ADDNODE GROUP

Q4

YEAR-END REPORT
1 JANUARY–31 DECEMBER 2023

This is a translation of the Swedish original of Addnode Group's s Year-end Report for the period 1 January–31 December 2023. In the event of inconsistency between the two, the original Swedish version shall apply.

SUMMARY OF THE FOURTH QUARTER, OCTOBER–DECEMBER 2023

- Net sales increased by 16 per cent to SEK 2,078 m (1,786), of which -1 per cent was organic. Currency-adjusted organic growth was -2 per cent.
- EBITA decreased to SEK 196 m (200), and the EBITA margin was 9.4 per cent (11.2). EBITA has been charged with restructuring costs of SEK -5 m (-). EBITA adjusted for restructuring costs amounted to SEK 201 m (200), and the adjusted EBITA margin was 9.7 per cent (11.2).
- Operating profit decreased to SEK 135 m (149), and the operating margin was 6.5 per cent (8.3).
- Net profit for the period amounted to SEK 106 m (103).
- Earnings per share amounted to SEK 0.80 (0.77).
- Cash flow from operating activities amounted to SEK 228 m (261).
- Establishment of operations in digital solutions for the forest sector in a separate company, Icebound.
- Our partner Autodesk announced a new transaction model.
- The Board proposes a dividend of SEK 1.00 (1.00) per share.

SUMMARY OF SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- Merger of sister companies Sokigo and S-GROUP Solutions.
- Acquisition of Efficture by the newly established company Icebound.
- Acquisition of Jetas Quality Systems.

16%
Net sales growth Q4 2023 compared with Q4 2022

9.7%
Adjusted EBITA margin Q4 2023

70%
Share of recurring revenue Q4 2023

KEY FIGURES

	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Net sales, SEK m	2,078	1,786	7,412	6,225
EBITA, SEK m	196[2)]	200	640[2)]	728[1)]
EBITA margin, %	9.4[2)]	11.2	8.6[2)]	11.7[1)]
Operating profit, SEK m	135[2)]	149	410[2)]	527[1)]
Operating margin, %	6.5[2)]	8.3	5.5[2)]	8.5[1)]
Net profit for the period, SEK m	106[2)]	103	279[2)]	382[1)]
Earnings per share, SEK	0.80[2)]	0.77	2.09[2)]	2.86[1)]
Cash flow from operating activities, SEK m	228	261	485	714
Return on capital employed[3)]	13.8	19.6	13.8	19.6
Return on equity[3)]	13.5	20.7	13.5	20.7
Equity/assets ratio, %	29	32	29	32
Debt/equity ratio, %	47	34	47	34

1) Earnings in 2022 included a SEK 24 m capital gain relating to the sale of an office property.
2) EBITA has been charged with restructuring costs of SEK 5 m (-) in the fourth quarter and SEK 20 m (-) in the 12-month period.
3) Key financial ratios have been adjusted to reflect annualised return.

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All amounts are presented in millions of Swedish kronor (SEK m) unless indicated otherwise. Rounding differences of SEK +/-1 m may occur in totals. In cases where an underlying figure is SEK 0 m when rounded, it is presented as 0.

"In 2023, we have continued to invest in new companies, software and employees. In addition we have implemented efficiency measures and merged operations to strengthen our position. The strength of our companies, their ability to act quickly in a changing world and Addnode Group's strong financial position provide a good foundation for continued, sustainable value creation."

GROWTH COMBINED WITH STABLE EARNINGS AND CASH FLOW

FULL-YEAR 2023

In 2023, we have continued to invest in new companies, software and employees. In addition we have implemented efficiency measures and merged operations to strengthen our position. Addnode Group has become a more global company, and the acquisition of Team D3 meant that the USA became the Group's largest market in terms of net sales. Net sales increased by 19 per cent to SEK 7,412 m (6,225), of which 0 per cent was currency-adjusted organic growth and EBITA margin amounted to 8.6 per cent (11.7).

FOURTH QUARTER 2023

Addnode Group ended the year with growth combined with stable earnings and cash flow. Net sales increased by 16 per cent, of which -1 per cent was organic. Currency-adjusted organic growth was -2 per cent. EBITA amounted to SEK 196 m (200). Cash flow from operating activities amounted to SEK 228 m (261).

The Product Lifecycle Management division reported growth of 10 per cent, of which currency-adjusted organic growth amounted to 4 per cent. The restructuring program initiated in the spring has had the intended effect, and the EBITA margin has improved.

The Process Management division reported currency-adjusted organic growth of 3 per cent and has improved the EBITA margin. Demand from municipalities and authorities was stable and the division's good customer relationships created opportunities for upselling and expansions of current assignments.

The Design Management division growth amounted to 24 per cent, with currency-adjusted organic growth amounting to -6 per cent. Demand in Europe was stable, demand from the construction and real estate market in the USA remained weak in the quarter. To respond to this weaker demand, staff reductions have been implemented in Symetri USA, which has had an effect. The acquisition of Team D3 had a positive impact on earnings. The number of customers and the annual value of the underlying contract base, which forms the basis for future contract renewals, are continuing to increase.

NEW TRANSACTION MODEL WILL DELIVER SIGNIFICANTLY HIGHER MARGINS IN 2025

Group company Symetri's largest partner, Autodesk, intends to transition from its current reseller model to an agent model. Our company Symetri will continue to work with customers to identify the solution that best suits their business and will continue to provide quotes, implement the solution and provide support. Going forward, Symetri will continue to invoice for its own software and associated services. These changes demonstrate the strength of Symetri's service offering and its broad portfolio of proprietary complementary products. Half of Symetri's gross profit already comes from its own services and products.

The new transaction model will be introduced gradually and is expected to be fully implemented by the end of 2025. Autodesk will invoice customers directly for its own software and pay us commission for the work we perform. Accordingly, net sales and cost of goods sold will decrease significantly, but gross profit is expected to remain unchanged. This means that the EBITA margin (%) will increase. Cash flow is expected to remain unchanged compared with the current reseller model.

UNINTERRUPTED DIGITAL URBAN DEVELOPMENT PROCESS

In order to offer Swedish municipalities even better conditions for sustainable urban development and an uninterrupted digital urban development process, we have merged the companies Sokigo and S-GROUP Solutions in the Process Management division. The new company, Sokigo, consists of 300 employees with good knowledge of municipal operations, a broad product portfolio and collaborations with partners such as ESRI. The digital solution offering for the forest sector and other primary industries has been transferred from Sokigo to the new company Icebound.

ACQUISITIONS

Acquisitions are an important part of Addnode Group's growth strategy. During 2023, three companies were acquired, adding approximately SEK 607 million in net sales.

In the first quarter of 2024, two minor acquisitions were carried out. Effiture strengthens Icebound's product portfolio for the forest sector. Jetas' software for public transport and property management strengthens the Group's operations that target the public sector. Our pipeline of acquisition candidates remains strong in all divisions, and we intend to continue to grow through carefully selected acquisitions.

OUTLOOK

The economic situation remains uncertain and we are continuing to see a certain restraint among customers. The strength of our companies, their ability to act quickly in a changing world and Addnode Group's strong financial position provide a good foundation for continued, sustainable value creation.

Finally, I would like to thank all our dedicated employees for their efforts in 2023.

Johan Andersson
President and CEO

ABOUT ADDNODE GROUP

STRATEGY

Addnode Group acquires, operates and develops cutting-edge businesses that digitalise society. We create sustainable value growth over time by continuously acquiring new businesses and actively supporting our subsidiaries to drive organic earnings growth.

THREE DIVISIONS

Addnode Group's subsidiaries are organised into three divisions: Design Management, Product Lifecycle Management and Process Management. A decentralised business model means that business-critical decisions are made close to customers and markets.

FINANCIAL TARGETS

- Annual net sales growth of at least 10 per cent.
- Operating margin before amortisation and impairment of intangible assets (EBITA margin) shall be at least 10 per cent.
- 30-50 per cent of the Group's profit after tax to be distributed to shareholders, providing its liquidity and financial position are sufficient to operate and develop the business.

MARKET POSITION

Addnode Group consists of approximately 20 companies, active in 19 countries across four continents. The employee headcount is approximately 2,700.

The Group has a market-leading position in Europe and the USA as a provider of software and services for design, construction and manufacturing. In Europe, the Group also has a strong market position in digital solutions for product data, project collaboration and facility management. In Swedish public administration, Addnode Group is a leading provider of document and case management systems.

SUSTAINABILITY AGENDA

The digital solutions we develop in close partnership with our customers help create 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 better engagement and dialogue with citizens.

Addnode Group's sustainability agenda defines five focus areas that are the foundation of the Group's collective commitment to sustainability. We have defined key indicators for each focus area that we monitor and report each year in Addnode Group's Annual Report.

STRATEGY FOR PROFITABLE AND SUSTAINABLE GROWTH

Sustainable growth in value

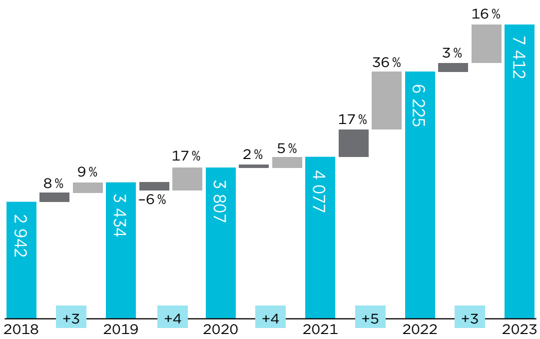
Acquisitions
Complementary businesses or markets
Values-based leadership
Attractive valuation

Organic development
Decentralised responsibility and authority
Strategic support
Synergies and collaborations

SUSTAINABILITY AGENDA WITH FIVE FOCUS AREAS

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

ORGANIC AND ACQUIRED GROWTH, 2018–2023



Total revenue, MSEK Organic growth, %
Acquired growth, % Acquired companies, no.

UN SUSTAINABLE DEVELOPMENT GOALS (SDGS) WITH THE CLEAREST CONNECTION TO ADDNODE GROUP'S SUSTAINABILITY AGENDA:

DIGITAL SOLUTIONS THAT CONTRIBUTE TO SUSTAINABLE DEVELOPMENT

3D MODELS AND DIGITAL DRAWINGS OF HISTORIC BUILDINGS

As part of an assignment for the Nordic Museum in Stockholm, SWG – part of the Design Management division – has digitised drawings and created digital 3D models of the museum's buildings and facilities.

After the Notre Dame fire in 2019, the Nordic Museum realised the value of having well-documented and updated building information. The Nordic Museum also lacked sufficient internal resources to manage its physical drawing archive and did not have the tools to easily search, read, measure and comment on the drawings of its historical facilities. Moreover, the Nordic Museum needed digital documents to facilitate repairs and maintenance in order to ensure that the buildings retain their historical profile.

SWG supported the Nordic Museum by making a 3D laser scan of the buildings, which was then transferred into complete 3D digital models and digital drawings. SWG's efforts have also helped the Nordic Museum to improve the quality of its building data, and the digital format also enables all building information to be easily updated in one place. Having digitised building information will also make it easier for repairers to plan maintenance in advance, thereby limiting travel time and costs.

DIGITAL TWINS OF VEHICLES FOR LAST-MILE DELIVERIES

TECHNIA, part of the Product Lifecycle Management division, has helped German start-up Mocci with a virtual twin of its Smart Pedal Vehicle (SPV) for last-mile deliveries of goods in urban environments. The Mocci SPV is optimised for commercial and carbon-neutral deliveries in cities.

Mocci's engineers needed a tool to create a 3D model that could also simulate the components in the model and create manufacturing instructions. In order to be competitive, Mocci also needed tools that could contribute to better internal collaboration, faster product development, higher quality and better fulfilment of sustainability goals.

TECHNIA assisted Mocci in creating a virtual twin of its SPV. Using 3DEXPERIENCE as a collaboration platform made it easier to share data between users. TECHNIA also supported Mocci in implementing CATIA as its CAD software for simulating and designing the SPV model.

Having a digital twin makes it possible to optimise the design and manufacturing process, resulting in less material and energy use. Simulating the manufacturing process also makes it possible to identify opportunities for improvement, offering further potential to reduce the climate impact.

DIGITAL SIGNALLING SYSTEM MODERNISES RAILWAYS

Decisive, part of the Process Management division, has supported the Norwegian infrastructure company Bane NOR, which is responsible for Norway's railways, in implementing the new European Rail Traffic Management System. The project is Norway's largest public digitalisation initiative to date. Once operated mechanically and manually, railways are now becoming more high-tech and digital.

The assignment for Bane NOR initially involved the implementation of the new digital signalling system. Later, Decisive also led the development of new business processes for system monitoring and quality assurance. New business processes were needed to ensure compliance with extensive regulatory requirements for railway operations, and to generate the information needed to determine whether the system was safe enough.

By investing in the new system, Bane NOR has helped to strengthen the competitiveness of the railway system as a logistics solution. Having more people travel by train and more goods transported by rail helps to reduce CO2 emissions and increase energy efficiency. According to a report by the European Environment Agency, rail travel is the most environmentally friendly mode of passenger transport in Europe and the second most environmentally friendly mode for freight.

Photo: Tyge Møller Christiansen, Bane NOR.

SIGNIFICANT EVENTS

IN THE FOURTH QUARTER OF 2023

Establishment of Icebound
Icebound was established as a separate company during the quarter. The business, which was previously part of Sokigo, is focused on creating a market leader in digital solutions for the forest sector and other primary industries.

New transaction model in the Design Management division
During the quarter, the Design Management division's largest partner, Autodesk, announced its intention to introduce changes to its transaction model over the next two years. Under the new transaction model, Symetri will be responsible for the relationship with the customer and provide quotes, as it does today, but the actual transaction will take place directly between Autodesk and the customer.

The new transaction model means that both net sales and cost of goods sold will decrease significantly, while gross profit and EBITA are expected to remain unchanged. This will result in considerably higher gross and operating margins since Symetri and Addnode Group's net sales will decrease. Cash flow is expected to remain unchanged compared with the current reseller model.

AFTER THE END OF THE REPORTING PERIOD

Merger of sustainable urban development companies
After the end of the period, the companies Sokigo and S-GROUP Solutions, which are part of the Process Management division, were merged under the name Sokigo. The merger will enable Sokigo to offer Swedish municipalities an uninterrupted digital urban development process and better conditions for sustainable urban development.

Acquisition of Efficture
In January 2024, the software company Efficture was acquired, a complementary acquisition within Icebound that delivers digital solutions to the forest sector and other primary industries.

Acquisition of Jetas Quality Systems
In January 2024, Addnode Group signed an agreement to acquire all the shares of Jetas Quality Systems. The company is a supplier of case management systems for fault reporting and work order management within public transport and property management, and has collaborated with group company Forsler & Stjerna for several years.

Dividend proposal
The Board of Directors proposes that the 2024 AGM resolves on a dividend of SEK 1.00 (1.00) per share for the 2023 financial year.

FINANCIAL CALENDAR

25 April 2024
Interim Report for the first quarter of 2024

7 May 2024
Annual General Meeting

12 July 2024
Interim Report for the second quarter of 2024

24 October 2024
Interim Report for the third quarter of 2024

31 January 2025
Year-end Report for 2024

CONSOLIDATED
NET SALES, EARNINGS AND CASH FLOW

FOURTH QUARTER, OCTOBER–DECEMBER 2023

Addnode Group has strong comparative figures from the fourth quarter of last year, which was the strongest quarter in the company's history in terms of net sales and EBITA. Net sales increased to SEK 2,078 m (1,786), representing growth of 16 per cent. Acquisitions contributed with 17 per cent, while organic growth amounted to -1 per cent and currency-adjusted organic growth amounted to -2 per cent.

Design Management division reported higher net sales due to acquisitions. Organic growth was negative due to lower sales of Autodesk agreements as a result of a slower construction cycle and longer sales cycles. Team D3 performed better during the quarter.

The Product Lifecycle Management division reported currency-adjusted organic growth of 4 per cent. Demand for PLM systems and associated services remained stable in the UK, the USA and Germany, while sales were weaker in the Nordics.

The Process Management division reported currency-adjusted organic growth of 3 per cent. Demand remained good, although some restraint from municipalities and public authorities were noted with respect to new investments.

Licence revenue amounted to SEK 97 m (106), recurring revenue increased to SEK 1,458 m (1,209), service revenue increased to SEK 500 m (448) and other revenue amounted to SEK 23 m (23). The recurring revenue share increased to 70 per cent (68).

EBITA amounted to SEK 196 m (200), and the EBITA margin was 9.4 per cent (11.2). As previously communicated, restructuring measures were carried out within the Product Lifecycle Management division in order to adapt the organisation and cost structure. Costs of SEK 5 million for the restructuring programme are included in the fourth quarter. EBITA adjusted for restructuring costs was SEK 201 m (200), and the adjusted EBITA margin was 9.7 per cent (11.2). Net financial items were SEK 0 m (-10). Revaluation of contingent considerations had an impact of SEK 16 m (5) on net financial items. Net profit for the period increased to SEK 106 m (103). Earnings per share increased to SEK 0.80 (0.77).

Cash flow from operating activities amounted to SEK 228 m (261).

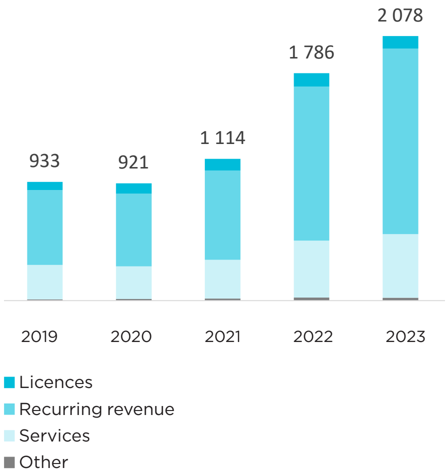
JANUARY-DECEMBER 2023

Net sales increased to SEK 7,412 m (6,225), representing growth of 19 per cent, of which 3 per cent was organic. Currency-adjusted organic growth amounted to 0 per cent. Currency-adjusted organic growth was high in the first quarter, 19 per cent, as a result of good demand in all business areas and in most geographies. This growth was particularly driven by strong demand for Design Management's Autodesk solutions in the AEC segment in the UK. In the subsequent quarters, the Design Management division noted weaker demand from customers in the construction industry, longer sales cycles and lower volumes of three-year agreements, which meant that the Group reported negative currency-adjusted organic growth of -3 per cent in the second quarter, -9 per cent in the third quarter, and -2 per cent in the fourth quarter of 2023.

EBITA amounted to SEK 640 m (728), and the EBITA margin amounted to 8.6 per cent (11.7). EBITA included restructuring costs of SEK 20 m in the Product Lifecycle Management division. EBITA has been charged with acquisition costs of SEK 14 m (13). The previous year included a SEK 24 m capital gain from the sale of a property. Excluding restructuring costs in the current year and the capital gain from the property sale in 2022, adjusted EBITA would have been SEK 660 m (704), and the adjusted EBITA margin would have been 8.9 per cent (11.3).

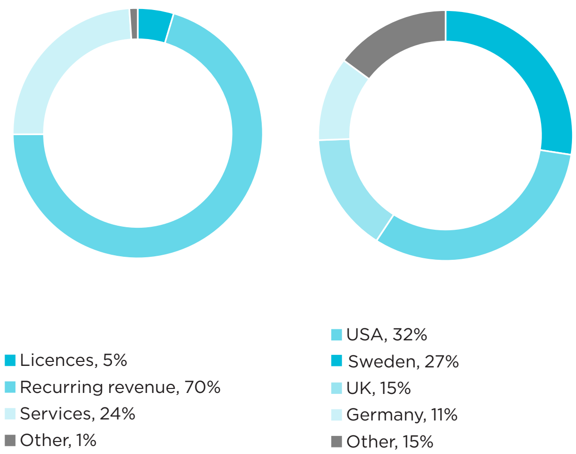
Net financial items amounted to SEK -48 m (-32), mainly related to higher interest rates on a higher loan volume. The reported tax on profit for the period was SEK -83 m (-113). Net profit for the period amounted to SEK 279 m (382). Earnings per share declined to SEK 2.09 (2.86).

REVENUE BREAKDOWN, Q4 2019–2023, SEK M



REVENUE BREAKDOWN, Q4 2023

(Geography based on subsidiary domicile)



PERFORMANCE BY DIVISION

NET SALES AND EBITA, Q4

SEK m	Net sales 2023 Q4	Net sales 2022 Q4	Net sales Change %	EBITA 2023 Q4	EBITA 2022 Q4	EBITA Change %
Design Management	1,246	1,004	24	98	111	-12
Product Lifecycle Management	499	455	10	54[1]	44	23
Process Management	346	335	3	67	60	12
Eliminations/central costs	-13	-8		-23	-15	
Addnode Group	**2,078**	**1,786**	**16**	**196[2]**	**200**	**-2**

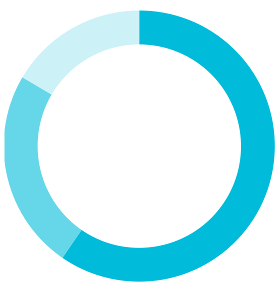
1) EBITA has been charged with restructuring costs of SEK 5 m (-).
2) EBITA for Addnode Group, adjusted for restructuring costs, was SEK 201 m (200), and the adjusted EBITA margin amounted to 9.7 per cent (11.2).

NET SALES AND EBITA, 2023

SEK m	Net sales Full year 2023	Net sales Full year 2022	Net sales Change %	EBITA Full year 2023	EBITA Full year 2022	EBITA Change %
Design Management	4,292	3,494	23	334	398	-16
Product Lifecycle Management	1,884	1,580	19	143[3]	158	-9
Process Management	1,281	1,182	8	244	226	8
Eliminations/central costs	-45	-31		-81	-54[1]	
Addnode Group	**7,412**	**6,225**	**19**	**640[4]**	**728[2]**	**-12**

1) Includes a SEK 24 m capital gain from the sale of an office property in the UK and acquisition costs of SEK -14 m.
2) EBITA adjusted for a SEK 24 m capital gain from the sale of an office property was SEK 704 m, corresponding to an adjusted EBITA margin of 11.3 per cent.
3) EBITA has been charged with restructuring costs of SEK 20 m (-).
4) EBITA adjusted for restructuring costs of SEK 20 m amounted to SEK 660 m, corresponding to an adjusted EBITA margin of 8.9 per cent.

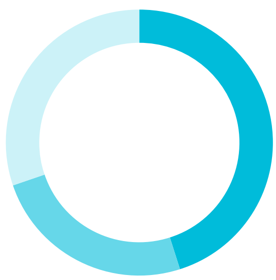
NET SALES[1], Q4 2023



[1] Before eliminations

- Design Management 60%
- Product Lifecycle Management 24%
- Process Management 16%

EBITA[1], Q4 2023



[1] Before eliminations/central costs

- Design Management 45%
- Product Lifecycle Management 25%
- Process Management 30%

DIVISION
DESIGN MANAGEMENT

Design Management is a leading global provider of digital solutions and services for design, BIM and product data for architects and engineers in the construction and manufacturing industries. The division also has a strong digital offering for project collaboration and facility management in the Nordic countries and the UK.

PROGRESS IN THE QUARTER

Net sales increased to SEK 1,246 m (1,004) in the fourth quarter, a growth of 24 per cent. Organic growth was -5 per cent. Adjusted for currency effects, organic growth was -6 per cent. EBITA decreased to SEK 98 m (111), and the EBITA margin declined to 7.9 per cent (11.1).

The division's operations in digital solutions for design, BIM and product data, which are conducted under the company Symetri, began to note weaker demand for Autodesk solutions in the second quarter of 2023, mainly from the construction industry customers particularly in the USA. This trend continued throughout the year and is deemed to be a result of uncertain economic conditions and the customer transition in connection with the change in Autodesk's payment model for three-year agreements, introduced in March 2023.

Although Symetri's sales improved compared with the second and third quarters of 2023, its sales cycles remained longer and its sales of three-year agreements significantly lower than in the same period last year, in terms of both new sales and renewed volumes. However, the comparative figures for the division are high following record-breaking sales of three-year agreements in 2022, mainly driven by demand in the USA and the UK. The cost reductions made in the US operations, which were announced in the third quarter of 2023, have had an effect. Team D3's operations, acquired in July 2023, have had a positive impact on earnings.

The European operations reported stable volumes for the quarter and sales in line with the previous year.

Service Works Global, which provides digital solutions for facility management, and Tribia, which provides collaborative solutions for construction and civil engineering, delivered stable growth driven by the acquisition of SWG Nordic Housing AB (formerly FAST2 Affärssystem).

ACQUISITIONS

In January 2023, Service Works Global conducted a complementary acquisition of FAST2 Affärssystem, a leading Swedish provider of ERP systems for technical and financial management for real estate companies.

In June 2023, Addnode Group signed an agreement to acquire all the shares of D3 Technical Services LLC (Team D3) in the USA. The acquisition was completed in early July 2023, and the company is now part of Symetri. At the time of acquisition, Team D3 had annual net sales of USD 120 m (approximately SEK 1,300 m) and 200 employees. Team D3 is an Autodesk Platinum Partner, specialising in manufacturing, the AEC segment and the process industry. The company is mainly active in mid USA.

MARKET

Operations in the division are conducted through Symetri (including Team D3), Service Works Global and Tribia. Customers' willingness to invest in digital solutions is driven by urbanisation and the need to build and manage efficiently and sustainably. Regulatory authorities are also demanding the adoption of digital working methods based on BIM (Building Information Modeling).

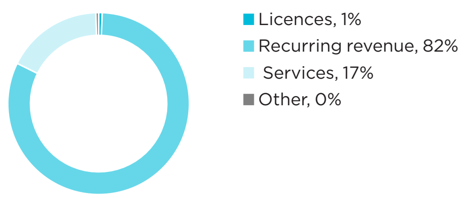
NET SALES GROWTH Q4 2023 COMPARED WITH Q4 2022

+24%

EBITA Q4 2023 COMPARED WITH Q4 2022

-12%

NET SALES Q4 2023, BY REVENUE TYPE



KEY FIGURES

SEK m	Q4 2023	Q4 2022	*Change %*
Net sales	1,246	1,004	*24*
EBITA	98	111	*-12*
EBITA margin, %	7.9	11.1	
Operating profit	68	89	*-24*
Operating margin, %	5.5	8.9	
Average number of employees	1,098	857	*28*

DIVISION

PRODUCT LIFECYCLE MANAGEMENT

Product Lifecycle Management is a global provider of solutions for digitalising a product's or facility's complete lifecycle—from idea, design, simulation and construction to sale, aftermarket and recycling. For our customers this means shorter lead-times, more innovation, increased efficiency, and traceability.

PROGRESS IN THE QUARTER

In the fourth quarter, net sales increased to SEK 499 m (455), a growth of 10 per cent. Organic growth was 8 per cent, and currency adjusted, 4 per cent. Market conditions in the UK, Germany and the USA were stable in the quarter, while sales in the Nordics and Benelux were weaker. Organic growth was partly attributable to a couple of large licensing deals for PLM systems in the UK and Germany. Customers are continuing to demand time-finite leasing of licences instead of the previous licence purchases with perpetual right of use.

As previously communicated, restructuring measures were carried out within the Product Lifecycle Management division in order to adapt the organisation and cost structure. We estimate the restructuring costs for implementation at a total of SEK 20 m, of which SEK 10 m was recognised in the second quarter, SEK 5 m in the third quarter and SEK 5 m in the fourth quarter of 2023. The programme is gradually starting to generate savings and is expected to reach full effect in 2024.

EBITA amounted to SEK 54 m (44), and the EBITA margin increased to 10.8 per cent (9.7). EBITA adjusted for restructuring costs was SEK 59 m (44), corresponding to an adjusted EBITA margin of 11.8 per cent (9.7).

ACQUISITIONS

The division added to its digital twin offering through the acquisition of Key Performance, with operations in the USA and Sweden, in the first quarter of the year. The company continued to perform well during the fourth quarter.

MARKET

The division's operations are conducted through the company TECHNIA, which is one of Europe's leading providers of PLM software and related consulting services. Customers' willingness to invest is driven by the need to develop and design products, to maintain product information through complete lifecycles and to comply with regulatory standards.

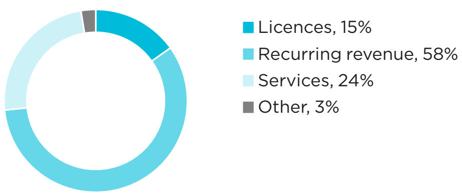
NET SALES GROWTH Q4 2023
COMPARED WITH Q4 2022

+10%

EBITA Q4 2023
COMPARED WITH Q4 2022

+23%

NET SALES Q4 2023, BY REVENUE TYPE



KEY FIGURES

SEK m	Q4 2023	Q4 2022	*Change %*
Net sales	499	455	*10*
EBITA	54	44	*23*
EBITA margin, %	10.8	9.7	
Operating profit	37	29	*28*
Operating margin, %	7.4	6.4	
Average number of employees	728	712	*2*

DIVISION
PROCESS MANAGEMENT

Process Management is a leading provider of digital solutions to the public sector in Sweden. Its solutions streamline case management, simplify administration and quality-assure processes in contacts between the authorities and citizens.

PROGRESS IN THE QUARTER

Net sales increased to SEK 346 m (335) in the fourth quarter of 2023, a growth of 3 per cent. Organic currency adjusted growth was 3 per cent. Municipalities and public authorities continued to show some restraint in terms of new investments. The number of tenders were fewer compared with the preceding year, but the division's good and well-established relationships with a large public sector customer base frequently present opportunities for recurring sales, or the expansion of current assignments. Demand for the division's offering for customer-specific business systems remained favourable during the quarter. The division is continuing to invest in enhancing its customer offerings.

The division's businesses are well positioned in public sector tenders owing to their attractive digital solutions, in-depth experience and good references.

During the quarter, Icebound's operations were established as a separate company. The business, which was previously part of Sokigo, is focused on creating a market leader in digital solutions for the forest sector and other primary industries.

After the end of the fourth quarter, Sokigo and S-GROUP Solutions merged under the name Sokigo. The merger will enable Sokigo to offer Swedish municipalities an uninterrupted digital urban development process and better conditions for sustainable urban development.

EBITA increased to SEK 67 m (60), and the EBITA margin rose to 19.4 per cent (17.9).

ACQUISITIONS

In January 2024, Efficture was acquired by the newly established company Icebound. Efficture has proprietary software for forest and timber management. With this acquisition, Icebound strengthened its offering and market position as a player in digital solutions for the forest sector and other primary industries.

In January 2024, Addnode Group signed an agreement to acquire all the shares of Jetas Quality Systems. The company is a supplier of case management systems for fault reports and work orders within public transport and property management, and has collaborated with sister company Forsler & Stjerna for several years.

MARKET

The division is a leading provider of software and digital solutions for the public sector. The division has operations in Sweden and Norway. Customers' willingness to invest is driven by automation, simplified administration and more effective communication with citizens. A growing base of public authorities and municipalities are seeking to partner for the long term in their efforts to develop innovative operations compliant with regulatory requirements.

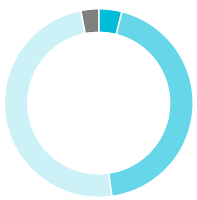
NET SALES GROWTH Q4 2023 COMPARED WITH Q4 2022

+3%

EBITA Q4 2023 COMPARED WITH Q4 2022

+12%

NET SALES Q4 2023, BY REVENUE TYPE



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

KEY FIGURES

SEK m	Q4 2023	Q4 2022	*Change %*
Net sales	346	335	*3*
EBITA	67	60	*12*
EBITA margin, %	19.4	17.9	
Operating profit	53	45	*18*
Operating margin, %	15.3	13.4	
Average number of employees	712	673	*6*

DISCLOSURES ON **ACQUISITIONS**

ACQUISITIONS COMPLETED IN 2023

In the period January–December 2023, Addnode Group acquired all the shares of three operations: FAST2 Affärssystem AB (now SWG Nordic Housing AB), Key Performance LLC and D3 Technical Services LLC (Team D3). In this period, these acquisitions contributed net sales of SEK 607 m, while their impact on EBITA amounted to SEK 14 m. If the acquisitions had been completed as of 1 January 2023, the Group's net sales would have been approximately SEK 7,879 m and EBITA approximately SEK 657 m for January–December 2023. IFRS adjustments have been taken into consideration in the pro forma calculation. The Group's other external costs included expenses of SEK -14 m (-13) for completing the acquisitions, which were primarily attributable to the acquisition of Team D3. In the previous year, transaction costs related mainly to the acquisition of Microdesk.

FAST2, acquired in January 2023, is one of Sweden's leading providers of ERP systems for technical and financial management for real estate companies. The company's systems are used by customers including Sweden's largest public housing corporations. The company has approximately 50 employees, and net sales of approximately SEK 80 m. FAST2 is part of Service Works Global, and was consolidated into the Design Management division effective January 2023.

Key Performance, acquired in March 2023, is a Dassault Systèmes Partner specialising in model-based design. Key Performance has operations in the USA and Sweden, and net sales of approximately SEK 25 m. This operation was consolidated effective March 2023 as part of TECHNIA in the Product Lifecycle Management division.

The acquisition of Team D3 was completed in July 2023. The company is an Autodesk Platinum Partner, specialising in manufacturing, the AEC segment and the process industry. The company is mainly active in central USA. Team D3 had annual sales of approximately USD 120 m (approximately SEK 1,300 m) and 200 employees in the USA on the acquisition date. The maximum purchase price for all the shares is approximately USD 59 m, of which USD 31 m is fixed and up to USD 28 m is contingent on future financial performance. The company was consolidated effective July 2023 in the Design Management division.

ACQUISITIONS COMPLETED AFTER THE END OF THE PERIOD

In January 2024, Icebound, which was established in the fourth quarter, acquired the company Efficture. Efficture has proprietary software for forest and timber management.

In January 2024, Addnode Group signed an agreement to acquire all the shares of Jetas Quality Systems. The company is a supplier of case management systems for fault reports and work orders within public transport and property management, and has collaborated with the Group company Forsler & Stjerna for several years.

Acquisition analyses (SEK m)

The following acquisition analyses were prepared for the acquisitions. The calculations are preliminary.

ACQUISITION ANALYSIS FOR TEAM D3 (SEK M)

Acquired companies' net assets at acquisition date	**Carrying amount in company**	**Fair value adjustment**	**Fair value, Group**
Intangible non-current assets		288	288
Other non-current assets	1		1
Current assets	119		119
Cash and cash equivalents	60		60
Other liabilities	-162		-162
Net identifiable assets/liabilities[1)]	**18**	**288**	**306**
Goodwill			304
Calculated purchase price[1)]			**610**

1) The acquisition of Team D3 includes estimated discounted non-current contingent consideration liabilities of USD 22 m that may be payable in 2026 and a discounted non-current non-interest-bearing liability of USD 3 m.

ACQUISITION ANALYSIS FOR FAST2 AND KEY PERFORMANCE (SEK M)

Acquired companies' net assets at acquisition date	**Carrying amount in companies**	**Fair value adjustment**	**Fair value, Group**
Intangible non-current assets	9	30	39
Other non-current assets	2		2
Current assets	43		43
Cash and cash equivalents	5		5
Other liabilities	-42	-6	-48
Net identifiable assets/liabilities[1)]	**17**	**24**	**41**
Goodwill			35
Calculated purchase price[1)]			**76**

1) Non-current contingent considerations of a maximum of SEK 25 m may be payable for the acquisition of FAST2, of which SEK 7.5 m has been entered as a liability. The acquisition of Key Performance includes a current non-interest-bearing liability of USD 0.15 m, which has been entered as a liability.

CONSOLIDATED **BALANCE SHEET AND CASH FLOW**

LIQUIDITY AND FINANCIAL POSITION

Cash and cash equivalents held by the Group amounted to SEK 667 m (600) as of 31 December 2023.

In June 2023, Addnode Group agreed to increase its existing credit line with a term loan of SEK 1,000 m with Nordea and SEB. This loan can be utilised to refinance existing loans in different currencies and for general corporate purposes. The new loan has a three-year term, with a 1+1 year extension option. Most of the loans drawn from the revolving credit facility were transferred to this new loan, which created available scope in the revolving credit facility.

In June 2023, Addnode Group also exercised its option to extend its existing SEK 1,600 m revolving credit facility by one year to June 2026 with other terms and conditions unchanged.

Addnode Group signed an agreement to acquire Team D3 in the USA in June 2023. This acquisition was completed on the first working day of July 2023. The initial purchase price was financed with loans. SEK 434 m (878) of the SEK 1,600 m revolving credit facility had been utilised as of 31 September 2023, which meant available credit of SEK 1,166 m (722). The full utilised portion of the credit line has been classified under non-current liabilities.

SEK 297 m (191) of the interest-bearing liabilities in addition to the utilised portion of the credit facility of SEK 1,372 m (878) related to leases. There were no interest-bearing liabilities related to completed acquisitions. Consequently, the Group's total interest-bearing liabilities were SEK 1,669 m (1,069), and the Group's net debt was SEK 999 million (463). The equity/assets ratio was 29 per cent (32).

Non-interest-bearing liabilities related to completed acquisitions were SEK 56 m (68), and estimated contingent considerations for completed acquisitions were SEK 481 m (361). A total of SEK 287 m of provisions and liabilities for acquisitions completed in 2022 or earlier are included in the Consolidated Balance Sheet.

CASH FLOW

Cash flow from operating activities for the period January–December 2023 declined to SEK 485 m (714). The decreased cash flow was mainly attributable to lower operating profit and changes in working capital. Cash flow from investing activities includes payments for proprietary software of SEK 152 m (106). Investments in subsidiaries and operations generated a negative cash flow of SEK 464 m (421), of which SEK 46 m pertained to the settlement of a promissory note and SEK 59 m pertained to the settlement of the contingent consideration to the sellers of the shares of Microdesk. In the previous year, cash flow from investing activities included proceeds from the sale of an office property in the UK. Financing activities included arranging loans to finance the initial purchase consideration for the acquisition of Team D3, and the contingent consideration for Microdesk. Financing activities were also affected by a SEK 49 m (153) repayment of bank loans, a SEK 101 m (93) repayment of a lease liability, a SEK 133 m (100) payment of share dividends and SEK 14 m (23) to the repurchase of the company's shares.

INVESTMENTS

Investments of SEK 373 m (230) were made in intangible assets and property, plant and equipment, of which SEK 152 m (106) related to proprietary software.

GOODWILL AND OTHER INTANGIBLE ASSETS

The carrying amount of the Group's goodwill was SEK 2,977 m (2,681) on 31 December 2023. Other intangible assets amounted to SEK 972 m (728), and mainly comprised customer contracts, trademarks and software.

DEFERRED TAX ASSETS

Deferred tax assets were SEK 34 m (18) as of 31 December 2023, of which SEK 7 m (8) were tax loss carry-forwards. As of 31 December 2023, the Group's total loss carry-forwards were approximately SEK 65 m (75).

EQUITY

Equity as of 31 December 2023 was SEK 2,116 m (2,005), equivalent to SEK 15.87 (15.02) per share outstanding.

SHARE CAPITAL AND INCENTIVE PROGRAMMES

Share capital was SEK 404 m at the end of the period. The quotient value per share was SEK 3.00. The division by share class as of 31 December 2023 was as follows:

Share class	No. of shares outstanding
Class A shares	3,948,696
Class B shares	130,579,536
Repurchased class B shares	-1,210,000
Total	**133,318,232**

In June 2023, the Board decided to repurchase 180,000 class B shares in accordance with the mandate from the 2023 AGM. The repurchase was carried out in the third quarter of 2023. Addnode Group AB's holding of treasury shares as of 31 December 2023 amounted to 1,210,000 class B shares, corresponding to 0.9 per cent of the number of shares, and 0.7 per cent of the number of votes.

After a resolution by Addnode Group's 2023 AGM, an additional long-term incentive programme was launched for managers and senior executives. 201,000 call options on class B shares were issued to some 40 participants in June 2023. The market-valued call option premium of SEK 19.45 generated a total purchase consideration of approximately SEK 4 m. These options can be exercised for class B shares in the period 25 October 2026 to 10 June 2027, in specific periods stated in the agreement.

As of 31 December 2023, there were three call option programmes outstanding, as follows:

Option programme	No. of options outstanding	Corresponds to no. of shares	Exercise price
LTIP 2021	195,800[1]	783,200	93.73
LTIP 2022	56,950[1]	227,800	115.80
LTIP 2023	201,000	201,000	157.50
Total	**453,750**	**1,212,000**	

[1] Each option carries entitlement to purchase four class B shares. For more information on the Group's stock option programmes, see note 4 on page 92 of the Annual Report for 2022.

OTHER **DISCLOSURES**

EMPLOYEES

The average number of employees of the Group increased to 2,455 (2,137). As of 31 December 2023, there were 2,654 employees (2,370 as of 31 December 2022). Essentially, this increase was from acquired operations.

RELATED PARTY TRANSACTIONS

In the period January–December 2023, Chairman Staffan Hanstorp invoiced the Parent Company SEK 2 m (2) in fees for consulting services related to acquisition opportunities, financing matters and other strategic issues via a company.

SEASONALITY

Historically, the fourth quarter has the highest revenue and EBITA, but as the recurring revenue share increases, seasonality is reducing.

PARENT COMPANY

Net sales were SEK 33 m (26) in the period January–December 2023, and mainly comprised invoicing to subsidiaries for premises rent and services rendered. Profit after financial items was SEK 205 m (282) including SEK 174 m (149) of dividends from subsidiaries, SEK 207 m (269) of Group contributions received, and SEK -33 m (-47) of impairment of shares in subsidiaries. Cash and cash equivalents were SEK 404 m (350) as of 31 December 2023. Investments in shares in subsidiaries were SEK 63 m (191). There were no significant investments in intangible assets or property, plant and equipment.

ACCOUNTING POLICIES

General

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated accounts have been prepared in accordance with IFRS as endorsed by the EU, and the Swedish Annual Accounts Act. The Parent Company's accounts have been prepared in accordance with the Annual Accounts Act, and RFR 2 Accounting for Legal Entities. Amendments and interpretations of existing standards first effective in 2023 had no impact on the Group's financial position or financial statements. The accounting policies and calculation methods are unchanged since the Annual Report for 2022.

Deferred tax assets

Deferred tax assets attributable to loss carry-forwards are reported as assets to the extent it is likely that they can be offset against surpluses in future taxation.

Disclosures on financial instruments

Estimated contingent considerations for the acquisitions of Team D3 and Microdesk have been discounted. Measurement of financial assets and liabilities shows no significant difference between carrying amounts and fair value. The Group had no currency forward contracts outstanding on 31 December 2023.

Stock option programme

The Group's incentive programme enables senior executives to acquire class B shares by investing in call options. Call option premiums received, measured at market value at the acquisition date, are recognised in equity as transactions with owners.

SIGNIFICANT RISKS AND UNCERTAINTIES

Addnode Group's significant risks and uncertainties are stated on pages 28-30 and 35 of the Annual Report for 2022, under "Risks and uncertainties" on pages 69-70, as well as notes 36 and 37 on pages 109-112.

The Group's operations are diversified over offerings, customer segments and geography, which implies risk diversification. This is a proven strength in challenging times like the Covid-19 pandemic.

FUTURE OUTLOOK

The Board of Directors has not altered its assessment of Addnode Group's long-term outlook since the preceding quarter. In the Third-quarter Interim Report for 2023, the Board of Directors stated the following outlook: 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 had impacts on the global economy including increased oil and energy prices, higher interest rate levels and turmoil in global stock markets. The outbreak of war in the Gaza Strip, which followed Hamas' terrorist attack on Israel, has also contributed to growing turmoil. Because it is not possible to predict the duration or scope of this unrest or its impact on the global economy and general security, the Board of Directors notes a risk that Addnode Group may be impacted financially in 2024.

Addnode Group is retaining its decision not to issue a forecast.

DIVIDEND PROPOSAL

The Board of Directors proposes that the AGM resolves on a dividend of SEK 1.00 (1.00) per share for the 2023 financial year, corresponding to a total dividend of SEK 133 m (133). 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 10 May, 2024. If the AGM approves this proposal, dividends will be scheduled for disbursement on 15 May, 2024.

2024 ANNUAL GENERAL MEETING

The ordinary AGM will be held on 7 May 2024.

ANNUAL REPORT

The Annual Report for 2023 will be published and available on www.addnodegroup.com in the first week of April 2024.

Stockholm, 2 February 2024
The Board of Directors

This Year-end Report has not been reviewed by the company's auditors.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

SEK m	2023 Oct–Dec	2022 Oct–Dec	2023 Full year	2022 Full year
Net sales	2,078	1,786	7,412	6,225
Purchases of goods and services	-1,067	-884	-3,709	-2,991
Other external costs	-149	-116	-536	-416
Personnel costs	-679	-589	-2,559	-2,114
Capitalised work performed by the company for its own use	44	31	152	106
Depreciation/amortisation and impairment of				
– property, plant and equipment	-31	-28	-120	-106
– intangible non-current assets	-61	-51	-230	-201
Profit/loss on sale of property/business	-	-	-	24
Operating profit	**135**	**149**	**410**	**527**
Financial income	16	0	46	11
Financial expenses	-32	-15	-110	-48
Revaluation of contingent considerations	16	5	16	5
Profit before tax	**135**	**139**	**362**	**495**
Current tax	-51	-19	-117	-116
Deferred tax	22	-17	34	3
Net profit for the period	**106**	**103**	**279**	**382**
Attributable to:				
Owners of the Parent Company	106	103	279	382
Share data				
Earnings per share before and after dilution, SEK	0.80	0.77	2.09	2.86
Average number of shares outstanding:				
Before dilution	133,318,232	133,498,232	133,433,183	133,633,040
After dilution	133,318,232	133,512,644	133,454,966	133,644,956

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	2023 Oct–Dec	2022 Oct–Dec	2023 Full year	2022 Full year
Net profit for the period	106	103	279	382
Other comprehensive income, items that will not be reclassified to profit or loss:				
Actuarial gains and losses on pension obligations	0	4	0	4
Other comprehensive income, items that may be reclassified to profit or loss:				
Exchange rate difference on translation of foreign operations	-70	20	-16	83
Hedge of net investments in foreign operations	24	-12	-9	-37
Total other comprehensive income after tax for the period	**-46**	**12**	**-25**	**50**
Comprehensive income for the period	**60**	**115**	**254**	**432**
Attributable to:				
Owners of the Parent Company	60	115	254	432

CONSOLIDATED BALANCE SHEET

SEK m	2023 31 Dec	2022 31 Dec
Assets		
Goodwill	2,977	2,681
Other intangible non-current assets	972	728
Property, plant and equipment	346	229
Financial assets	73	53
Total non-current assets	**4,368**	**3,691**
Inventories	1	2
Current receivables	2,161	1,906
Cash and cash equivalents	667	600
Total current assets	**2,829**	**2,508**
Total assets	**7,197**	**6,199**
Equity and liabilities		
Equity	2,116	2,005
Non-current liabilities	2,212	1,398
Current liabilities	2,869	2,796
Total equity and liabilities	**7,197**	**6,199**
Interest-bearing receivables amount to	3	6
Interest-bearing liabilities amount to	1,669	1,069
Pledged assets	9	15
Contingent liabilities	55	23

EQUITY AND NUMBER OF SHARES

Specification of changes in equity, SEK m	2023 Oct–Dec	2022 Oct–Dec	2023 Full year	2022 Full year
Equity, opening balance	**2,056**	**1,890**	**2,005**	**1,693**
Dividend	-	-	-133	-100
Call options issued	-	-	4	3
Repurchase of the company's shares	-	-	-14	-23
Comprehensive income for the period	60	115	254	432
Equity, closing balance	**2,116**	**2,005**	**2,116**	**2,005**
Equity attributable to:				
Owners of the Parent Company	2,116	2,005	2,116	2,005
Number of shares outstanding, opening balance	**133,318,232**	**133,498,232**	**133,498,232**	**133,728,232**
Repurchase of the company's shares	-	-	-180,000	-230,000
Number of shares outstanding, closing balance	**133,318,232**	**133,498,232**	**133,318,232**	**133,498,232**

Addnode Group held 1,210,000 (1,030,000) class B treasury shares on 31 December 2023.

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK m	2023 Oct–Dec	2022 Oct–Dec	2023 Full year	2022 Full year
Operating activities				
Operating profit	135	149	410	527
Adjustment for non-cash items	97	84	361	294
Total	**232**	**233**	**771**	**821**
Net financial items	-23	-9	-63	-27
Tax paid	-48	-36	-135	-117
Cash flow from operating activities before changes in working capital	**161**	**188**	**573**	**677**
Total change in working capital	67	73	-88	37
Cash flow from operating activities	**228**	**261**	**485**	**714**
Investing activities				
Purchases and sales of intangible assets and property, plant and equipment	-63	-39	-202	-64
Acquisitions of financial assets	-	-	-6	-5
Acquisitions of subsidiaries and operations	-	-6	-529	-513
Cash and cash equivalents in acquired companies	1	-	65	92
Cash flow from investing activities	**-62**	**-45**	**-672**	**-490**
Financing activities				
Dividend paid	-	-	-133	-100
Call options issued	-	-	4	3
Repurchase of the company's shares	-	-	-14	-23
Borrowings	-	-	569	304
Repayment of loans	-24	-164	-150	-247
Cash flow from financing activities	**-24**	**-164**	**276**	**-63**
Change in cash and cash equivalents	142	52	89	161
Cash and cash equivalents at start of period	565	554	600	406
Exchange rate difference in cash and cash equivalents	-40	-6	-22	33
Cash and cash equivalents at end of period	**667**	**600**	**667**	**600**

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

SEK m	2023 Oct–Dec	2022 Oct–Dec	2023 Full year	2022 Full year
Net sales	10	8	33	26
Operating expenses	-30	-25	-106	-86
Operating loss	**-20**	**-17**	**-73**	**-60**
Profit from participations in Group companies	179	324	348	372
Other financial income	12	3	42	10
Financial expenses	-33	-21	-112	-40
Profit after financial items	**138**	**289**	**205**	**282**
Change in tax allocation reserve	1	-38	1	-38
Profit before tax	**139**	**251**	**206**	**244**
Tax	-13	-29	-13	-29
Net profit for the period	**126**	**222**	**193**	**215**

PARENT COMPANY BALANCE SHEET

SEK m	2023 31 Dec	2022 31 Dec
Assets		
Property, plant and equipment	9	-
Financial assets	2,949	2,942
Current receivables	85	38
Cash and cash equivalents	404	350
Total assets	**3,447**	**3,330**
Equity and liabilities		
Equity	1,481	1,432
Untaxed reserves	162	163
Provisions	58	90
Non-current liabilities	670	646
Current liabilities	1,076	999
Total equity and liabilities	**3,447**	**3,330**

OPERATING SEGMENTS

The following figures are for the full year.

REVENUE AND PROFIT

	Design		PLM		Process		Central		Eliminations		Addnode Group	
SEK m	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue												
External sales	4,286	3,489	1,858	1,564	1,268	1,172	-	-	-	-	7,412	6,225
Transactions between segments	6	5	26	16	13	10	20	14	-65	-45	0	0
Total revenue	**4,292**	**3,494**	**1,884**	**1,580**	**1,281**	**1,182**	**20**	**14**	**-65**	**-45**	**7,412**	**6,225**
EBITA	334	398	143	158	244	226	-81	-54	-	-	640	728
EBITA margin, %	7.8	11.4	7.6	10.0	19.0	19.1			-	-	8.6	11.7
Operating profit/loss	226	315	77	97	188	168	-81	-53	-	-	410	527
Operating margin, %	5.3	9.0	4.1	6.1	14.7	14.2			-	-	5.5	8.5
Total net operating assets	1,857	1,264	757	763	877	871	37	3	-	-	3,528	2,901
Average number of employees	1,016	793	740	687	686	648	13	9	-	-	2,455	2,137

REVENUE BREAKDOWN

	Design		PLM		Process		Central		Eliminations		Addnode Group	
SEK m	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Licenses	61	65	261	182	48	47	-	-	-2	0	368	294
Recurring revenue	3,469	2,849	1,127	945	579	538	-	-	-2	-1	5,173	4,331
Services	719	542	461	428	611	565	-	-	-18	-16	1,773	1,519
Other	43	38	35	25	43	32	20	14	-43	-28	98	81
Total revenue	**4,292**	**3,494**	**1,884**	**1,580**	**1,281**	**1,182**	**20**	**14**	**-65**	**-45**	**7,412**	**6,225**

Addnode Group operates through three divisions: Design Management, Product Lifecycle Management and Process Management. The Group's decentralised business model means mission-critical decisions are taken close to the customer and market. Companies develop their businesses in accordance with strategies, guidelines and Group-wide values. The divisions are the operating segments that Addnode Group uses to monitor the performance and development of its business. There has been no change to the operating segments since the most recent Annual Report.

The difference between the total of the segments' operating profit and consolidated profit before tax consists of financial income of SEK 46 m (11), financial expenses of SEK -110 m (-48), and revaluation of contingent considerations of SEK 16 m (5).

Acquisitions completed during the year meant that net operating assets in the segments increased compared with the disclosures in the Annual Report for 2022, Design Management by SEK 605 m and PLM by SEK 13 m. Net operating assets are defined as the total of goodwill and other intangible non-current assets, property, plant and equipment, financial assets, trade receivables and other operating assets, less trade payables and other operating liabilities.

KEY FIGURES – QUARTERLY

	2023				2022			
SEK m	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net sales, SEK m	2,078	1,808	1,554	1,972	1,786	1,624	1,489	1,326
Design Management	*1,246*	*1,055*	*778*	*1,213*	*1,004*	*977*	*806*	*707*
Product Lifecycle Management	*499*	*484*	*468*	*433*	*455*	*393*	*394*	*338*
Process Management	*346*	*280*	*320*	*335*	*335*	*262*	*297*	*288*
EBITA, SEK m	196[1]	132[2]	110[3]	202	200	194	154	180[4]
Design Management	*98*	*57*	*48*	*131*	*111*	*118*	*80*	*89*
Product Lifecycle Management	*54*[1]	*43*[2]	*20*[3]	*26*	*44*	*45*	*35*	*34*
Process Management	*67*	*53*	*60*	*64*	*60*	*50*	*56*	*60*
EBITA margin, %	9.4[1]	7.3[2]	7.1[3]	10.2	11.2	11.9	10.3	13.6[4]
Design Management	*7.9*	*5.4*	*6.2*	*10.8*	*11.1*	*12.1*	*9.9*	*12.6*
Product Lifecycle Management	*10.8*[1]	*8.9*[2]	*4.3*[3]	*6.0*	*9.7*	*11.5*	*8.9*	*10.1*
Process Management	*19.4*	*18.9*	*18.8*	*19.1*	*17.9*	*19.1*	*18.9*	*20.8*
Average number of employees	2,552	2,553	2,364	2,334	2,252	2,201	2,167	1,929
Design Management	*1,098*	*1,115*	*933*	*916*	*857*	*840*	*837*	*646*
Product Lifecycle Management	*728*	*734*	*744*	*736*	*712*	*691*	*685*	*646*
Process Management	*712*	*690*	*675*	*671*	*673*	*661*	*637*	*628*
Cash flow from operating activities, SEK m	228	-139	127	269	261	89	122	242
Change in net sales, %	16	11	4	49	60	75	49	28
Operating margin, %	6.5	3.9	3.6	7.6	8.3	8.8	6.8	10.1
Return on capital employed, %[5]	13.8	13.4	15.4	18.0	19.6	18.1	15.4	13.9
Return on equity, %[5]	13.5	14.0	17.9	19.4	20.7	20.2	17.9	16.1
Equity/assets ratio, %	29	31	32	35	32	34	32	34
Equity, SEK m	2,116	2,056	2,060	2,099	2,005	1,890	1,793	1,812
Net debt, SEK m	999	1,103	488	381	463	659	601	481
Debt/equity ratio, %	47	54	24	18	23	35	34	27
Investments in equipment, SEK m	14	8	10	7	8	5	6	7

1) EBITA has been charged with restructuring costs of SEK 5 m (-). Addnode Group's EBITA adjusted for restructuring costs was SEK 201 m (200), and the adjusted EBITA margin amounted to 9.7 per cent (11.2).

2) EBITA has been charged with restructuring costs of SEK 5 m (-). Addnode Group's EBITA adjusted for restructuring costs was SEK 137 m (194), and the adjusted EBITA margin amounted to 7.6 per cent (11.9).

3) EBITA has been charged with restructuring costs of SEK 10 m (-). Addnode Group's EBITA adjusted for restructuring costs was SEK 120 m (154), and the adjusted EBITA margin amounted to 7.7 per cent (10.3).

4) The profit included a capital gain of SEK 24 m from the sale of an office property in the UK. EBITA adjusted for this capital gain was SEK 156 m, corresponding to an adjusted EBITA margin of 11.8 per cent.

5) Key financial ratios have been adjusted to reflect annualised return.

SHARE DATA[1]

	2023				2022			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Average number of shares outstanding before and after dilution, m	133.3	133.4	133.5	133.5	133.5	133.6	133.7	133.7
Total number of shares outstanding, m	133.3	133.3	133.5	133.5	133.5	133.5	133.7	133.7
Earnings per share before and after dilution, SEK	0.80	0.26	0.25	0.78	0.77	0.77	0.52	0.79[2]
Cash flow from operating activities per share, SEK	1.71	-1.04	0.95	2.02	1.96	0.67	0.91	1.81
Equity per share, SEK	15.87	15.42	15.43	15.72	15.02	14.16	13.41	13.55
Share price at end of period, SEK	85.30	66.75	83.50	124.70	98.40	77.45	83.40	96.38
Share price/equity	5.37	4.33	5.41	7.93	6.55	5.47	6.22	7.11

1) Due to the 4:1 share split executed in May 2022, historical key financial ratios based on the number of shares have been recalculated.

2) The profit included a capital gain of SEK 24 m from the sale of an office property in the UK.

ALTERNATIVE PERFORMANCE MEASURES
USE AND RECONCILIATION

The European Securities and Markets Authority (ESMA) has issued guidelines for disclosures on Alternative Performance Measures (APMs) for companies with securities listed on a regulated market in the EU, which apply to Alternative Performance Measures in published mandatory information. Alternative Performance Measures are financial metrics on historical or future performance of earnings, financial position, financial results or cash flows that are not defined or stated in the applicable rules for financial reporting. Certain performance metrics are used in this Year-end Report that are not defined in IFRS, with the intention of offering investors, financial analysts and other stakeholders clear and relevant information on the company's operations and performance. The use of these performance metrics and reconciliation with the financial statements are presented below.

Definitions on page 21.

EBITA
EBITA is a metric the Group considers relevant to investors, financial analysts and other stakeholders to understand earnings generation before investments in intangible non-current assets. This measure is an expression of operating profit before the amortisation and impairment of intangible non-current assets.

NET DEBT
The Group considers this key ratio useful to the readers of financial statements as a complement in evaluating dividend potential, making strategic investments and assessing the Group's potential to satisfy financial obligations. This key ratio is an expression of the level of financial borrowing in absolute terms after deducting cash and cash equivalents.

RECONCILIATION OF EBITA

	2023 Oct–Dec	2022 Oct–Dec	2023 Full year	2022 Full year
Operating profit	135	149	410	527
Amortisation and impairment of intangible non-current assets	61	51	230	201
EBITA	**196**	**200**	**640**	**728**

RECONCILIATION OF NET DEBT

	2023 31 Dec	2022 31 Dec
Non-current liabilities	2,212	1,398
Current liabilities	2,869	2,796
Non-interest-bearing non-current and current liabilities	-3,412	-3,125
Total interest-bearing liabilities	**1,669**	**1,069**
Cash and cash equivalents	-667	-600
Other interest-bearing receivables	-3	-6
Net debt (+)/receivable (–)	**999**	**463**

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, restated using the preceding year's exchange rates, excluding acquired entities in the most recent 12-month period.

Debt/equity ratio
Net debt in relation to equity (including equity attributable to non-controlling interests).

Earnings per share
Profit after tax divided by the average number of shares outstanding.

EBITA
Earnings before amortisation and impairment of intangible assets.

EBITA margin
EBITA as a percentage of net sales.

Equity
Reported equity plus untaxed reserves less deferred tax at the current tax rate.

Equity/assets ratio
Equity (including equity attributable to non-controlling interests) as a percentage of total assets.

Equity per share
Equity divided by the total number of shares outstanding.

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

Operating margin
Operating profit as a percentage of net sales.

Organic growth
Change in net sales excluding acquired entities in the most recent 12-month period.

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

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

Return on equity
Profit after tax as a percentage of average equity. Based on profit for the last 12 months and the average of the opening and closing balances of equity.

Share price/equity
Share price in relation to equity per share.

ADDNODE GROUP

DESIGN MANAGEMENT DIVISION

SERVICE WORKS GLOBAL
ADDNODE GROUP

SYMETRI
ADDNODE GROUP

TEAM D3
ADDNODE GROUP

TRIBIA
ADDNODE GROUP

PRODUCT LIFECYCLE MANAGEMENT DIVISION

TECHNIA
ADDNODE GROUP

PROCESS MANAGEMENT DIVISION

ADTOLLO
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ARKIVA
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CANELLA
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