salary is payable.

In the 2021, the President acquired a total of 13,000 call options on class B shares of Addnode Group AB under the incentive programme approved by the AGM 2021 (see notes 1 and 4).

Remuneration of the President of the Parent Company is considered and specified by the Board's Remuneration Committee.

Other senior executives

For 2021, other senior executives in the above table includes Group Management, except for the President of the Parent Company, as in the Corporate Governance Report on page 63. Remuneration of other senior executives consists of a basic salary, variable remuneration, other benefits and occupational pension premiums. For the financial year 2021, variable remuneration is the expensed bonus, which will be paid in 2022. For division Presidents, variable remuneration is largely based on operating profit for the year for each division before amortisation of intangible assets, and work performed by the company for its own use and capitalised. Variable remuneration is capped at nine months' fixed salary. The other benefits in the table above are largely car mileage allowance. Pension costs are the costs that affected net profit for the year. Occupational pension premiums are paid at a maximum of approximately 30 per cent of fixed salary.

The employment contracts have a mutual notice period of three to 12 months with continued service.

In the 2021, other senior executives acquired a total of 39,200 call options on class B shares of Addnode Group AB under the incentive programme approved by the AGM 2021 (see notes 1 and 4).

Remuneration of other senior executives in the Group is considered and specified by the President of the Parent Company after consultation with the Board's Remuneration Committee.

NOTE 6 AUDITORS' FEES

	Group		Parent Company	
SEK 000	**2021**	**2020**	**2021**	**2020**
Audit				
PricewaterhouseCoopers	3,177	2,834	995	819
– of which to PricewaterhouseCoopers AB[1]	2,297	2,242		
Other auditors	1,878	1,795	–	–
Auditing activities in addition to the audit				
PricewaterhouseCoopers	94	77	50	–
– of which to PricewaterhouseCoopers AB[1]	94	77		
Other auditors	48	24	–	–
Tax consultancy				
PricewaterhouseCoopers	112	768	112	78
– of which to PricewaterhouseCoopers AB[1]	112	768		
Other auditors	123	250	–	–
Other services				
PricewaterhouseCoopers	276	–	–	–
– of which to PricewaterhouseCoopers AB[1]	276	–		
Other auditors	94	139	–	–
Total	**5,802**	**5,887**	**1,157**	**897**

[1] The proportion of the Group's total reimbursement of auditors relating to the audit firm in Sweden appointed by the AGM.

The audit fee includes summary reviews of interim financial statements.

NOTE 7 EXCHANGE RATE DIFFERENCES

Consolidated operating profit includes exchange rate differences attributable to operating receivables and operating liabilities of SEK 0 m (–4) net. Some currency forward contracts are used to a certain extent to hedge amounts for future payment flows in foreign currencies. Any outstanding forward exchange contracts are measured at fair value. Forward exchange contracts relate to hedges of a particular risk associated with a reported asset or liability or a highly probable forecast transaction (cash flow hedges). Hedge accounting according to IFRS 9 may apply to certain forward exchange contracts. This means that unrealised changes in value are recognised in the Consolidated Statement of Comprehensive Income, until the hedged item is to be recognised in the Consolidated Income Statement, at which point the gain or loss for the corresponding forward exchange contract is recognised in the Consolidated Income Statement. The purpose of hedge accounting is thus for the gain or loss for the hedged item and the corresponding forward exchange contract to be recognised through profit or loss during the same period. In cases where formal conditions for hedge accounting are not satisfied, both realised and unrealised changes in value of forward exchange contracts are recognised in operating profit. No forward exchange contracts were outstanding as of 31 December 2021 or 31 December 2020.

More information on the currency hedging policy is provided in note 36, Financial risks and risk management.

NOTE 8 RESEARCH AND DEVELOPMENT

Research and development costs for the year amounted to SEK 26 m (30). SEK 80 m (80) of expenditure for investments in proprietary software and applications were capitalised in 2021, (see note 15). SEK 60 m (49) of expenditure for proprietary software and applications capitalised in the year and the previous years where amortised in 2021.

NOTE 9 FINANCIAL INCOME

	Group	
SEK m	**2021**	**2020**
Interest income	0	1
Share dividends	0	–
Exchange rate differences	2	2
Other financial income	0	0
Total	**2**	**3**

	Parent Company	
SEK m	**2021**	**2020**
Profit from participations in Group companies		
Share dividends	218	31
Group contributions received	227	151
Impairment	–168	–125
Reversal of previous impairment	35	40
Total	**312**	**97**
Interest income and similar profit/loss items		
External interest income	0	1
Interest income from Group companies	1	1
Exchange rate differences	1	3
Total	**2**	**5**

NOTE 10 FINANCIAL EXPENSES

	Group	
SEK m	**2021**	**2020**
Interest expense	–16	–16
Exchange rate differences	–7	–2
Other financial expenses	–4	–3
Total	**–27**	**–21**

	Parent Company	
SEK m	**2021**	**2020**
Interest expense and similar profit/loss items		
External interest expense	–13	–12
Interest expense to Group companies	0	0
Exchange rate differences	–43	–2
Other financial expenses	–4	–3
Total	**–60**	**–17**

NOTE 11 TAX

	Group		Parent Company	
SEK m	**2021**	**2020**	**2021**	**2020**
Current tax on profit for the year	–73	–49	–18	–16
Adjustments relating to previous years	2	2	–	–
Deferred tax (see Note 12)	9	–1	0	0
Total	**–62**	**–48**	**–18**	**–16**

The tax effect attributable to the components of other comprehensive income for the Group for 2021 are a total of SEK 7 m (0), of which SEK 7 m (0) is hedging of net investments in foreign operations, and SEK 0 m (0) is actuarial gains and losses on pension obligations.

The difference between tax computed at the nominal Swedish tax rate on profit before tax and effective tax as reported in the Income Statement arises as follows:

	Group		Parent Company	
SEK m	**2021**	**2020**	**2021**	**2020**
Profit after financial items/Profit before tax	**285**	**211**	**171**	**19**
Tax calculated according to nominal Swedish tax rate of 20.6% (21.4%)	–59	–45	–35	–4
Non-deductible expenses	–3	–3	–35	–27
Dividend from Group companies	–	–	45	6
Other tax-exempt income	2	2	7	9
Use of loss carry-forwards and temporary differences for which no deferred tax asset was previously capitalised	2	3	–	–
Decrease in deferred tax assets for loss carry-forwards and temporary differences	0	–6	–	–
Increase in loss carry-forwards and temporary differences for which no deferred tax asset was capitalised	0	–4	–	–
Remeasurement of deferred tax assets and deferred tax liabilities due to changes in tax rates	–2	1	–	–
Effect of foreign tax rates	–4	2	–	–
Adjustments relating to previous years	2	2	–	–
Tax according to Income Statement	**–62**	**–48**	**–18**	**–16**

In 2021 and 2020, the non-deductible expenses of the Parent Company include impairment of participations in Group companies and tax-exempt income in 2021 and 2020 include reversal of previous impairment of participations in Group companies.

NOTE 12 DEFERRED TAX

Deferred tax assets and deferred tax liabilities relate to temporary differences and tax loss carry-forwards. Temporary differences exist for cases where the carrying amount and tax values of the assets and liabilities are different. Deferred tax assets relating to tax loss carry-forwards or other tax deductions are recognised only to the extent that it is likely that the deductions can be offset against surpluses in conjunction with future taxation.

Deferred tax assets and deferred tax liabilities relate to temporary differences and tax loss carry-forwards on the respective reporting dates as follows:

	Group		Parent Company	
SEK m	**2021**	**2020**	**2021**	**2020**
Deferred tax assets				
Intangible non-current assets	2	1	–	–
Property, plant and equipment	2	1	–	–
Temporary differences in receivables and liabilities	6	3	0	0
Lease liabilities	1	1	–	–
Loss carry-forwards	11	12	–	–
Total deferred tax assets	**22**	**18**	**0**	**0**
Deferred tax liabilities				
Capitalised development expenditure	6	6	–	–
Customer agreements, software and similar rights	69	53	–	–
Untaxed reserves	38	32	–	–
Total deferred tax liabilities	**113**	**91**	**–**	**–**
Deferred tax assets and deferred tax liabilities, net	**–91**	**–73**	**0**	**0**

The net amount of deferred tax assets and deferred tax liabilities changed during the year as follows:

	Group		Parent Company	
SEK m	**2021**	**2020**	**2021**	**2020**
Opening balance	–73	–65	0	0
Acquired Group companies	–25	–7	–	–
Recognised in profit or loss (see note 11)	9	–1	0	0
Translation difference	–2	0	–	–
Closing balance	**–91**	**–73**	**0**	**0**

NOTE 12 DEFERRED TAX, cont.

The amounts recognised in the Balance Sheet include the following:

SEK m	Group 2021	Group 2020
Deferred tax assets that can be used after 12 months at the earliest	15	11
Deferred tax liabilities that must be paid after 12 months at the earliest	–91	–72

Deferred tax assets not reported as assets
The Group's total tax loss carry-forwards were approximately SEK 80 m on 31 December 2021. SEK 11 m of deferred tax assets are recognised n the Consolidated Balance Sheet as the value of these loss carry-forwards. The deferred tax assets relating to loss carry-forwards are recognised as assets to the extent it is likely that the loss carry-forwards may be deducted against surpluses in future taxation. Some of the Group's total tax loss carry-forwards relate to foreign companies, where the scope for use may be limited because the Group does not currently conduct any operations with taxable profit in those countries where these loss carry-forwards exist. Deferred tax assets that have not been recognised as assets were approximately SEK 7 m (6) on 31 December 2021. There are no established maturity dates for the Group's tax loss carry-forwards on 31 December 2021.

NOTE 13 EARNINGS PER SHARE

SEK m	Group 2021	Group 2020
Earnings per share before and after dilution		
Reported profit attributable to equity holders of the parent, SEK m	223	163
Profit for computing earnings per share, SEK m	223	163
Average number of shares outstanding before and after dilution	33,548,080	33,427,256
Earnings per share before and after dilution, SEK	**6.65**	**4.88**

There is no dilution effect because the exercise price of options exceeded Addnode Group's average share price.

NOTE 14 PROPOSED APPROPRIATION OF PROFIT

Profit for the year of SEK 153 m and other non-restricted equity of SEK 693 m, a total of SEK 846 m, is at the disposal of the Annual General Meeting. The Board of Directors proposes that these funds be appropriated as follows:

Dividend to shareholders 3,00 SEK per share	100
Carried forward	746
Total	**846**

A dividend of SEK 2.50 per share was paid in 2021, totalling SEK 84 m.

NOTE 15 INTANGIBLE NON-CURRENT ASSETS

SEK m	Goodwill	Customer agreements and similar rights	Acquired software	Expenditure for software development	Group
As of 1 January 2020					
Cost	1,618	317	210	321	2,466
Accumulated amortisation and impairment	–30	–204	–134	–204	–572
Book value	**1,588**	**113**	**76**	**117**	**1,894**
1 January – 31 December 2020					
Opening book value	1,588	113	76	117	1,894
Additional from acquired companies	—	—	0	—	0
Purchases in the year[1)]	247	81	59	80	467
Amortisation in the year	—	–47	–31	–49	–127
Translation difference	–72	–12	–4	–3	–91
Closing book value	**1,763**	**135**	**100**	**145**	**2,143**
As of 31 December 2020					
Cost	1,793	386	266	398	2,843
Accumulated amortisation and impairment	–30	–251	–166	–253	–700
Book value	**1,763**	**135**	**100**	**145**	**2,143**

NOTE 15 INTANGIBLE NON-CURRENT ASSETS, cont.

SEK m	Goodwill	Customer agreements and similar rights	Acquired software	Expenditure for software development	Group
1 January – 31 December 2021					
Opening book value	1,763	135	100	145	2,143
Purchases in the year[1]	278	71	79	80	508
Sales/retirements in the year	—	-1	-1	—	-2
Amortisation in the year	—	-55	-40	-61	-156
Translation difference	66	8	4	3	81
Closing book value	**2,107**	**158**	**142**	**167**	**2,574**
As of 31 December 2021					
Cost	2,137	361	264	415	3,177
Accumulated amortisation and impairment	-30	-203	-122	-248	-603
Book value	**2,107**	**158**	**142**	**167**	**2,574**

[1] Through business development and acquisitions, the proportion of proprietary software and applications has increased in the IT solutions the Group offers to customers. In 2021, costs for investments in proprietary software and applications that satisfy the capitalisation criteria amounted to SEK 80 m (80).

Goodwill impairment testing

Goodwill is allocated to the Group's cash-generating units identified by operating segments. The division of goodwill at operating segment and country levels is summarised in the following tables:

SEK m, as of 31 December	Design 2021	Design 2020	PLM 2021	PLM 2020	Process 2021	Process 2020	Group 2021	Group 2020
Sweden	146	146	95	95	820	575	1,061	816
Norway	176	164	—	—	—	—	176	164
Finland	21	21	26	26	—	—	47	47
Denmark	21	20	—	—	—	—	21	20
Germany	—	—	187	184	—	—	187	184
UK	345	314	195	177	—	—	540	491
France	—	—	20	19	—	—	20	19
Netherlands	—	—	18	17	—	—	18	17
Ireland	21	—	—	—	—	—	21	—
Poland	—	—	11	—	—	—	11	—
Serbia	—	—	—	—	5	5	5	5
Total	**730**	**665**	**552**	**518**	**825**	**580**	**2,107**	**1,763**

Impairment testing of goodwill is conducted yearly or more often if there is an indication of impairment.

The recoverable amount of a cash-generating unit is determined based on calculations of value in use. These calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by management. The cash flow forecasts are based on an assessment of the anticipated growth rate and development of the EBITA margin (operating margin before amortisation and impairment of intangible assets), starting from the budget for the next year, and forecasts for the next four years. Estimated value in use is most sensitive to changes in the assumptions on the growth rate, the EBITA margin and discount rate. The assumptions applied are based on previous experience and progress on the market. Cash flow forecasts for 2 to 5 years are based on a yearly growth rate of 2.0 per cent (2.0) for all cash-generating units. A yearly nominal growth rate of 2.0 per cent (2.0) after the forecast period is applied to all cash-generating units. The growth rate does not exceed the long-term growth rate stated in trade reports for the markets where each cash-generating unit operates. The discount rate used for calculating the recoverable amount is 9.7 per cent (9.7) before tax. The required rate of return is based on the Group's current capital structure and reflects the risks that apply to the various operating segments.

According to the impairment tests conducted, there is no impairment of goodwill as of 31 December 2021. A separate sensitivity analysis has been prepared for each cash-generating unit. Individually, a two percentage point increase in the discount rate, decreasing the EBITA margin by two percentage points, or decreasing the assumed long-term growth rate by two percentage points would not cause any impairment of any of the cash-generating units as of 31 December 2021.

SEK m	Parent Company 31 Dec. 2021	Parent Company 31 Dec. 2020
Software		
Opening cost	1	1
Closing accumulated cost	**1**	**1**
Opening amortisation	-1	-1
Amortisation for the year	0	0
Closing accumulated amortisation	**-1**	**-1**
Closing plan residual value	**0**	**0**

NOTE 16 PROPERTY, PLANT AND EQUIPMENT

	Group		Parent Company	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**	**31 Dec. 2021**	**31 Dec. 2020**
Equipment, tools, fixtures and fittings				
Opening cost	122	130	0	0
Additional from acquired companies	0	1	–	–
Purchases in the year	8	8	–	–
Sales/retirements	-43	-20	–	–
Translation difference	5	3	–	–
Closing accumulated cost	**92**	**122**	**0**	**0**
Opening depreciation	-91	-90	0	0
Sales/retirements	42	19	–	–
Depreciation for the year	-14	-17	0	0
Translation difference	-4	-3	–	–
Closing accumulated depreciation	**-67**	**-91**	**0**	**0**
Closing plan residual value	**25**	**31**	**0**	**0**

	Group	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**
Right-of-use assets		
Opening cost	241	192
Additional from acquired companies	4	5
Additional right-of-use	44	70
Sales/retirements	-28	-20
Translation difference	5	-6
Closing accumulated cost	**266**	**241**
Opening depreciation	-112	-63
Sales/retirements	27	20
Depreciation for the year	-71	-72
Translation difference	-2	3
Closing accumulated depreciation	**-158**	**-112**
Closing plan residual value	**108**	**129**

	Group	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**
Buildings and land		
Opening cost	27	1
Additional from acquired companies	–	32
Translation difference	3	-6
Closing accumulated cost	**30**	**27**
Opening depreciation	0	-1
Depreciation for the year	0	0
Translation difference	-1	1
Closing accumulated depreciation	**-1**	**0**
Closing plan residual value	**29**	**27**

Most of the buildings and land item relates to an office property in the UK included in the acquisition of Excitech Ltd. in 2020, which was divested in January 2022, with an estimated capital gain of approximately SEK 20 m (see note 40).

NOTE 17 LEASES

This note states information on leases where the Group is lessee.

Carrying amounts in the Balance Sheet
The following amounts related to leases are reported in the Balance Sheet:

	Group	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**
Right-of-use assets		
Office premises	99	119
Company vehicles	9	10
Total	**108**	**129**
Lease liabilities		
Current lease liabilities	58	60
Non-current lease liabilities	47	66
Total	**105**	**126**

Additional rights of use in 2021 amounted to SEK 48 m (75).

NOTE 17 LEASES, cont.

Carrying amounts in the Income Statement
The following amounts related to leases are reported in the Income Statement:

	Group	
SEK m	**2021**	**2020**
Depreciation of rights of use:		
Office premises	–63	–64
Company vehicles	–8	–8
Total depreciation (included in depreciation of property, plant and equipment)	**–71**	**–72**
Interest expense (included in financial expenses)	–2	–3
Expenditure related to short-term leases (included in other external costs)	–1	–1
Expenditure related to leases where the underlying asset is of low value and that are not short-term leases (included in other external costs)	–4	–6
Expenditure related to variable lease payments not included in lease liabilities (included in other external costs)	–12	–13

The total cash flow related to leases in 2021 was SEK –83 m (–83).

The Group's leases and their accounting
The Group's leases are mainly on office premises and company vehicles. Leases are normally entered for fixed terms of between six months and five years, but in individual cases, maybe up to ten years. Leases may have extension options, which are described below.

Effective 1 January 2019, leases are accounted as right-of-use assets, and a corresponding liability on the date the leased asset is available for use by the Group.

A lease may include both lease and non-lease components. The Group allocates the payments in accordance with the leasing agreement, where possible, to lease and non-lease components based on their relative, independent prices.

Terms are negotiated separately for each lease and include a large number of different contractual terms. Leases do not contain any special restrictions other than that the lessor retains the rights to pledge leased assets. The leased assets may not be used as collateral for loans.

Assets and liabilities that arise from leases are initially recognised at present value. The lease liabilities include the present value of the following lease payments:

- Fixed fees (including fixed fees in substance) after deducting any benefits in connection with the signing of the lease.
- Variable lease payments that are dependent on an index or a price that is initially set with the help of an index or the price at the inception date of the lease.
- Amounts that are expected to be paid out by the lessee in accordance with residual value guarantees.
- The exercise price for a call option if the Group is reasonably certain it will exercise such an option.
- Penalty fees payable upon termination of the lease if the lease term reflects that the Group will exercise an option to terminate the lease.

Lease payments that are made to reasonably ensure extension options are also included in the valuation of the lease liability.

The lease payments are discounted using the implicit rate of the lease. If this interest rate cannot be determined, the lessee's incremental borrowing rate is used, which is the interest rate that the individual lessee would have to pay to borrow the necessary funds to purchase an asset of similar value as the right of use in a similar economic environment with similar terms and collateral. The Group determines the incremental borrowing rate as the risk-free rate adjusted for credit risk and the specific terms of the lease, such as the lease term, country and currency.

The Group is exposed to possible future increases in variable lease payments based on an index or interest rate, which are not included in the lease liability until they take effect. When adjustments of lease payments based on an index or interest rate take effect, the lease liability is remeasured and adjusted to the right of use.

Lease payments are divided into amortisation of principal and payment of interest. The interest is reported in the Income Statement over the lease term in a way that conveys a fixed interest rate for the reported lease liability during the respective periods.

Right-of-use assets are measured at cost, which includes the following:

- The amount at which the lease liability was originally measured.
- Lease fees paid on or before the inception date after deducting any benefits received on signing the lease.
- Initial direct fees.
- Fees for restoring the asset to the condition prescribed in the terms of the lease.

Rights of use are normally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Payments for short-term leases and all leases with a low value are expensed on a straight-line basis in the Income Statement. Short-term leases are leases with a term of 12 months or less. Leases with a low value include parking spaces, and IT and office equipment.

Variable lease payments
The Group has no sales-based rents in current leases.

Options to extend and terminate leases
Options to extend and terminate leases are included in a number of the Group's leases. The majority of the options that provide an option to extend and cancel a lease may be used by the Group and the lessors.

NOTE 18 PARTICIPATIONS IN GROUP COMPANIES

All Group companies are consolidated. The operations of Group companies are mainly conducted in those countries were their registered offices are located. There are no significant limitations to accessing Group companies' assets and settling their liabilities.

	Parent Company	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**
Opening cost	2,746	2,291
Investments in subsidiaries in the year[1)]	413	450
Paid-up capital to subsidiaries	8	9
Sales of subsidiaries[2)]	–5	–4
Remeasurement of contingent consideration	–7	0
Closing accumulated cost	**3,155**	**2,746**
Opening impairment	–312	–227
Impairment in the year	–168	–125
Reversal of previous impairment in the year	35	40
Closing accumulated impairment	**–445**	**–312**
Closing book value	**2,710**	**2,434**

1) The year's investments in subsidiaries include estimated contingent consideration totalling SEK 12 m (116). The outcome is dependent on the financial performance of acquired companies.

2) Sales in 2021 and 2020 were to other Group companies pre-merger.

NOTE 18 PARTICIPATIONS IN GROUP COMPANIES, cont.

Corporate name	Corporate identity number	Registered office	Number of shares	Equity/vote, %	Book value 31 Dec. 2021	Book value 31 Dec. 2020
Mogul Holding AB	556300-0073	Stockholm, Sweden	10,275,103	100	328	156
Evitbe AB	556557-7599	Stockholm, Sweden	20,000	100	–	–
Symetri Ltd	3239798	Newcastle, UK	500,000	100	–	–
Addnode Balkan d.o.o	17598732	Belgrad, Serbia	1	100	–	–
Optosof GmbH	HRB 731607	Karlsruhe, Germany	3	100	–	–
Kartena AB	556751-4749	Stockholm, Sweden	1,320	100	–	–
Technia Holding AB	556516-7367	Stockholm, Sweden	4,533,500	100	172	137
TECHNIA AB	556481-3193	Stockholm, Sweden	5,000	100	–	–
Addnode India Private Limited[1]	U72200MH2012FTC229607	Thane, India	100	100	–	–
TECHNIA AS	880 823 582	Oslo, Norway	250	100	–	–
TECHNIA Oy	0755401-4	Esbo, Finland	77	100	–	–
Symetri Europe AB	556524-6989	Borlänge, Sweden	1,000	100	–	–
Mogul Sweden AB	556511-2975	Stockholm, Sweden	1,000	100	–	–
Addnode Inc	75-3269017	Naperville, IL, USA	100	100	–	–
Addnode Germany GmbH	HRB 732456	Karlsruhe, Germany	1	100	156	156
Transcat GmbH	HRB 110416	Karlsruhe, Germany	25,000	100	–	–
TECHNIA GmbH	HRB 109117	Karlsruhe, Germany	1	100	–	–
TECHNIA Slovakia s.r.o.	34196/B	Bratislava, Slovakia	1	100	–	–
TECHNIA GmbH	FN 399981 h	Linz, Austria	1	100	–	–
Technia B.V.	08095732	Loenen, Apeldoorn, Netherlands	10,136	100	18	17
TECHNIA Ltd	04286171	Milton Keynes, UK	101	100	174	204
Strategic Simulation and Analysis Ltd	06433279	Charlbury, UK	1,000	100	0	0
Simuleon B.V.	55204982	Bruchem, Netherlands	18,000	100	10	10
TECHNIA SAS	488 343 401	Paris, France	1,000	100	33	34
TECHNIA K.K.	0100-1-198112	Tokyo, Japan	1,000	100	–	–
Budsoft Sp. z o.o.	0000140361	Poznan. Poland	100	100	18	–
Scanscot Technology AB	556435-1038	Lund, Sweden	1,400	100	10	45
Symetri AB	556359-5429	Borlänge, Sweden	10,000	100	157	157
Symetri AS	957 168 868	Oslo, Norway	200	100	71	71
Symetri Oy	1058681-8	Helsingfors, Finland	3,000	100	37	37
Symetri A/S	13 737 436	Copenhagen, Denmark	60	100	1	1
Excitech Ltd	01894184	Middlesex, UK	286,540	100	50	272
Micro Concepts Ltd	03008091	Middlesex, UK	100	100	–	–
Computer Aided Business Systems Ltd	03523862	Middlesex, UK	30,040	100	–	–
Procad Ltd	554 759	Limerick, Ireland	51	100	35	–
Tribia AS	983 443 117	Oslo, Norway	3,644	100	125	155
Tribia AB	556657-7176	Stockholm, Sweden	1,001	100	20	20

[1] This company is 99 per cent owned by TECHNIA AB and 1 per cent owned by TECHNIA Oy.

NOTE 18 PARTICIPATIONS IN GROUP COMPANIES, cont.

Corporate name	Corporate identity number	Registered office	Number of shares	Equity/vote, %	Book value 31 Dec. 2021	Book value 31 Dec. 2020
UniZite AS	999 574 327	Lysaker, Norway	1,166	100	27	33
UniZite AB	559148-2004	Karlstad, Sweden	500	100	–	–
Cadassist Ltd	01994562	Bramhall, Stockport, UK	12,105	100	7	31
d2m3 Ltd	04309261	Bramhall, Stockport, UK	105	100	21	21
Service Works Global Ltd	04915250	London, UK	33,094,051	100	157	157
Service Works International Ltd	04915227	London, UK	1	100	–	–
Service Works Global Pty. Ltd	11 108 665 818	Melbourne, VIC, Australia	200,001	100	–	–
Service Works Global (Asia Pacific) Pty. Ltd	49 144 482 995	Melbourne, VIC, Australia	10	100	–	–
Service Works Global Ltd	3222235	Halifax, Canada	30,000	100	–	–
Service Works Global (North America) Inc	3268696	Halifax, Canada	100	100	–	–
Service Works Global Inc	35-2653333	Camden, DE, USA	1,000	100	–	–
Service Works Group Ltd	06975966	London, UK	100	100	–	–
Service Works Global Nordic AB	556535-3918	Eskilstuna, Sweden	4,586,000	100	13	11
Ida Infront AB	556316-2469	Linköping, Sweden	5,894,650	100	119	119
Ida Infront AS	988 393 568	Oslo, Norway	100	100	1	1
Stamford AB	556325-7913	Stockholm, Sweden	1,000	100	75	20
Elpool i Umeå AB	556423-0000	Umeå, Sweden	1,020	100	18	–
Decerno AB	556498-5025	Stockholm, Sweden	10,000	100	43	43
Decerno Väst AB	556564-9885	Gothenburg, Sweden	28,000,000	100	17	16
Sokigo AB	556550-6309	Köping, Sweden	5,000	100	167	167
Arkiva AB	556313-5952	Västerås, Sweden	1,000	100	7	7
Adtollo AB	556476-6813	Stockholm, Sweden	2,400	100	37	35
Forsler & Stjerna Konsult AB	556412-4849	Lund, Sweden	1,000	100	28	28
Svenska ITKompanion AB	556710-4244	Malmö, Sweden	185,795	100	10	10
IntraPhone Solutions AB	559186-3674	Malmö, Sweden	500	100	45	45
Netpublicator Apps AB	556861-8127	Jönköping, Sweden	668	66.8	100	100
S-GROUP Solutions AB	556214-2900	Karlskrona, Sweden	2,214,000	100	342	–
UAB S-Group Lietuva	111 549 859	Vilnius, Lithuania	900	100	–	–
Canella IT Products AB	556818-6927	Stockholm, Sweden	500	100	38	38
Voice Provider Sweden AB	556598-3276	Stockholm, Sweden	215,960	100	19	19
Mittbygge AB	556586-1555	Varberg, Sweden	1,000	100	4	4
Merged direct holdings in 2021:						
Stamford AB[2)]	556413-4939	Karlstad, Sweden	1,000,000	100	–	25
InPORT Intelligent PORT Systems AB[2)]	556270-4451	Karlstad, Sweden	5,000	100	–	32
Total book value					**2,710**	**2,434**

[2)] Stamford AB and InPORT Intelligent PORT Systems AB were merged with Stamford AB (formerly Stamford Stockholm AB) in 2021.

NOTE 19 DISCLOSURES ON FINANCIAL INSTRUMENTS

The carrying amount of the Group's financial instruments, divided between IFRS 9 measurement categories, is summarised in the table below. No financial assets or liabilities are recognised at a value that departs materially from fair value. More detail on certain items is in separate notes as indicated below. Financial risks and risk management are described in note 36.

		Group	
SEK m	**Note**	**31 Dec. 2021**	**31 Dec. 2020**
ASSETS			
Financial assets measured at amortised cost			
Non-current receivables	21	13	13
Trade receivables		750	543
Other receivables		16	11
Financial assets measured at fair value via other comprehensive income			
Long-term securities holdings[1)]	20	13	9
Cash and cash equivalents	34	406	644
LIABILITIES			
Financial liabilities measured at fair value via profit or loss			
Provisions for estimated contingent considerations[2)]	27	92	111
Other financial liabilities			
Non-current and current interest-bearing liabilities	26	776	827
Trade payables		303	199

[1)] Long-term securities holdings are unlisted shares and participations, and are in level 3 of the fair value hierarchy of IFRS 13. Level 3 means fair value measurement is not based on observable market data. The opening carrying amount of unlisted shares and participations in the year was SEK 9 m (9), investments in the year were SEK 4 m (0), sales in the year were SEK 0 m (0), translation differences in the year were SEK 0 m (0) and the closing carrying amount for the year was SEK 13 m (9) (see note 20). No dividend or capital gain from unlisted shares and holdings of participations were recognised as financial income in profit or loss. For holdings of shares and participations remaining as of 31 December, 2021, no gains or losses were recognised in profit or loss or other comprehensive income for 2021 or 2020. Carrying amounts of unlisted holdings of shares and participations on 31 December 2021 correspond to the cost of each holding. Reasonable possible alternative assumptions for estimating fair value would not have any material impact on the Group's accounting.

[2)] Provisions for estimated contingent considerations for acquisitions are in level 3 in the fair value hierarchy of IFRS 13. Provisions have been measured at fair value based on an estimate of the future financial performance of acquired companies. The opening carrying amount of provisions for the year for contingent considerations was SEK 111 m (8), the additional provisions on acquisitions for the year were SEK 12 m (116), contingent considerations paid in the year were SEK –31 m (–7), revaluations in the year were SEK –5 m (0), reclassifications as current liabilities in the year were SEK – m (–), exchange rate differences in the year were SEK 5 m (–6), and closing carrying amounts for the year were SEK 92 m (111). In 2021, profit/loss from revaluations of contingent considerations of SEK 5 m (0) was recognised in profit or loss. More information on contingent considerations and their valuation is in notes 27 and 33.

	Group 2021			Group 2020		
SEK m	**Gain/ loss**	**Interest income**	**Interest expense**	**Gain/ loss**	**Interest income**	**Interest expense**
Financial assets measured at amortised cost						
Non-current receivables and other current receivables	–	0	–	–	0	–
Financial assets measured at fair value via other comprehensive income						
Long-term securities holdings	–	–	–	–	–	–
Cash and cash equivalents	–	0	–	–	1	–
Other financial liabilities						
Interest expense on liabilities to credit institutions	–	–	-13	–	–	-13
Interest expense according to leases	–	–	-2	–	–	-3
Other interest expense	–	–	0	–	–	0
Earnings effect	**–**	**0**	**-15**	**–**	**1**	**-16**

NOTE 20 LONG-TERM SECURITIES HOLDINGS

	Group		Parent Company	
SEK m	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Opening cost	9	9	2	2
Investments in the year	4	0	1	–
Translation difference	0	0	–	–
Closing accumulated cost	**13**	**9**	**3**	**2**
Closing book value	**13**	**9**	**3**	**2**

Company	Corporate identity number	Registered office	Number of shares	Share of equity/ votes %	Book value 31 Dec. 2021	Book value 31 Dec. 2020
Walter Sar AB	559208-9618	Stockholm	18,519	37.04	3	2
Total holding in Parent Company					**3**	**2**
Additional, Group:						
Optimdata SAS	809 999 188	Boulogne-Billancourt, France	416,667	19.95	7	4
Upwave Technologies AS	918 835 881	Oslo, Norway	56,306	9.10	3	3
Other					0	0
Closing book value					**13**	**9**

The Group's securities holdings are reported at cost for each holding. The equity method has not been applied to these holdings, because the effects on the Group's accounting would not be material. Information on companies' profit or loss and equity are of no significance considering the requirement of a true and fair view.

NOTE 21 OTHER NON-CURRENT RECEIVABLES

	Group		Parent Company	
SEK m	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Opening cost	13	9	–	–
Additional from acquired companies	0	5	–	–
Loans granted	2	1	–	–
Amortisation and repayment	0	-1	–	–
Reclassifications	-3	–	–	–
Exchange difference	1	-1	–	–
Closing accumulated cost	**13**	**13**	**–**	**–**
Closing book value	**13**	**13**	**–**	**–**

Non-current receivables become due for payment within five years of each reporting date. Interest-bearing receivables were SEK 0 m (0) on 31 December 2021.

NOTE 22 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
SEK m	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Prepaid rent and lease payments	2	3	2	2
Prepaid licenses and service agreements	227	112	3	5
Other prepaid expenses	53	57	4	1
Accrued income	58	56	–	–
Total	**340**	**228**	**9**	**8**

NOTE 23 CASH AND CASH EQUIVALENTS IN GROUP ACCOUNT

	Parent Company	
	31 Dec. 2021	31 Dec. 2020
Cash and cash equivalents in Group account	301	518

Cash and cash equivalents in the Group account consist of cash and cash equivalents that are invested in bank accounts through the Parent Company in a Group-wide central account system. These funds are available without advance notice. At year-end 2021, the used portion of the Group account system was SEK 0 m (0) (see also note 28).

SEK 10 m (34) relating to the Group account is included in current receivables from Group companies, of which SEK 0 m (0) had been offset against the Parent Company's liabilities to the same Group companies. SEK 989 m (927) relating to the Group account is included in current liabilities to Group companies, of which SEK 206 m (145) had been offset against the Parent Company's receivables from the same Group companies.

NOTE 24 SHAREHOLDERS' EQUITY

A specification of changes in shareholders' equity are in the Consolidated and Parent Company Statement of Changes in Shareholders' Equity (see pages 77–78 and 82 respectively). Changes in the number of outstanding shares are in the following table:

	Class A shares	Class B shares	Total number of shares outstanding
Number on 31 Dec. 2019	**987,174**	**32,440,082**	**33,427,256**
Number on 31 Dec. 2020	**987,174**	**32,440,082**	**33,427,256**
New share issue	—	204,802	204,802
Repurchase of treasury shares	—	–200,000	–200,000
Number on 31 Dec. 2021	**987,174**	**32,444,884**	**33,432,058**

The quota value of shares is SEK 12. Class A shares carry 10 votes and class B shares carry one vote per share. All shares are fully paid up.

	Group	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**
Exchange rate differences in shareholders' equity		
Opening balance	–28	96
Change in the year's translation of foreign subsidiaries	106	–124
Closing balance	**78**	**–28**
Hedge of net investment in foreign operations recognised in shareholders' equity		
Opening balance	–4	–67
Remeasurement at fair value	–52	63
Closing balance	**–56**	**–4**

Disclosures on equity
Total equity is computed as shareholders' equity in the Consolidated Balance Sheet. The Group's equity/assets ratio, defined as total shareholders' equity in relation to total assets, was 39 per cent (40) at 31 December 2021. The Group's dividend policy is stated on page 8.

Acquisitions, transfers and holdings of treasury shares
In September 2021, Addnode Group's Board of Directors decided to repurchase class B treasury shares with authorisation from the AGM 2021. The main purpose of the Board of Directors' decision to exercise the AGM's authorisation was to enable delivery of shares associated with the implementation of Addnode Group's share-based incentive programme. This decision was on the repurchase of a maximum of 200,000 class B shares on Nasdaq Stockholm. The repurchase of 200,000 class B shares had been executed before 31 December 2021, which thus constituted the Group's holding of treasury shares.

Call options issued
In 2021, Addnode Group AB issued 195,800 call options to managers and senior executives of the Group (see note 4).

NOTE 25 UNTAXED RESERVES

	Parent Company	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**
Tax allocation reserve, 2017 tax year	10	10
Tax allocation reserve, 2018 tax year	21	21
Tax allocation reserve, 2019 tax year	19	19
Tax allocation reserve, 2020 tax year	22	22
Tax allocation reserve, 2021 tax year	24	24
Tax allocation reserve, 2022 tax year	29	—
Total	**126**	**96**

NOTE 26 INTEREST-BEARING LIABILITIES

	Group		Parent Company	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**	**31 Dec. 2021**	**31 Dec. 2020**
Non-current interest-bearing liabilities				
Liabilities to credit institutions	671	—	660	—
Liabilities relating to leases according to IFRS 16	47	66	—	—
Total non-current interest-bearing liabilities	**718**	**66**	**660**	**—**
Current interest-bearing liabilities				
Liabilities to credit institutions	—	699	—	707
Liabilities relating to leases according to IFRS 16	58	60	—	—
Other current interest-bearing liabilities	—	3	—	3
Total current interest-bearing liabilities	**58**	**761**	**—**	**710**
Total interest-bearing liabilities	**776**	**827**	**660**	**710**

Interest-bearing liabilities
In 2021, the utilised portion of the new credit facility was classified as non-current liabilities. In 2020, the credit facility was classified as current liabilities because the maturity date was 30 June 2021.

NOTE 26 INTEREST-BEARING LIABILITIES, cont.

Non-current liabilities become due for payment as follows:

	Group		Parent Company	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**	**31 Dec. 2021**	**31 Dec. 2020**
Between 1 and 2 years after the reporting date	28	48	–	–
Between 2 and 5 years after the reporting date	690	18	660	–
Total	**718**	**66**	**660**	**0**

Fair values
The carrying amount of interest bearing liabilities are a good approximation of the fair value of these liabilities.

NOTE 27 PROVISIONS

	Group		Parent Company	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**	**31 Dec. 2021**	**31 Dec. 2020**
Estimated contingent consideration for acquisitions	92	111	93	117
Decided restructuring measures	2	20	–	–
Guarantee provisions	2	2	–	–
Pension obligations (see below)	10	9	–	–
Total	**106**	**142**	**93**	**117**
Of which to be settled within 12 months	**45**	**64**	**44**	**47**
Of which to be settled after more than 12 months	**61**	**78**	**49**	**70**

	Group		Parent Company	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**	**31 Dec. 2021**	**31 Dec. 2020**
Opening balance	142	19	117	8
Provisions for restructuring measures in the period	0	28	–	–
Used in the period	-18	-9	–	–
Estimated contingent consideration for acquisitions	12	116	12	116
Remeasurement of contingent consideration	-5	0	-5	0
Contingent consideration paid	-31	-7	-31	-7
Changes in provisions for pension obligations	1	1	–	–
Changes in guarantee provisions	0	–	–	–
Exchange rate differences	5	-6	0	0
Closing balance	**106**	**142**	**93**	**117**

Estimated contingent considerations for acquisitions
Provisions for estimated contingent considerations on 31 December 2021 mainly relate to the acquisitions of Excitech Ltd, Netpublicator Apps AB and Procad Ltd. Payments corresponding to provisions as of 31 December 2021 are scheduled for 2022–2023. Additionally, the office property in Enfield, UK, included in the acquisition of Excitech in 2020, was divested in January 2022. The remaining purchase consideration to the sellers of the shares of Excitech was definitively settled in conjunction with this transaction.

Provisions for restructuring measures and utilisation in the period
Amounts for the period's provisions and portion utilised in the period are expenses for personnel.

Pension obligations
German subsidiary TECHNIA GmbH has pension obligations for defined-benefit pension plans for five employees. The provision for these pension obligations corresponded to SEK 10 m (9) as of 31 December 2021, computed according to IAS 19 by an independent actuary using the projected unit credit method and a discount rate of 1.00 per cent (0.70).

NOTE 28 OVERDRAFT FACILITY

At 31 December 2021 Group companies had committed overdraft facilities of a total of SEK 50 m (100) within the revolving credit facility. The overdraft facility was unutilised as of 31 December 2021 and 31 December 2020.

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**	**31 Dec. 2021**	**31 Dec. 2020**
Personnel-related expenses	240	206	14	7
Other accrued expenses	71	76	6	6
Deferred income	771	509	–	–
Total	**1,082**	**791**	**20**	**13**

NOTE 30 PLEDGED ASSETS

SEK m	Group 31 Dec. 2021	Group 31 Dec. 2020	Parent Company 31 Dec. 2021	Parent Company 31 Dec. 2020
For rental contracts				
Non-current receivables	11	8	–	–
Current receivables	0	0	–	–
Total	**11**	**8**	**–**	**–**

Financial obligations

In June 2021, Addnode Group entered an agreement on a revolving credit facility of SEK 1,600 m with Nordea and SEB. This multi-currency facility can be utilised to refinance existing loans, acquisitions and other working capital finance. This new facility has a 3-year term with a 1+1 year extension option. It replaces the previous acquisition and overdraft facility with Nordea, totalling SEK 1,100 m. The credit facility is conditional on the satisfaction of certain covenants, including financial key ratios, such as net debt/EBITDA and interest coverage ratio, which may not depart negatively from levels specified in the agreement. The earnings measures are for the most recent rolling 12-month period, and computed pro forma as if any acquisitions or divestments of operations had occurred on the first day of the relevant 12-month period.

NOTE 31 CONTINGENT LIABILITIES

SEK m	Group 31 Dec. 2021	Group 31 Dec. 2020	Parent Company 31 Dec. 2021	Parent Company 31 Dec. 2020
Payment guarantee for trade payables	–	–	74	15
Sureties for bank guarantees	3	2	3	3
Conditional government assistance	15	14	–	–
Capital coverage guarantees in favour of subsidiaries	–	–	–	8
Sureties in favour of Group companies	22	2	22	2
Total	**40**	**18**	**99**	**28**

NOTE 32 ADJUSTMENTS FOR OTHER NON-CASH ITEMS

SEK m	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Capital gain/loss	-1	0	–	–
Unrealised exchange rate differences	-2	4	–	–
Changes to provisions	-18	21	–	–
Allowance for doubtful debt	1	1	–	–
Total	**-20**	**26**	**–**	**–**

NOTE 33 ACQUISITIONS OF SUBSIDIARIES AND OPERATIONS

Acquisitions in 2021

Company/operation	Business	Acquisition date	Share of capital/vote,%
S-GROUP Solutions AB	IT solutions for digital social building process	1 Apr. 2021	100
Elpool i Umeå AB	IT solution for extending and maintaining power networks	3 May 2021	100
Procad Ltd	IT solutions for design and construction	1 Jun. 2021	100
Budsoft Sp. z.o.o.	IT solutions for product information and simulation	1 Sep. 2021	100

The following tables state purchase considerations, identifiable net assets and goodwill.

SEK m	S-GROUP	Other acquisitions	Total acquisitions in 2021
Purchase consideration			
Cash paid in 2021	286	50	336
Fair value of issued shares	54	–	54
Non-current and current liabilities to sellers	–	7	7
Estimated contingent considerations[1)]	–	12	12
Total purchase consideration	**340**	**69**	**409**
Identifiable net assets (see below)	-102	-29	-131
Goodwill	**238**	**40**	**278**

[1)] Provisions for contingent considerations are scheduled to be paid in cash in 2022–2023. Outcomes mainly depend on the progress of revenue and earnings of acquired companies.

The acquired companies are knowledge businesses, and accordingly, goodwill relates to the accumulated skills of staff and employees' aggregate knowledge of the relevant software and digital solutions, as well as to some extent, synergy effects. The fair value of issued shares is based on the closing price paid for Addnode Group's Class B share on Nasdaq Stockholm on 1 April 2021.

The fair value of the identifiable assets and liabilities included in acquisitions were as follows:

SEK m	S-GROUP	Other acquisitions	Total acquisitions in 2021
Customer agreements, software, trademarks & brands	116	14	130
Other intangible non-current assets	0	–	0
Property, plant and equipment	0	1	1
Financial assets	1	1	2
Receivables[2]	43	20	63
Cash and cash equivalents	54	17	71
Current liabilities	-88	-22	-110
Deferred tax, net	-24	-2	-26
Identifiable net assets	**102**	**29**	**131**

[2)] Essentially, contracted gross amounts correspond to the above fair values of acquired receivables.

NOTE 33 ACQUISITIONS OF SUBSIDIARIES AND OPERATIONS, cont.

On 1 April 2021, Addnode Group acquired S-GROUP, which specialises in business-related GIS solutions for municipalities, water utilities and surveyors, and consolidates Addnode Group's offering in this segment. S-GROUP has annual sales of some SEK 150 m and over 70 staff. The purchase consideration consisted partly of cash, and partly new class B shares issued to the seller. Operations were consolidated into Addnode Group's Process Management division effective April 2021.

Addnode Group acquired Elpool, which brings skills in digital solutions for extending and maintaining power networks, on 3 May 2021. The company has annual sales of some SEK 6 m and 2 staff. Operations were consolidated into Addnode Group's Process Management division effective May 2021.

Procad, a leading Autodesk provider on the Irish market, was acquired on 1 June 2021. This acquisition helps secure Addnode Group as the leading Autodesk reseller in northern Europe. The company has 18 staff and annual sales of approximately SEK 60 m. Depending on the acquired company's financial performance in 2021–2023, a contingent cash consideration ranging from 0 to a maximum undiscounted amount of EUR 1.2 m may be payable. A provision for the contingent consideration has been measured at SEK 12 m, recognised in the Consolidated Balance Sheet as of 31 December 2021. Operations were consolidated into Addnode Group's Design Management division effective June 2021.

Budsoft, a leading Polish partner of Dassault Systèmes, which offers sophisticated simulation solutions including consulting services, training and support, was acquired on 1 September 2021. Budsoft has annual sales of some SEK 20 m. Operations were consolidated into Addnode Group's Product Lifecycle Management division effective September 2021.

These acquisitions, completed in the second and third quarters of 2021, contributed net sales of SEK 151 m and EBITA of SEK 29 m. If the acquisitions have been conducted as of, 1 January 2021, the Group's net sales in January–December 2021 would have been approximately SEK 4,152 m and EBITA would have been approximately SEK 474 m. SEK 4 m (4) of expenses to complete the acquisitions are included in the Group's other external costs.

Acquisitions in 2020

Company/operation	Business	Acquisition date	Share of capital/vote,%
Unizite AS	IT solutions for mobile collaboration in the construction and civil engineering industries	9 Jan. 2020	100
Excitech Ltd	IT solutions for design and construction	16 Jan. 2020	100
Netpublicator Apps AB	IT solutions for digital document and meeting management	1 Jul. 2020	50.1
Scanscot Technology AB	IT solutions for product information and simulation	2 Nov. 2020	100

The following tables state purchase considerations, identifiable net assets and goodwill.

SEK m	Excitech Ltd	Other acquisitions	Total acquisitions in 2020
Purchase consideration			
Cash paid in 2020	225	107	332
Non-current and current liabilities to sellers	—	3	3
Estimated contingent considerations[1]	44	67	111
Total purchase consideration	**269**	**177**	**446**
Identifiable net assets (see below)	–131	–68	–199
Goodwill	**138**	**109**	**247**

[1] Provisions for contingent considerations are scheduled to be paid in cash in 2021–2023. Outcomes mainly depend on the progress of revenue and earnings of acquired companies, and the sales price of Excitech Ltd.'s office building.

The acquired companies are knowledge businesses, and accordingly, goodwill relates to the accumulated skills of staff and employees' aggregate knowledge of the relevant software and digital solutions, as well as to some extent, synergy effects.

The fair value of the identifiable assets and liabilities included in acquisitions were as follows:

SEK m	Excitech Ltd	Other acquisitions	Total acquisitions in 2020
Customer agreements, software, trade-marks & brands	55	67	122
Other intangible non-current assets	0	—	0
Property, plant and equipment	35	0	35
Financial assets	5	0	5
Inventories	2	—	2
Receivables[2]	92	20	112
Cash and cash equivalents	53	19	72
Current liabilities	–117	–25	–142
Deferred tax, net	6	–13	–7
Identifiable net assets	**131**	**68**	**199**

[2] Essentially, contracted gross amounts correspond to the above fair values of acquired receivables.

On 9 January 2020, Addnode Group acquired all the shares of Unizite AS of Norway. Unizite, with its team of 10 people, has developed a cloud-native mobile field collaboration tool for the construction and civil engineering industries. Dependent on the actual outcome of the company's recurring SaaS revenue in 2022, a contingent cash earn-out payment ranging from 0 to a maximum undiscounted amount of NOK 35 m may be payable. The estimated contingent earn-out is NOK 5 m, recognised in the Consolidated Balance Sheet as of 31 December 2021. Unizite is now part of Tribia, a company in the Design Management division, and was consolidated effective January 2020.

NOTE 33 ACQUISITIONS OF SUBSIDIARIES AND OPERATIONS, cont.

On 16 January 2020, Addnode Group signed an agreement to purchase and complete the acquisition of Excitech Ltd. with net sales of approximately GBP 50 m. Excitech, with over 3,500 customers and 150 employees, is the UK market's largest Autodesk Platinum Partner. The agreed purchase consideration for all shares was some GBP 22 m, or approximately SEK 269 m. The agreed purchase consideration of GBP 22 m consisted of GBP 17 m as a cash payment, GBP 2 m in the form of a promissory note, (whose nominal amount can increase/decrease depending on the net proceeds from a planned sale-leaseback transaction on Excitech's office building) and approximately GBP 3 m of cash relating to net cash position and working capital. The purchase consideration corresponds to an enterprise value of some GBP 15 m (cash and debt-free basis excluding the value of the office property).

The transaction was executed in two stages. On 16 January 2020, Addnode Group acquired 55 per cent of the shares of Excitech, with the remaining 45 per cent acquired at the beginning of June 2020, when the contracted combined call and put options were exercised. The sales price of the office building was difficult to specify, and depended on factors including the duration of forthcoming lease contracts and market progress. The office property was divested in January 2022, when the remaining liabilities were also settled with the sellers. Excitech was consolidated effective January 2020 as part of Addnode Group's Design Management division.

On 1 July 2020, Addnode Group acquired 50.1 per cent of the shares of Netpublicator Apps AB, which develops SaaS services for digital document and meeting processing before and during meetings in public administration. The company's net sales in 2019 were approximately SEK 16 m, with good profitability. The remaining 49.9 per cent will be acquired stepwise in 2021, 2022 and 2023, when the final purchase consideration will be determined based on Netpublicator's financial results. Depending on the actual outcome of the acquired company's financial performance in 2020, 2021, and 2022, a contingent cash consideration ranging from 0 to a maximum undiscounted amount of SEK 57 m may be payable for the remaining shares. The provision for the contingent consideration has been estimated at SEK 57 m, as recognised in the Consolidated Balance Sheet as of 31 December 2020. Netpublicator was consolidated effective July 2020 as part of Addnode Group's Process Management division.

On 2 November 2020, Addnode Group acquired all the shares of Scanscot Technology AB, the leading Nordic reseller of the SIMULIA software portfolio from Dassault Systèmes. This company has also developed proprietary software for simulating bridges and other infrastructure. The company's net sales in 2019 were approximately SEK 38 m. Scanscot was consolidated effective November 2020 as part of Addnode Group's Product Lifecycle Management division.

In 2020, these acquisitions contributed SEK 570 m to consolidated net sales and SEK 19 m to profit for the year after tax. If the acquisitions had been conducted as of 1 January 2020, the group's net sales in 2020 would have been approximately SEK 3,850 m, and profit for the year after tax would have been SEK 167 m. SEK 4 m of expenses to complete the acquisitions are included in the Group's other external costs for 2020.

NOTE 34 CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash and cash equivalents in the Group and Parent Company included no holdings of short-term investments on 31 Dec. 2021 or 31 Dec. 2020.

Neither the Group nor the Parent Company held any cash and cash equivalents in blocked bank accounts on 31 Dec. 2021 or 31 Dec. 2020.

NOTE 35 CHANGES IN LIABILITIES RELATING TO FINANCING ACTIVITIES

SEK m	Liabilities to credit institutions	Lease liabilities	Group
Opening balance, 1 January 2020	**492**	**123**	**615**
Cash flow for the year, 2020:			
Borrowings	263	–	263
Repayment of liabilities	0	-70	-70
Non-cash items 2020:			
New and terminated leases	–	76	76
Exchange rate differences	-56	-3	-59
Closing balance, 31 December 2020	**699**	**126**	**825**
Cash flow for the year, 2021:			
Borrowings	770	–	770
Repayment of liabilities	-855	-70	-925
Non-cash items 2021:			
New and terminated leases	–	47	47
Exchange rate differences	55	2	57
Closing balance, 31 December 2021	**669**	**105**	**774**

NOTE 36 FINANCIAL RISKS AND RISK MANAGEMENT

FINANCIAL RISKS

In the course of its international operations Addnode Group is exposed to various types of financial risk that can affect earnings, cash flow and shareholders' equity. These risks include:

- Interest rate risks for loans and liquid assets
- Financing and liquidity risks associated with the Group's capital requirement
- Currency risks associated with commercial flows and net investments in foreign subsidiaries
- Credit risks associated with financial and commercial activities
- Other price risks

Addnode Group has a Group-wide finance policy adopted by the Board of Directors of Addnode Group AB. The finance policy defines interest rate, financing, liquidity, currency and credit risks, and assigns responsibility and authorisation for management of these risks. The finance policy stipulates that the purpose of financial risk management is to minimise the impact on the Group's earnings and financial position.

In the Group's decentralised organisation, finance operations are centralised to the Parent Company, which has overarching responsibility for the Group's financial risk management in order to be able to monitor the Group's combined financial risk positions, achieve cost-efficiency and promote Group-wide interests.

NOTE 36 FINANCIAL RISKS AND RISK MANAGEMENT, cont.

No significant changes have been made in the Group's targets, policies or methods for managing financial risks compared to the preceding year. The Board evaluates the Group's targets, policies and methods for managing financial risks on a regular basis.

INTEREST RATE RISK

Interest rate risk is defined as the risk that changes in market interest rates will have a negative effect on the Group's earnings and cash flow.

The Group is exposed to interest rate risk through interest-bearing loans and cash and cash equivalents. Changes to interest rates have a direct impact on the Group's net interest income. The Group's borrowings and debt management are managed within the Parent Company. Interest-bearing borrowings consist mainly of bank loans within the auspices of the credit facility.

At present the Group does not use derivative instruments to manage interest rate risk. The average term of fixed interest at 31 December 2021 was 0.4 years (0.4).

The Group's interest expense are mainly affected by changes in market interest rates for outstanding loans in GBP and EUR.

The table below shows the Group's interest-bearing net debt on each reporting date. Based on interest-bearing net debt, excluding lease liabilities according to IFRS 16, an unfavourable 1 per cent change in interest rates would have an earnings impact of SEK –3 m (–1).

	Group	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**
Interest-bearing net debt		
Cash and cash equivalents	–406	–644
Interest-bearing receivables	0	–1
Interest-bearing liabilities	774	827
Net debt (+)/receivables (–)	**368**	**182**

LIQUIDITY RISK

Liquidity risk is defined as the risk of the Group on a given occasion not having sufficient liquid assets or other means of payment to be able to meet its regular payment obligations. To secure its solvency, Addnode Group's goal is to maintain a liquidity buffer of a minimum of 5 per cent of the Group's rolling annual sales. The liquidity buffer is defined as bank balances and short-term investments plus unutilised, committed bank overdraft facilities. The liquidity reserve target was satisfied as of 31 December 2021.

The Parent Company works actively to ensure optimal management of the Group's liquidity by centralising liquidity in the Parent Company via Group accounts and internal loans. Surplus liquidity should primarily be used to amortise external debt. Any additional cash and cash equivalents should be held in bank accounts or invested in fixed-income instruments with high liquidity.

The Parent Company has a SEK 1,600 m revolving credit facility. SEK 669 m (698) of this credit facility had been utilised as of 31 December 2021. This meant available credit of SEK 931 m. The utilised portion of the new credit facility was classified under non-current liabilities. The previous credit facility was classified under current liabilities because its maturity date was 30 June 2021.

	Group	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**
Cash and cash equivalents	406	644
Granted credit facility/overdraft facility	1,600	100
Utilised portion	–669	0
Available liquidity	**1,337**	**744**

FINANCING RISK

Financing risk is defined as the risk that it will be difficult and/or costly to obtain new financing or to refinance existing debt at a given point in time.

Financing risk is managed through the use of long-term credit facilities. In June 2021, Addnode Group entered an agreement on a revolving credit facility of SEK 1,600 m with Nordea and SEB. This multi-currency facility can be utilised to refinance existing loans, acquisitions and other working capital finance. This facility has a 3-year term with a 1+1 year extension option. Utilised draw-downs in the credit facility are accounted as long-term loans. Each bank loan may have a maturity of either 1, 3 or 6 months, but the debt amount can then be re-borrowed wholly within the overall total of the credit facility. Of the Group's liabilities to credit institutions at 31 December 2021, SEK 0 m (91) was denominated in SEK, SEK 475 m (607) was denominated in GBP, and SEK 194 m (0) was denominated in EUR. The liabilities in EUR accrue interest of approximately 1.3 per cent (1.3), and the liabilities in GBP accrue interest of approximately 1.8 per cent (1.4). Interest rates are adjusted in connection with resetting each loan.

The loan agreement contains financial covenants that prescribe a limit for the Group's net debt in relation to adjusted EBITDA as well as a limit for the Group's interest coverage ratio. Of the credit facilities, SEK 669 m (698) had been utilised as of 31 December 2021. Management and the Board of Directors monitor the Group's forecast performance in relation to the covenants and thus ensure that the Group will satisfy its obligations to external lenders.

The loan covenants were satisfied as of 31 December 2021 and are expected to remain so in 2022. The following table shows undiscounted future cash flows (differences against amounts of interest-bearing liabilities in the Consolidated Balance Sheet relate to future interest payments).

NOTE 36 FINANCIAL RISKS AND RISK MANAGEMENT, cont.

SEK m	Due for payment Within 1 year	Between 1 and 2 yrs	Between 2 and 5 yrs	After more than 5 yrs
Provisions and financial liabilities as of 31 Dec. 2021				
Provisions for contingent consideration	43	49	–	–
Provisions for decided restructuring measures	2	–	–	–
Other provisions	–	2	–	10
Interest-bearing liabilities, excluding lease liabilities according to IFRS 16	0	–	669	–
Interest-bearing lease liabilities according to IFRS 16	59	27	16	4
Liabilities for purchase considerations, non-interest-bearing	6	1	–	–
Trade payables and other financial liabilities	303	–	–	1
Total	**413**	**79**	**685**	**15**

SEK m	Due for payment Within 1 year	Between 1 and 2 yrs	Between 2 and 5 yrs	After more than 5 yrs
Provisions and financial liabilities as of 31 Dec. 2020				
Provisions for contingent consideration	45	36	30	–
Provisions for decided restructuring measures	20	–	–	–
Other provisions	–	2	–	9
Interest-bearing liabilities, excluding lease liabilities according to IFRS 16	707	–	–	–
Interest-bearing lease liabilities according to IFRS 16	66	41	25	0
Trade payables and other financial liabilities	199	–	–	1
Total	**1 037**	**79**	**55**	**10**

CURRENCY RISK

Currency risk means the risk of unfavourable changes in exchange rates having a negative impact on the Group's earnings and financial position. The Group is exposed to currency risks through continuing business transactions in various currencies (transaction exposure). The Group is also affected by translation effects when foreign subsidiaries' earnings and net assets in foreign currencies are translated to Swedish kronor (translation exposure).

Transaction exposure

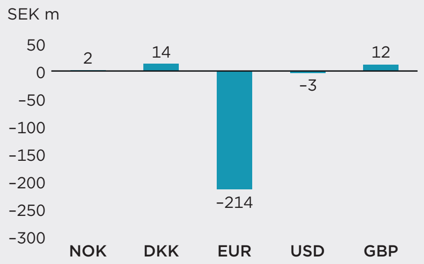
Transaction exposure arises when a company has cash flows in foreign currencies. Exchange rate movements affect cash flow in foreign currencies and entail a risk of the Group's profitability being negatively affected.

The Group's subsidiaries mainly operate on their individual local markets, with revenue and expenses in local currency, which reduces transaction exposure. The transaction exposure that arises relates mainly to purchases in EUR where the sale is conducted in another currency. The effects of changed exchange rates have largely been managed through pricing. This means that the sensitivity to exchange rate fluctuations has historically been lower than amounts stated below.

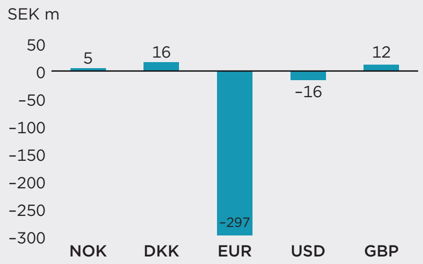
Decisions on possible hedges of transaction exposure through currency derivatives are made centrally by the Parent Company. In 2021, no transaction flows in foreign currency were hedged through forward exchange contracts.

The following chart shows net transaction exposure (revenue less expenses) in the most significant surplus and deficit currencies.

TRANSACTION EXPOSURE, 2021



TRANSACTION EXPOSURE, 2020



Based on net flows in 2021, the following table illustrates a sensitivity analysis of the effect on profit after tax of a 10 per cent weaker SEK in relation to other currencies, with all other variables remaining constant.

SEK –10% against:	SEK m
EUR	–17
DKK	1
GBP	1
NOK	0
USD	0

Translation exposure

Fluctuations in exchange rates have an impact on the Group's profit or loss through translation of foreign subsidiaries' profit or loss to SEK. These effects relate mainly to the currencies GBP, NOK and EUR.

On consolidation to the Group's presentation currency SEK, net assets in foreign subsidiaries give rise to a translation difference that impacts consolidated shareholders' equity. The Group can hedge translation exposure in net assets by these assets being financed with debt in the same currency.

Of the net assets denominated in foreign currency on the reporting date of 31 December 2021, approximately SEK 728 m related to GBP, SEK 403 m related to EUR and SEK 257 m related to NOK. If the exchange rate of the EUR, GBP and NOK were to appreciate/depreciate by 10 per cent against the SEK, total consolidated shareholders' equity would increase/decrease by; approximately SEK 20 m for the EUR; approximately SEK 20 m for the GBP and approximately SEK 22 m for the NOK. At present, a portion of net assets in GBP and EUR are currency hedged through debt in the corresponding currency. Hedge accounting is applied to the debt in foreign currency relating to hedging of net assets. Exchange rate fluctuations on this type of liability is recognised in other comprehensive income.

NOTE 36 FINANCIAL RISKS AND RISK MANAGEMENT, cont.

Currency	Net assets	Currency hedge	2021
DKK	24	–	24
EUR	403	-202	201
GBP	728	-511	217
NOK	257	-5	252
USD	10	–	10
Other currencies	60	–	60
Total	**1 482**	**-718**	**764**

Currency	Net assets	Currency hedge	2020
DKK	23	–	23
EUR	346	-3	343
GBP	794	-646	148
NOK	230	-10	220
USD	15	–	15
Other currencies	31	–	31
Total	**1 439**	**-659**	**780**

OTHER PRICE RISKS
As of 31 December 2021 there were no significant assets or liabilities with exposure to other price risks.

CREDIT RISK
Credit risk is the risk of losses due to the Group's customers or counterparties in financial contracts failing to meet their payment obligations. Accordingly, credit risk is divided between financial credit risk and business-related credit risk.

Financial credit risk
Financial credit risk in the form of counterparty risks arises in connection with investments of cash and cash equivalents and trading in derivative instruments. Investment of surplus liquidity are only permitted with counterparties with high credit ratings and that meet the Group's minimum rating requirement. The maximum credit risk corresponds to the carrying amount of financial assets on the Consolidated Balance Sheet.

Business-related credit risk
Addnode Group's business-related credit risk primarily relates to trade receivables and is managed in the respective divisions and subsidiaries. Trade receivables are divided between a large number of counterparties. Of total trade receivables at 31 December 2021, 50 per cent (61) were for amounts of less than SEK 1 m per customer. The Group has established guidelines to ensure that sales are made to customers with satisfactory credit histories. Historically the Group has incurred very low costs for bad debts. The provision for bad debts amounted to SEK 8 m (8) on the reporting date of 31 December 2021, corresponding to 1.0 per cent (1.4) of total trade receivables. Earnings for 2021 were negatively affected by SEK 0 m (–5) through provisions for bad debt.

	Group			
	31 Dec. 2021		31 Dec. 2020	
SEK m	**Amount**	**Prop.,%**	**Amount**	**Prop.,%**
Concentration of trade receivables				
Trade receivables < 1 SEK m per customer	379	51	329	61
Trade receivables 1–5 SEK m per customer	250	33	187	34
Trade receivables > 5 SEK m per customer	121	16	27	5
Total	**750**	**100**	**543**	**100**

The following table shows the age structure of the trade receivables that were past due on the reporting date, but for which no need to recognise impairment was identified. The Group works actively to reduce working capital tied-up, which includes a focus on collecting customer payments to free up cash and reduce the share of overdue trade receivables.

	Group	
SEK m	**31 Dec. 2021**	**31 Dec. 2020**
Overdue trade receivables		
Trade receivables overdue 1–29 days	112	70
Trade receivables overdue 30–59 days	21	12
Trade receivables overdue 60–89 days	7	2
Trade receivables overdue 90 days or more	8	2
Total	**148**	**86**

DERIVATIVE INSTRUMENTS
The Group had no outstanding forward exchange contracts or other held or issued derivative instruments on 31 December 2021 or 31 December 2020.

FAIR VALUE MEASUREMENT
No financial assets or liabilities are recognised at values that differ significantly from fair value.

NOTE 37 IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

Preparation of financial statements and application of accounting policies are often based on assessments, estimations and assumptions that are considered reasonable and well-considered at the time they are made. With other assessments, assumptions or estimations, outcomes may be different, and events can occur that may require significant adjustment of the carrying amount of the relevant asset or liability.

The most important accounting policies, whose application is based on such assessments, and the most important sources of estimation uncertainty that the Group believes may have the most significant impact on the Group's reported earnings and financial position relate mainly to goodwill and other acquisition-related intangible assets, provisions for contingent consideration, and deferred tax assets and liabilities.

With respect to goodwill and other acquisition-related intangible assets (see note 15), this relates mainly to the impairment testing that is conducted on a regular basis. Carrying amounts can be affected by changes in the applied discount rate as well as by estimations of the future development of prices, costs and demand for the goods and services that form the basis of cash flow forecasts.

For certain company acquisitions, contingent consideration (earn-out payments) may account for a large portion of the total consideration for the acquired company and may also amount to considerable sums. Contingent considerations are normally dependent on the future earnings performance and/or revenue growth of the acquired company. At the time of acquisition, provisions for estimated contingent consideration are reported based on forecasts of future revenue and earnings performance of the acquired companies (see notes 27 and 33). According to IFRS 3, subsequent remeasurements of provisions for contingent consideration and the differences between the reported provision and the actual outcome are to be recognised in the Consolidated Income Statement. This means that future remeasurements of reported provisions may significantly affect consolidated earnings, both positively and negatively, in coming years.

Reporting of deferred tax assets relating to tax loss carry-forwards and other future tax deductions is based on assessments of the opportunity for future use. Deferred tax assets are reported only to the extent it is likely that the deductions can be offset against surpluses in future taxation (see note 12).

NOTE 38 RELATED PARTY DISCLOSURES

On 31 December 2021, Aretro Capital Group AB's ownership amounted to 5.4 per cent (6.6) of the share capital and 15.1 per cent (18.5) of the votes in Addnode Group AB (publ). Aretro Capital Group AB is owned jointly via companies by Staffan Hanstorp and Jonas Gejer. Staffan Hanstorp is Chairman of the Board of Addnode Group. Jonas Gejer was President of TECHNIA AB, and of the Product Lifecycle Management division in the period 2011–2020, and is thereafter Vice President Business Development of Addnode Group and a continued member of Group Management. There were no transactions between Aretro Capital Group AB and companies in the Group in which Addnode Group AB (publ) is the Parent Company.

Chairman of the Board Staffan Hanstorp invoiced the Parent Company SEK 2,462,000 (2,509,000) of fees from a company for consulting services related to the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters in 2021. Board member Sigrun Hjelmquist invoiced the Parent Company SEK 20,000 (20,000) from a company for administering and compiling an appraisal of the Board of Directors. These amounts are not included in the following table.

Sales to and purchases from other companies in Addnode Group

For the Parent Company Addnode Group AB (publ), 100 per cent (99) of net sales for the year and 18 per cent (18) of purchases for the year related to its subsidiaries. For sales and purchases between Group companies, the same principles apply for pricing as in transactions with external parties.

	Group	
SEK 000	**2021**	**2020**
Remuneration of the Board of Directors and senior executives:		
Salaries and other short-term employment benefits (see also note 5)	31,226	20,563
Total	**31,226**	**20,563**

NOTE 39 AVERAGE NUMBER OF EMPLOYEES ETC.

	2021		2020	
	Average number of employees	**Of which women**	**Average number of employees**	**Of which women**
Parent Company	8	3	7	2
Subsidiaries				
Sweden	863	221	800	205
Denmark	12	4	11	4
Finland	58	6	62	7
Norway	102	17	110	17
UK	266	63	275	61
Ireland	11	6	–	–
Germany	154	39	178	45
Netherlands	23	2	24	3
France	32	5	31	6
Lithuania	9	1	–	–
Serbia	7	1	13	3
Slovakia	25	4	28	3
Austria	4	–	4	–
Poland	1	–	–	–
USA	11	2	13	3
Australia	11	5	11	5
Canada	4	2	3	1
South Africa	–	–	3	1
India	169	39	180	38
Japan	6	–	5	–
Total, subsidiaries	**1,768**	**417**	**1,751**	**402**
Group total	**1,776**	**420**	**1,758**	**404**

	2021		2020	
Board members and senior executives	**Number on reporting date**	**Of which women**	**Number on reporting date**	**Of which women**
Parent Company				
Board members	7	3	7	3
President and other senior executives	4	1	3	1

NOTE 40 POST BALANCE SHEET EVENTS

On 11 January 2022, Addnode Group acquired Claytex Services Ltd. (Claytex) of the UK, a specialist in advanced simulation and testing in the automotive industry. Claytex is a partner of Dassault Systèmes, and also offers complementary proprietary software. The company's sales are approximately SEK 25 m, it has 15 employees, and becomes part of TECHNIA in the Product Lifecycle Management division. The preliminary acquisition analysis indicates that goodwill and unallocated surplus values are approximately SEK 60 m. The process of measuring the fair value of the intangible non-current assets is ongoing. Other acquired assets and liabilities are mainly trade receivables, cash and cash equivalents, trade payables, as well as accrued expenses and deferred income.

In January 2022, Addnode Group divested the office property in Enfield, UK included in the acquisition of Excitech Ltd. in 2020, and was already intended for sale at the time of acquisition. In tandem with this transaction, the remaining purchase consideration was settled with the sellers of the shares of Excitech. Addnode Group's capital gain is estimated at approximately SEK 20 m and will be accounted in the Interim Report for the first quarter of 2022.

On 1 March 2022, Addnode Group acquired DESYS GmbH (DESYS). DESYS is a leading partner of Dassault Systèmes in Germany and has also developed proprietary software solutions. DESYS has an employee headcount of 45, and net sales of approximately SEK 170 m. DESYS has been operating successfully in Germany for over 30 years, and possesses a high level of expertise across a range of sectors such as transportation and mobility, industrial equipment, shipbuilding and engineering services. The company maintains close partnership with its base of over 700 customers, to whom it offers consulting and support across a broad portfolio of products based on Dassault Systèmes' software platforms including 3DEXPERIENCE. DESYS becomes part of Addnode Group's company TECHNIA, and thus part of the Product Lifecycle Management division. The process of measuring the fair value of the intangible non-current assets and other acquired net assets is ongoing. Other acquired assets and liabilities mainly consist of trade receivables, cash and cash equivalents, trade payables, as well as accrued expenses and deferred income.

On 1 March 2022, Addnode Group acquired the companies Microdesk LLC and M2 Technologies LLC ("Microdesk"), with net sales of USD 110 m. Microdesk is an Autodesk Platinum Partner and has 300 employees in the US and UK. Microdesk was founded in 1994 to support the architecture, engineering and construction (AEC) sector, property owners and property managers, as well as geodata/GIS enterprises with enhanced workflows and integrating digital project management tools. Microdesk delivers consulting services, training, data management and tailored solutions from 13 offices nationwide in the US, and in London. After this transaction, Symetri's and Microdesk's joint business will be the leading global vendor of Autodesk solutions. Jointly, these companies will have 750 staff and provide solutions to over 20,000 customers. The process of measuring the fair value of intangible non-current assets and other aquired net assets is ongoing. Based on enterprise value, the purchase consideration for all shares is a maximum of USD 50 m, of which USD 26 m is fixed, and up to USD 24 m depends on future financial earnings. This acquisition was financed within Addnode Group's existing credit facility.

NOTE 41 INFORMATION ON ADDNODE GROUP AB (PUBL)

Addnode Group AB (publ) has its registered office in Stockholm, Sweden, and the address of the Company's head office is Hudiksvallsgatan 4B, SE-113 30 Stockholm. The Parent Company's Class B shares are listed on Nasdaq Stockholm.

These annual accounts and consolidated accounts were approved for publication by the Board of Directors on 23 March 2022.

The Income Statements and Balance Sheets for the Parent Company and the Group will be presented for adoption at the Annual General Meeting on 4 May 2022.

SIGNATURES

The Board of Directors and President certify that the consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and give a true and fair view of the Group's financial position and results of operations. The annual accounts were prepared in accordance with generally accepted accounting practice and give a true and fair view of the Parent Company's financial position and results of operations.

The Board of Directors' report of the Group and the Parent Company give a true and fair view of the Group's and the Parent Company's operations, financial position and results of operations, and describes the significant risks and uncertainties facing the Parent Company and the companies in the Group.

Staffan Hanstorp
Chairman of the Board

Jan Andersson
Director

Kristofer Arwin
Director

Johanna Frelin
Director

Sigrun Hjelmquist
Director

Thord Wilkne
Director

Kristina Willgård
Director

Johan Andersson
President and CEO

Stockholm, Sweden, 23 March 2022

Our Audit Report was presented on 25 March 2022

Anna Rosendal
Authorised Public Accountant
Auditor in Charge
PricewaterhouseCoopers AB

AUDIT REPORT

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF ADDNODE GROUP AB (PUBL), CORPORATE IDENTITY NUMBER 556291-3185

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Addnode Group AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 66–119 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the shareholders' meeting adopts the Income Statement and Balance Sheet for the Parent Company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the Parent Company's and the Group's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its Parent Company or its controlled companies within the EU.

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated accounts. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated accounts as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Addnode Group acquires, operates and develops enterprise-driven IT companies that provide software and services to markets in which they have, or can take, market-leading positions. The Group's revenue streams primarily come from consulting, service and licensed products. The company's development has been both organic and acquisition driven, and revenue is mainly contractual and recurring.

An extensive part of Addnode Group's operations are based in Sweden. In addition, large operations are carried out via subsidiaries in Norway, Finland, Germany and England. For the purpose of expressing an opinion on the consolidated accounts taken as a whole, we decided that the most significant subsidiaries in these countries should be in scope for the Group audit. Most subsidiaries in the Group are also subject to statutory audit requirements. For entities in the Group audit scope, we have issued detailed instructions and obtained reporting and performed follow-up discussions and meetings with local teams to determine if sufficient audit evidence has been obtained to support our auditor's opinion.

We have considered the impact covid-19 has had on our audit and tailored our procedures to properly cover any new and/or increased risks. On an overall level we have been able to conduct our audit although the pandemic has led to other ways of working and use of digital tools for communication and collection of audit evidence.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated accounts.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated accounts as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Audit Report, cont.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of goodwill In the Consolidated Balance Sheet, externally acquired goodwill amounts to SEK 2,107 m. This amount represents 49% of the Group's total assets. Goodwill is therefore significant for the Group. In addition, valuation of goodwill is influenced by management's judgments. Based on this, we consider valuation of goodwill as a Key audit matter in our audit. Management conducts an impairment test of goodwill annually to determine whether or not there is a need for impairment. Assumptions and judgments include forecasts of growth and operating margin, investment needs and applied discount rate. If the actual performance deviates negatively from applied assumptions and judgments, an impairment need may arise. In note 15 there is additional information about the impairment test of goodwill including the most significant assumptions and judgments applied.	Our audit included but was not limited to the following activities: • Assessed the model used by the Group for impairment testing and evaluated the significant assumptions for establishing forecasted cash flows and discount interest rates used for calculating the value-in-use of the cash generating units. In our evaluation, we have compared with the historic business performance and the Group's forecasts and strategic planning as well as with external data sources when possible and relevant. • Traced disclosure information to accounting records and other supporting documentation.
Accounting for acquisitions During 2021, the Group acquired four companies with a contribution to net revenue in of SEK 151 m. Accounting for acquisitions is associated with significant estimates and judgments with respect to the value of acquired assets and liabilities. In connection with preparation of purchase price allocations, the company has allocated the purchase price to acquired assets, where the majority is goodwill. This by identifying acquired assets and determining fair value based on acceptable valuation principles and models. Additional information about acquisitions during the year and purchase price allocations are found in note 33.	Our audit included but was not limited to the following activities: • Evaluated whether the purchase price allocations of the significant acquisitions made during the year meet the requirements of IFRS and have been prepared according to generally accepted practices. Assessed that significant assumptions used to measure values of acquired assets are reasonable. • Traced disclosure information to accounting records and other supporting documentation.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–65 and 124–129 and the statutory sustainability report on pages 33–51. This other information also contains the Remuneration report that we expect to receive after the release of the Auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

Audit Report, cont.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Addnode Group AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the Parent Company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and manage the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Addnode Group AB (publ) for year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Addnode Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

Audit Report, cont.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The auditor selects procedures dependent on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Addnode Group AB (publ) by the general meeting of the shareholders on May 6, 2021 and has been the company's auditor since the general meeting of the shareholders on April 9, 2003.

Anna Rosendal
Authorised Public Accountant
PricewaterhouseCoopers AB

Stockholm, Sweden, 25 March 2022

FIVE-YEAR SUMMARY

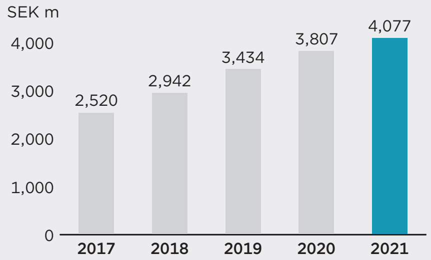
	2021	2020	2019	2018	2017
INCOME STATEMENT (SEK m)					
Net sales	4,077	3,807	3,434	2,942	2,520
of which outside Sweden	2,331	2,365	1,956	1,585	1,264
Operating profit before depreciation/amortisation	547	444	412	314	228
EBITA	461	356	327	298	212
Operating profit	305	229	218	203	130
Net financial items	-20	-18	-43	-6	-11
Profit before tax	285	211	175	197	119
Tax	-62	-48	-46	-45	-29
Profit for the year	223	163	129	152	90
BALANCE SHEET (SEK m)					
intangible non-current assets	2,574	2,143	1,894	1,803	1,654
Property, plant and equipment	162	187	169	37	40
Financial assets	48	40	30	28	28
Inventories	0	1	1	1	1
Other receivables	1,132	803	781	819	729
Cash and cash equivalents	406	644	294	387	173
Total assets	**4,322**	**3,818**	**3,169**	**3,075**	**2,625**
Shareholders' equity	1,693	1,512	1,410	1,339	982
Non-current liabilities	892	235	155	93	192
Current liabilities	1,737	2,071	1,604	1,643	1,451
Total shareholders' equity and liabilities	**4,322**	**3,818**	**3,169**	**3,075**	**2,625**

	2021	2020	2019	2018	2017
CASH FLOW (SEK m)					
Cash flow from operating activities	437	579	413[1)]	285	147
Cash flow from investing activities	-398	-375	-321	-166	-439
Cash flow from financing activities	-305	193	-204	90	352
– of which dividend to shareholders	-84	—	-84	-68	-68
Total cash flow	**-266**	**397**	**-112**	**209**	**60**
RETURN METRICS					
Change in net sales, %	7	11	17	17	15
Return on capital employed, %	13.0	10.6	10.0	12.3	10.0
Return on equity, %	13.9	11.2	9.4	13.1	9.4
EBITA margin, %	11.3	9.4	9.5	10.1	8.4
Operating margin, %	7.5	6.0	6.3	6.9	5.2
Profit margin, %	7.0	5.5	5.1	6.7	4.7
FINANCIAL METRICS					
Interest coverage ratio, multiple	12	11	9	13	11
Equity/assets ratio, %	39	40	44	44	37
Debt/equity, multiple	0.22	0.12	0.23	0.12	0.46
Net debt, SEK m	368	182	321	158	448
Shareholders' equity, SEK m	1,693	1,512	1,410	1,339	982
HUMAN RESOURCES					
Number of employees, 31 December	1,897	1,833	1,714	1,583	1,511
Average number of employees	1,776	1,758	1,590	1,471	1,317
Net sales per employee, SEK 000	2,296	2,166	2,160	2,000	1,913

1) The SEK 128 m increase in cash flow from operating activities from 2018 is to SEK 67 m due to the adoption of IFRS 16 Leases.

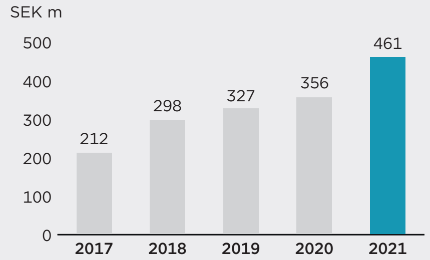
Five-year summary, cont.

NET SALES



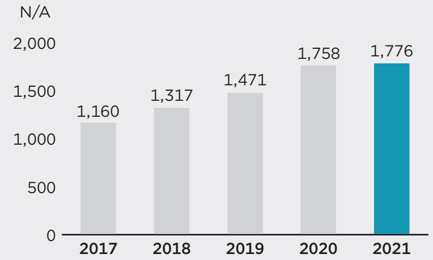
Sales increased from SEK 2,520 m to SEK 4,077 m over the five-year period. This equates to average yearly growth of 13 per cent. The Group's target is to grow by at least 10 per cent per year.

EBITA



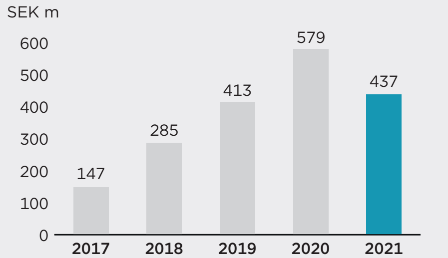
EBITA increase from SEK 212 to 461 m over the five-year period. This earnings increase is due partly to increased demand for the Group's software and services, and partly to contributions from companies acquired in the period.

AVERAGE NUMBER OF EMPLOYEES



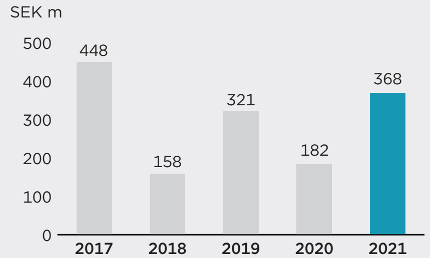
The average number of employees increased by 11 per cent per year over the five-year period, mainly related to acquisitions.

CASH FLOW FROM OPERATING ACTIVITIES



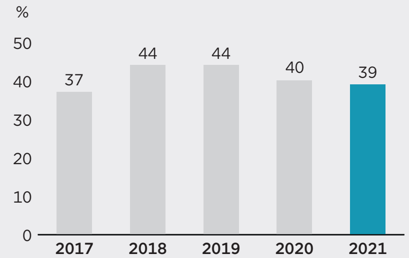
Addnode Group's business model with a high share of support and maintenance agreements, software leasing and SaaS services paid in advance, means that operations tie up relatively low capital. Historically, cash flow from operating activities has been in parity with EBITA. The lower cash flow in 2021 is due to a lower contribution from changes in working capital. In 2020, cash flow was positively impacted by temporary improved payment terms from suppliers and customers, as well as government support measures.

NET DEBT



Addnode Group has a SEK 1,600 m credit facility, of which SEK 669 m had been used as of 31 December 2021. The increase in net debt in 2021 was mainly due to self-financing acquisitions, dividends, share repurchases and repayment of loans.

EQUITY/ASSETS RATIO



The equity/assets ratio averaged 41 per cent over the five-year period.

KEY PERFORMANCE INDICATORS

Use and reconciliation of alternative performance measures
The European Securities and Markets Authority (ESMA) issued guidelines for disclosures on Alternative Performance Measures (APMs) for companies with securities listed on a regulated market within the EU, which should be applied to Alternative Performance Measures in published mandatory information. Alternative Performance Measures mean financial measures of the historical or future progress of earnings, financial position, financial results or cash flows that are not defined or stated in applicable rules on financial reporting. Certain performance measures are used in this Annual Report that are not defined in IFRS to give investors, financial analysts and other stakeholders clear and relevant information on the company's business and performance. The use of these performance measures and reconciliation with the financial statements are presented below.

Definitions are on page 127

EBITA

EBITA is a measure that the Group considers relevant to investors, financial analysts and other interested parties to understand profit generation before investments in intangible non-current assets. The measure is an expression of operating profit before amortisation and impairment of intangible non-current assets.

Reconciliation of EBITA, SEK m	2021	2020
Operating profit	305	229
Amortisation and impairment of intangible non-current assets	156	127
EBITA	**461**	**356**

Net debt

The Group considers this key ratio useful for users of the financial statements as a complement in evaluating the ability to pay dividends, execute strategic investments and evaluate the Group's ability to satisfy its financial obligations. The key ratio expresses the level of financial borrowing in absolute terms after deducting cash and cash equivalents.

Reconciliation of net debt, SEK m	31 Dec. 2021	31 Dec. 2020
Non-current liabilities	892	235
Current liabilities	1,737	2,071
Non-interest-bearing non-current and current liabilities	–1,855	–1,479
Total interest-bearing liabilities	**774**	**827**
Cash and cash equivalents	–406	–644
Other interest-bearing receivables	—	–1
Net debt(+)/-receivable(–)	**368**	**182**

DEFINITIONS

Average number of employees
Average number of employees in the period (full-time equivalents).

Capital employed
Total assets less non-interest-bearing liabilities and non-interest-bearing provisions including deferred tax liabilities.

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

Currency-adjusted organic growth
Change in net sales, recalculated at the preceding year's exchange rate, excluding entities acquired in the most recent 12-month period.

Debt/equity ratio
Net debt in relation to shareholders' equity (including equity attributable to non-controlling interests).

Earnings per share
Net profit 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 (including shareholders' equity attributable to non-controlling interests) as a percentage of total assets.

Interest coverage ratio
Profit before tax plus financial expenses divided by financial expenses.

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 (full-time equivalents).

Operating margin
Operating profit as a percentage of net sales.

Organic growth
Change in net sales excluding acquired entities during the last 12-month period.

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

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

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. See also note 3 on pages 90–94.

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

Return on equity
Net profit as a percentage of average shareholders' equity. Based on profit for the last 12 months and the average of the opening and closing balances of shareholders' equity.

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

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

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

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IDA INFRONT
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INTRAPHONE
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KOMPANION
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MITTBYGGE
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NETPUBLICATOR
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S-GROUP SOLUTIONS
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SERVICE WORKS GLOBAL
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STAMFORD
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SYMETRI
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TECHNIA
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TRIBIA
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