

new businesses in the aim of adding new, complementary offerings and additional expertise. The policy of not issuing a forecast stands firm.

ADDNODE GROUP 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 31 December 2018 the number of Class A shares was 987,174, the number of Class B shares was 32,440,082 and the number of Class C shares was 0.

The largest shareholder in terms of voting rights is Aretro Capital Group AB, which at 31 December 2018 held 18.7 per cent of the votes and 6.8 per cent of the share capital. Aretro Capital Group AB is jointly owned via companies by Staffan Hanstorp and Jonas Gejer. Staffan Hanstorp is Chairman of the Board of Addnode Group AB. Jonas Gejer is President of TECHNIA AB and the Product Lifecycle Management division.

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 vote for at general meetings of shareholders. According to the Articles of Association, the Board of Directors shall comprise three to eight members, with a maximum of two deputy members. Election of board members and any deputy members is to take place at the Annual General Meeting. 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.

SHARE-SAVINGS PROGRAMMES, OPTION PROGRAMMES AND CONVERTIBLE PROGRAMMES

No share-savings, option or convertible programmes were in effect on 31 December 2018.

AUTHORISATIONS

The 2018 AGM authorised the Board, on one or more occasions during the period until the next AGM, to decide on purchases of a maximum number of own Class B shares so that the company's holding following such purchase does not exceed 10 per cent of all the shares in the company at any given time. The aim of any share repurchases is primarily to enable share transfers in connection with the financing of company acquisitions and other types of strategic investments. Up until the date of publication of this annual report, no shares were purchased with the support of this authorisation. The 2018 AGM also authorised the Board, on one or more occasions prior to the next AGM, to decide 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. Transfers may take place on or outside of Nasdaq Stockholm, entailing a right to deviate from shareholders' preferential rights. The reason for permitting the Board to deviate from shareholders' preferential rights is to enable financing of potential company acquisitions and other types of strategic investments in a cost-efficient manner. Up

until the date of publication of this annual report, no treasury shares were transferred pursuant to this authorisation.

To finance potential company acquisitions using treasury shares, the Board received a mandate at the AGM in May 2018 for the period until the next AGM to make decisions about new share issues. Through decisions pursuant to this authorisation, the share capital may increase by a maximum of SEK 36 m through the issuance of a maximum of 3,000,000 new shares upon full subscription. A directed new issue of 3,000,000 Class B shares was carried out in June 2018, and Addnode Group received net proceeds of SEK 254 m, as the price per share was SEK 86. The share price was set through an accelerated book-building process.

GUIDELINES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR SENIOR EXECUTIVES

Guidelines for remuneration and other terms of employment for senior executives, which were adopted by the 2018 AGM, are described in Note 5 on pages 94-95.

The 2019 AGM will decide on guidelines for remuneration of senior executives. By senior executives is meant the President of the Parent Company and other members of Group Management as described in the corporate governance report on pages 74-75. The Board of Directors' proposed guidelines ahead of the 2019 AGM are as follows:

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 and other customary benefits and pension. Fixed salary shall be competitive and ensure that Addnode Group is able to recruit competent executives. As a general rule, the fixed salary is reviewed once a year and is to take into account the individual's qualitative performance. In addition to the fixed salary, variable remuneration may be payable. Variable remuneration shall be based on results achieved and/or individually set specific targets. For the President of the Parent Company, the variable cash remuneration shall be based on earnings achieved by the Group. Variable cash remuneration is capped at 12 months' salary. For other members of Group Management, variable cash remuneration is capped at nine months' salary and shall be based primarily on the operation for which the individual is responsible. Share based incentive programmes shall ensure long-term commitment to the Group's development and promote personal shareholdings in the company. Cash remuneration coupled to a senior executive's purchase of shares or share-based instruments shall normally not exceed 15 per cent of the individual's fixed salary.

Pensions shall always be defined-contribution solutions in order to ensure predictability with respect to the company's future obligations. Pension premiums are payable at a maximum amount of 30 per cent of the individual's current fixed annual salary.

Other remuneration and benefits shall be on market terms and support the executive's ability to perform his/her duties. Other benefits pertain primarily to company cars or mileage allowance.

Senior executives' employment contracts include stipulations on notice periods. The policy is that employment may be terminated at the request of one party with a notice period of a minimum of six and a maximum of 12 months. During the notice period, unchanged salary, remuneration and benefits shall be payable.

These guidelines shall apply for employment contracts entered into after the AGM and for any amendments to existing conditions. The Board is entitled to depart from these guidelines only if specific reasons exist in individual cases.

PROPOSED DISTRIBUTION OF EARNINGS

Profit for the year of SEK 73,282,631 and other unrestricted shareholders' equity, totalling SEK 549,663,244, together totalling SEK 622,944,875, are at the disposal of the Annual General Meeting. The Board of Directors proposes that these earnings be disposed of as follows:

Dividend to the shareholders of SEK 2.50 per share	83,568,140
To be carried forward	539,376,735
Total	622,944,875

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

CORPORATE GOVERNANCE REPORT

The Group's governance is regulated by both external and internal governance documents. The external governance systems include, among other things, the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers, and other applicable laws and regulations. Internal governance systems include the Articles of Association adopted by the Annual General Meeting, the Board's Rules of Procedure, and the Board's instructions for the CEO. In addition, the Board has adopted Group-wide guidelines and policies, Rules of Procedure, and the Board's instructions for the CEO.

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 rules, but must in such case provide an explanation for the departure. In 2018 Addnode Group departed from point 2.4, which pertains to board members serving on the nomination committee. The Code prescribes that the Chairman of the Board shall not serve as chair of the nomination committee. Addnode Group does not adhere to this rule, as Staffan Hanstorp, Chairman of the Board, is chair of the Nomination Committee. The explanation for this departure is that the Nomination Committee has found that Staffan Hanstorp, as a major shareholder, is suitable to lead the Nomination Committee's work on achieving the best results for the company's shareholders.

THE ANNUAL GENERAL MEETING is Addnode Group's highest decision-making body and resolves on adoption of the income statement and balance sheet, discharging the members of the Board of Directors and the President and CEO from liability, election of board members and auditors, directors' and auditors' fees, guidelines for remuneration

of Group Management and other senior executives, adoption of the annual report and dividends, and other important matters, such as the principles for appointing the Nomination Committee.

THE AUDITOR is appointed by the AGM and reports via an audit report on its review of the annual report, the bookkeeping and the consolidated financial statements, and for the Board of Directors' and President's administration of Addnode Group AB. The auditor also reviews the nine-month interim report.

THE NOMINATION COMMITTEE is tasked with safeguarding the interests of all shareholders and makes recommendations to the Annual General Meeting for appointment of a chairman to preside over the AGM, board members, the Chairman of the Board, and the auditor. The Nomination Committee is also tasked with making recommendations for directors' fees, fees for board members' work on committees, and auditors' fees.

THE BOARD OF DIRECTORS' main duty is to administer the Group's operations in a long-term and value-creating way and thereby promote the shareholders' interests in the best possible way. This work includes adopting written Rules of Procedure for its own work and for the company's conduct in society, overarching goals and strategies, and conducting a yearly evaluation of the President's performance.

THE AUDIT COMMITTEE is tasked primarily with monitoring the processes surrounding Addnode Group's financial reporting and internal control in order to ensure the quality of external reporting.

THE REMUNERATION COMMITTEE is tasked primarily with representing the Board on matters pertaining to remuneration and terms of employment for the President and other senior executives.

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 ahead of and between board meetings. The President has appointed a Group Management team to assist him in this work.

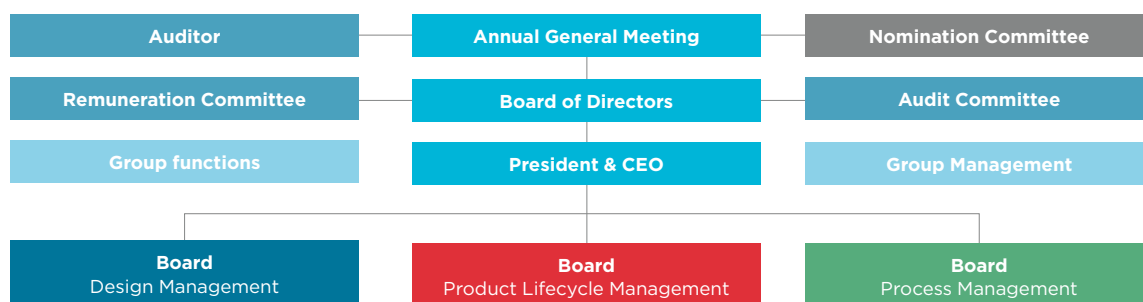
GROUP FUNCTIONS. Addnode Group AB has Group functions for accounting, communication and business development.

THE DIVISIONS' BOARDS. The division presidents are responsible for the operations of their respective divisions and report to Addnode Group's President and CEO. Overall governance of the divisions is conducted by the divisions' Boards of Directors.

IMPORTANT EVENTS

- Directed new issue of 3 million Class B shares, which raised liquid proceeds of SEK 254 m.
- Acquisition of five new companies with combined annual sales of approximately SEK 175 m. The acquisitions strengthen the company's offering, broaden its software portfolio and increase the company's international scope.

GOVERNANCE



FOR MORE INFORMATION

- Nasdaq Stockholm, www.nasdaqomxnordic.com
- Swedish Corporate Governance Code, www.bolagsstyrning.se
- Finansinspektionen, www.fi.se
- Addnode Group's website, www.addnodegroup.com

OWNERSHIP STRUCTURE AND VOTING RIGHTS

Addnode Group's shares are serviced by Euroclear Sweden AB. This means that no share certificates are issued and that Euroclear Sweden maintains a shareholder register of owners and administrators in the company. Addnode Group's share capital is made up of Class A, Class B and Class C shares. A-shares carry entitlement to ten votes each, and B- and C-shares carry entitlement to one vote each. Class A and B shares carry entitlement to dividends. Class C shares do not carry entitlement to dividends.

All shares carry equal entitlement to the company's assets. However, Class C shares are limited and are not entitled to a larger share of the company's assets than what corresponds to the share quota value calculated as per the date of distribution, with an interest-rate factor of one month STIBOR plus 4 percentage points calculated from the date of payment of subscription settlement. Class C shares are redeemable upon demand by the company. At the request of a shareholder, Class A shares can be converted to Class B shares, and Class C shares can be converted to Class B shares by the Board of Directors.

On 31 December 2018 the number of shareholders was 5,333, and the proportion of foreign-owned shares was 20 per cent. The proportion of institutional owners including mutual funds was 68 per cent.

Aretro Capital Group AB is the largest owner, with 6.8 per cent of the share capital and 18.7 per cent of the votes. Verg AB is the second largest owner, with 4.3 per cent of the share capital and 11.1 per cent of the votes. Aretro Capital Group AB is jointly owned via companies by Addnode Group's Chairman, Staffan Hanstorp, and Jonas Gejer, President of the Product Lifecycle Management division. Jonas Gejer is also President of Addnode Group's subsidiary TECHNIA AB.

NOMINATION COMMITTEE

The 2018 Annual General Meeting resolved to assign the Chairman of the Board with the task of contacting the four largest owner-registered shareholders (in terms of votes) in Euroclear Sweden's shareholder register as at 31 August 2018, to each appoint a representative who is not a member of the company's Board, to form the Nomination Committee along with the Chairman of the Board ahead of the 2019 Annual General Meeting. The Nomination Committee chair shall serve as the representative for the largest shareholder in terms of votes.

The Nomination Committee is tasked with submitting recommendations to the next year's Annual General Meeting on the following:

- A chairman to preside over the Annual General Meeting
- Board members
- The Chairman of the Board
- Fees for each of the board members
- Fees for committee work
- Nomination Committee for the following year
- Auditors and auditors' 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 ahead of the 2019 AGM

The composition of the Nomination Committee was announced on Addnode Group's website and via a press release published on 30 October 2018. The Nomination Committee was composed of the following members:

- Staffan Hanstorp (Chairman of the Board), appointed by Aretro Capital Group AB, committee chair
- Wilhelm Arnör, appointed by Vidinova AB, which has become part of Verg AB
- Vegard Søråunet, appointed by Odin Fonder
- Magnus Skåniger, appointed by Swedbank Robur Fonder

Addnode Group, through its nomination committee, applies Rule 4.1 of the Swedish Corporate Governance Code as its diversity policy in drawing up recommendations for election of board members. The Nomination Committee held five meetings ahead of the 2019 AGM. The Nomination Committee represented approximately 43 per cent of the shareholders' votes as per 31 December 2018. As the basis for the Nomination Committee's work, company management presented information about the company's operations and strategic direction. In addition, the Chairman of the Board presented the annual evaluation of the board members' performance. The Chairman of the Board also provided information about the Board's work during the year. All board members, in addition to Staffan Hanstorp, are independent in relation to the company, company management and the company's largest shareholders.

ANNUAL GENERAL MEETING

A shareholder's right to make decisions on Addnode Group's affairs is exercised at Annual General Meetings or, where applicable, at extraordinary general meetings, which are Addnode Group's highest decision-making body. The AGM is normally held in April or May. The AGM passes resolutions regarding the following:

- Adoption of the annual report
- The dividend
- Election of board members and auditors
- Directors' and auditors' fees
- Guidelines for remuneration of Group Management
- The Nomination Committee
- Other important matters

An extraordinary general meeting may be held if the Board deems it necessary or if requested by Addnode Group's auditors or owners with at least 10 per cent of the shares.

Annual General Meeting 2018

The 2018 AGM was held on 26 April 2018. The Chairman of the Board, Staffan Hanstorp, was elected as Chairman of the Annual General Meeting, in accordance with the Nomination Committee's recommendation. The minutes from the AGM are available on Addnode Group's website. The AGM resolved in favour of the Board's proposal to pay a dividend of SEK 2.25 per share for the 2017 financial year. Staffan Hanstorp was re-elected as Chairman of the Board. Jan Andersson, Kristofer Arwin, Johanna Frelin, Sigrun Hjelmqvist and Thord Wilkne were re-elected as board members in accordance with the Nomination Committee's proposal. Dick Hasselström declined re-election. The AGM approved the Nomination Committee's proposal for directors' fees as well as the Board's proposed guidelines for remuneration and terms of employment for the President and other senior executives.

Authorisations granted by the AGM

The 2018 AGM authorised the Board, on one or more occasions during the period until the next AGM, to decide on purchases of a maximum number of own Class B shares so that the company's holding following such purchases amounts to a combined maximum of 10 per cent of the total number of shares in the company at any given time.

Furthermore, the 2018 AGM also authorised the Board, on one or more occasions prior to the next AGM, to decide 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 reason for permitting the Board to deviate from shareholders' preferential rights is to enable financing of potential company acquisitions and other types of strategic investments in a cost-efficient manner.

To finance potential company acquisitions using treasury shares, the Board received a mandate at the AGM in April 2018 for the period until the next AGM to make decisions about new share issues. Through decisions supported by this authorisation, the share capital may increase by a maximum of SEK 36 m through the issuance of a maximum of 3,000,000 shares upon full subscription.

BOARD OF DIRECTORS

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

Composition of the Board

According to the Articles of Association, Addnode Group AB's Board of Directors shall 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 board members, however, there are currently no deputy members elected by the AGM. The Articles of Association contain no general stipulations about the appointment or dismissal of board members. The Board of Directors consists of six members. For further information about the board members, see pages 72–73.

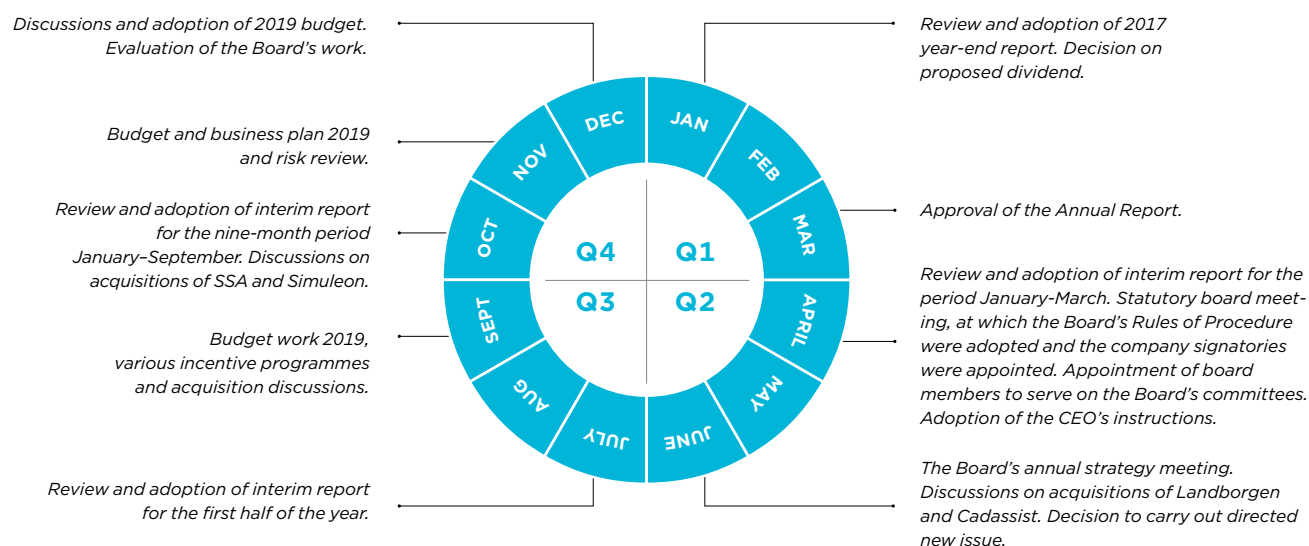
Directors' independence

According to the Code, a majority of board members elected by a general meeting shall be independent in relation to the company and company management, and at least two shall also be independent in relation to the company's major shareholders. The Board of Directors of Addnode Group is considered to meet the requirement for directors' independence in relation to Group Management. Chairman of the Board Staffan Hanstorp was formerly President and CEO of Addnode Group AB, and through his part-ownership in Aretro Capital Group AB he is the largest owner of Addnode Group in terms of votes, and has thereby not been judged as being independent in relation to the company's major owners.

The Board's duties

The Board of Directors' main duty is to promote the company's and shareholders' interests, appoint the President and be responsible for ensuring that the company adheres to 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 through the corporate governance report. The Board's work is regulated by – among other things – 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.

MAIN ITEMS OF BUSINESS FOR THE BOARD IN 2018



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

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

The Board's Rules of Procedure and board meetings

Each year the Board adopts written Rules of Procedure that lay out the Board's responsibilities and regulate the Board's and its committees' internal delegation of duties, including the Chairman's role, the Board's decision-making processes, summonses to board meetings, agendas and minutes, and the Board's work with accounting and audit issues and the financial reporting. Decisions on changes to the instructions may be made at board meetings during the course of the financial year if the Board deems it necessary.

According to the Rules of Procedure, that Chairman shall:

- Consult with the President on strategic issues and, through regular

and frequent contacts with the President, closely monitor Addnode Group's performance

- Lead the Board's work and ensure that board members continuously receive the information required to monitor the business performance
- Consult with the President regarding 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 concerning issues that require the Board's approval. The instructions stipulate the maximum amount that the various decision-making bodies in the Group are authorised to approve in terms of agreements, credits, investments and other expenditures. According to the Rules of Procedure, a statutory board meeting is to be held immediately after the AGM. At this meeting, decisions are made about who is authorised to sign for Addnode Group and which board members are to serve on the Board's two drafting committees, the Remuneration Committee and the Audit Committee. The committees' work is mainly of a preparatory and advisory nature, however, the Board can in special cases delegate decision-making authority to the committees. According to the Rules of Procedure, the Board shall meet at least four times per year and additionally when necessary.

The Board's work in 2018

During the year, the Board held 11 meetings, of which one was the statutory meeting held directly in conjunction with the Annual General Meeting. All board meetings during the year followed an approved agenda, which together with documentation for each item on the agenda was provided to the board members prior to the respective meetings. 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 discussions. The President and CEO participates in board meetings in a reporting role. The CFO serves as company secretary. The divisional presidents are invited to board meetings on a regular basis to present reviews of their respective operations.

Other Group employees attend board meetings to present reports on specific issues when the Board deems it necessary. Set items of business at board meetings include an information report by the President and monthly financial reporting as well as an outlook for the coming quarter.

In addition, the Board dealt with a number of other matters at its meetings in 2018, with special attention dedicated to the following:

- Strategy and acquisition issues
- Financing
- Business plan
- Competence, leadership succession and incentive programmes
- Reports from the Audit Committee on internal control and the audit, among other things
- Corporate governance issues
- The yearly book-closing and interim reports
- Review of risk matrices covering business risks as well as market risks and corporate social responsibility
- Dividend proposal for the financial year

Ensuring the quality of financial reporting

The Rules of Procedure adopted each year by the Board include detailed instructions about which financial reports and financial information is to be provided to the Board. In addition to the year-end report, interim reports and the annual report, the Board reviews and evaluates extensive financial information pertaining to the Group as a whole and the various units included in the Group. The Board also addresses information about risk assessments, disputes and any improprieties that may impact the Addnode Group's financial position. The Board also reviews, primarily through the Audit Committee, the most significant accounting policies applied in the Group pertaining to the financial reporting, as well as significant changes in the policies. The task of the Audit Committee includes reviewing reports about internal control and the processes for financial reporting.

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 present. The Group's auditors also commonly participate in Audit Committee meetings. The Audit Committee submits a report to the Board after each meeting. All Audit Committee meetings are documented by minutes, which are available for all board members and the auditors.

Evaluation of the Board of Directors

The Board performs an annual evaluation of its own work. The evaluation pertains to work methods and the work climate, the focus of the Board's work, as well as access to and the need for specific expertise on the Board. The evaluation is used as a tool to develop the Board's work and is also used as documentation for nomination work by the Nomination Committee.

Directors' fees

Fees paid to the AGM-elected board members are set by the AGM based on the recommendation by the Nomination Committee. For the period between the 2018 and 2019 Annual General Meetings, a set fee of SEK 380 thousand (370) is payable to the Chairman of the Board, and SEK 190 thousand (185) is payable to each of the other board members. In addition, a fee may be payable on account for special initiatives (consulting services, etc.) by board members within their respective competency areas, provided that such initiatives are approved in advance by the Chairman of the Board or by two board members. A fee of SEK 45 thousand (35) is payable to each of the two regular members of the Board's Audit Committee, and a fee of SEK 75 thousand (55) is payable to the Audit Committee chair. A fee of SEK 15 thousand (15) 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 consultant basis for work with the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic issues. A maximum fee of SEK 190,000 per month may be payable for such work.

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

COMMITTEES

The Board has established a remuneration committee and an audit committee. The work of the committees is mainly of a preparatory and advisory nature, 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 statutory board meeting.

Remuneration Committee

The Remuneration Committee's main task is to represent the Board on matters pertaining to remuneration and terms of employment for the President and other senior executives based on the guidelines for remuneration and terms of employment for the President and other senior executives adopted by the AGM. The Committee reports on its work to the Board on a regular basis. The Remuneration Committee's members are, since 26 April 2018, Chairman of the Board Staffan Hanstorp and board member Thord Wilkne.

Audit Committee

The Audit Committee's main task is to monitor the processes for Addnode Group's financial reporting and internal control in order to ensure the quality of external reporting. The Audit Committee's members are, since 26 April 2018, Jan Andersson (committee chair), Sigrun Hjelmquist and Kristofer Arwin.

THE BOARD'S COMPOSITION AND MEETING ATTENDANCE 2018

Name	Function	Committee assignment	Year elected	Independent in relation to the company and company management/owners	Attendance at board meetings	Class A shares	Class B shares
Staffan Hanstorp ¹	Chairman of the Board	Remuneration Committee chair	2017	Yes/No	11/11	625,332	1,654,624
Jan Andersson	Director	Audit Committee chair	2012	Yes/Yes	11/11	—	15,000
Kristofer Arwin	Director	Member of Audit Committee	2012	Yes/Yes	10/11	—	2,180
Johanna Frelin	Director	—	2017	Yes/Yes	11/11	—	—
Dick Hasselström ²	Director	—	2010	Yes/No	3/3	361,667	1,084,718
Sigrun Hjelmquist ³	Director	Member of Audit Committee	2009	Yes/Yes	11/11	—	2,000
Thord Wilkne ⁴	Director	Member of Remuneration Committee	2008	Yes/Yes	11/11	—	435,000
Total						986,999	3,193,522

¹ Via 50% ownership of Aretro Capital Group AB.

² Resigned at the AGM on 26 April 2018. Shares are held via the company Verg AB.

³ Including spouse's holding of 1,000 shares.

⁴ Including spouse's holding of 35,000 shares.

All board members' shareholdings are reported as per 31 December 2018. Fees paid to the Chairman of the Board and board members are shown in Note 5 of the Annual Report.

The Audit Committee's work includes:

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

Auditors

At the 2018 Annual General Meeting the chartered accounting firm PricewaterhouseCoopers AB (PwC) was re-elected, with Authorised Public Accountant Anna Rosendal as auditor-in-charge. To ensure fulfilment of the information and control requirements placed on the Board, the auditors report to the Audit Committee on a regular basis about all material accounting issues, as well as about any errors or irregularities. In addition, the auditors are invited at least once per year, and when necessary, to participate and report at board meetings. PwC submits an audit report for Addnode Group AB, for the consolidated financial statements and for the Board of Directors' and President's administration of Addnode Group AB. The auditors also review Addnode Group's nine-month interim report. The fees paid by

Addnode Group to the auditors, for both audit-related and other non-audit-related assignments, are specified in Note 6 of the Annual Report, Auditors' fees.

GROUP MANAGEMENT

President

The President is responsible for the day-to-day administration of the Group's operations in accordance with the Board's guidelines and instructions.

Group Management

The President has appointed a Group Management team as assistance, which in addition to the President comprises the CFO and the presidents of the three divisions, Design Management, Product Lifecycle Management and Process Management. The members of Group Management are responsible for implementing the Group's strategy in their respective areas and also have overarching responsibility for Addnode Group with respect to long-term and strategic matters, such as the Group's organisation, acquisitions, trademarks, investments and financing. Every other month a full-day meeting is held in which the agenda consists of discussions and decisions about the month's results, Group-wide projects and updates of forecasts and

the business situation, development projects, acquisition candidates and other Group-wide strategic matters. Every other month a shorter meeting is held at which the agenda consists of discussions on the preceding month's earnings and other matters. In addition to these set meetings, Group Management also regularly reviews matters as necessary. The President and other members of Group Management are presented on page 74-75.

Divisional management

The three divisions – Design Management, Product Lifecycle Management and Process Management – make up Addnode Group's operational structure. In accordance with adopted strategies, the divisional presidents are responsible for the operations of their respective divisions and report to Addnode Group's President and CEO. The boards of the respective divisions constitute the overarching management of the Design Management, Product Lifecycle Management and Process Management divisions, and meet each quarter. The divisions' boards are made up of Addnode Group's President and CEO, who serves as Chairman, the CFO, and the respective divisions' presidents. The respective divisions' controllers are permanently co-opted to the respective divisions' boards at board meetings, and other members of the division's management participate when necessary.

Remuneration of Group Management and other senior executives

Guidelines for remuneration of Group Management and other senior executives are decided by the AGM based on a recommendation by the Board of Directors. Remuneration of the President and CEO is addressed and set by the Board's Remuneration Committee. Remuneration of other senior executives in the Group is addressed and set by the President and CEO after consultation with the Board's Remuneration Committee. Remuneration of the President and other senior executives is detailed in Note 5 of the 2018 Annual Report.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors has overarching responsibility for internal control over financial reporting. The Board has established an audit committee tasked with conducting preparatory work for the Board's work with control over the company's financial reporting. The following description has been prepared in accordance with the Swedish Corporate Governance Code (the Code) and constitutes the Board's description of the company's system for internal control and risk management with respect to 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 work according to, as well as the Group's organisational structure, leadership, decision-making channels, authorisations and responsibilities, and the employees' expertise. The Board works continuously

with risk assessment and risk management. Addnode Group's board has chosen to not establish a designated audit function for internal control. The Board is of the opinion that the existing organisation and existing control structures in Addnode Group enable effective operations, identify risks in the financial reporting and ensure compliance with applicable laws and regulations. The divisional presidents and controllers regularly monitor compliance with the governance and control systems established by the company.

Responsibilities and authorisations are defined in instructions for authorisation rights, manuals, policies, routines and codes. A few examples include the Articles of Association, the Board's Rules of Procedure, the instructions for the division of duties between the President and the Board, the instructions for financial reporting, the finance policy, the financial manual including its accompanying accounting manual.

These guidelines, together with laws and external rules and regulations, make up the control environment. All employees are required to follow these guidelines. 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 with internal control over financial reporting is delegated to the President. Group Management and other senior executives have responsibility for internal control within their respective areas of responsibility.

RISK ASSESSMENT

The Audit Committee continuously assesses the Group's risks and reports to the Board when necessary. The aim is to identify events in the market or in the Group's operations that could result in changes in the value of assets and liabilities. Another important part of risk assessment involves staying abreast of changes in accounting rules and ensuring that any changes are correctly reflected in the financial reporting. The CFO is responsible for the preparatory work behind the Audit Committee's assessments and for operational monitoring of identified risks. A key aspect of risk assessment is the company's monthly financial reporting and the management reports that are submitted each month by the divisional presidents and their directly subordinate managers.

CONTROL STRUCTURES

The company's control structures have been designed to manage the risks that the Board and management deem as being the most significant for the operations and the financial reporting. Addnode Group's control structures consist in part of an organisation with clear roles that facilitate an effective and suitable division of duties and responsibilities, and in part of instructions and specific control activities aimed at detecting or preventing risks for errors in the 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 performance analyses with deviation monitoring against budgets and forecasts
 - Monthly risk assessments of all fixed-price assignments in excess of SEK 100,000

- Monthly risk assessments of past-due accounts receivable
- Automatic controls in IT systems that are essential for the financial reporting and other analytical follow-ups and reconciliations
- Self-assessment of internal control of selected companies

MONITORING

Monitoring and testing of control activities are performed on a continuous basis to ensure that risks have been identified and addressed in a satisfactory manner. Monitoring is conducted both informally and formally, and involves reconciliation of monthly financial reports against budgets, forecasts and other set targets. Monitoring to ensure the effectiveness of internal control 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. The Audit Committee reviews reports on internal control as well as the financial reporting processes and analyses by the CFO. The auditors report to the Audit Committee in connection with their review of the nine-month interim report, the year-end report, and the annual report. In addition, the Audit Committee and the auditors maintain regular contact.

INFORMATION AND COMMUNICATION

Guidelines for the 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 via Group-wide systems. Such information includes methodologies, instructions and practical checklists, descriptions of roles and responsibilities, and overarching timetables for e.g., budgets, forecasts, monthly reports, quarterly book-closings and work with the annual report. The CFO is responsible for ensuring that information and training activities are conducted on an ongoing basis with the heads of finance/accounting and administration in the various divisions. The effectiveness of this communication is followed up on a regular basis to ensure receipt of information. In addition, formal and informal channels are in place for employees to communicate important information with relevant recipients – ultimately the Board of Directors where necessary. For

communication with external parties, an information policy lays out guidelines for how this communication may take place. The aim of the policy is to ensure correct and thorough compliance with all information obligations.

FINANCIAL REPORTING AND INFORMATION

Addnode Group's routines and systems for the issuance of information aim to provide the market on a regular basis with relevant, reliable and correct information about the Group's performance and financial position in accordance with applicable regulations and laws. Via Addnode Group's intranet the employees receive updates about Group-wide policies, governance documents and manuals.

Financial reporting and business information are provided on a regular basis in the following ways:

- Year-end and interim reports, which are published via press releases
- Annual 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 as well as in connection with the publication of other important information.
- Meetings with financial analysts and investors

The Board monitors and ensures the quality of the financial reporting through instructions governing the division of duties between the President and the Board, instructions for financial reporting to the Board, and through the information policy. The Audit Committee is responsible for conducting preparatory work for the Board's work with control over the company's financial reporting. In addition, the Board ensures the quality of the financial reporting by thoroughly reviewing interim reports, the year-end report and the annual report at board meetings. The Board also reviews information about risk assessment, disputes and any irregularities. The Board has delegated responsibility to the executive management for ensuring the quality of press releases with financial content as well as presentation material in connection with meetings the media, owners and financial institutions.

BOARD OF DIRECTORS



STAFFAN HANSTORP

Born 1957. Chairman of the Board, Remuneration Committee chair.

Education and experience: Civil engineer, KTH Royal Institute of Technology. More than 30 years of experience as sales manager, marketing manager and CEO in IT sector. Founded Technia in 1994, which was acquired by Addnode Group in 2004. President and CEO of Addnode Group 2007-2017.

Current assignments: Chairman of Byggnadsfirman Viktor Hansson AB and director of IT & telecom companies in Almega.

Shareholding in Addnode Group: Staffan Hanstorp owns, via companies, 50 per cent of Aretro Capital Group AB, which owns 625,332 A-shares and 1,654,624 B-shares in Addnode Group. Personal holding of 3,973 B-shares. Aretro Capital Group AB has issued call options on 70,000 B-shares.



JAN ANDERSSON

Born 1959. Director, Audit Committee chair.

Education and experience: Civil engineer with specialisation in computer technology. Co-founder of Readsoft and President of Readsoft 1991-2011.

Current assignments: Chairman of DH Anticounterfeit, Fast2 AB and Mildef Group AB, director of Olivetree AB and TimeZynk AB, among other companies.

Shareholding in Addnode Group: 15,000 B-shares.



KRISTOFER ARWIN

Born 1970. Director, member of Audit Committee.

Education and experience: B.Sc. Business Administration, Finance, Stockholm University. Co-founder of TestFreaks, CEO of TestFreaks 2006-2013. Founded Pricerunner in 1999 and CEO of Pricerunner 1999-2005. Director of Trade-Doubler 2007-2013 and director of Alertsec 2007-2017.

Current assignments: Director of Kindred Group plc, Chairman of the Board of TestFreaks AB.

Shareholding in Addnode Group: 2,180 B-shares.



JOHANNA FRELIN

Born 1969. Director.

Education and experience:

Journalist, B.A. Luther College, USA. MBA Stockholm School of Economics. 20 years of experience in management, of which 12 years in group management with SVT, Hyper Island and Tengbom. CEO since 2011, first for Hyper Island and later for Tengbom.

Current assignments:

CEO of Tengbom, director of Springtime AB.

Shareholding in Addnode Group:

No shareholding.



SIGRUN HJELMQUIST

Born 1956. Director, member of Audit Committee.

Education and experience:

Civil engineer, M.Sc. Engineering Physics from KTH Royal Institute of Technology. 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 at Facesso AB.

Current assignments:

Director of Eolus Vind AB, Edgeware AB, Ragnsellsbolagen AB, Trancendent Group AB and Teqnon AB.

Shareholding in Addnode Group:

1,000 B-shares, plus 1,000 B-shares owned by spouse.



THORD WILKNE

Born 1943. Director, member of Remuneration Committee.

Education and experience:

Secondary school economics degree. Co-founder of WM-data and CEO 1970-1997, Chairman 1998-2004.

Current assignments:

Director of Silver Life AB and Wilgot AB, among other companies.

Shareholding in Addnode Group:

400,000 B-shares, plus 35,000 B-shares owned by spouse.

GROUP MANAGEMENT



JOHAN ANDERSSON

Born 1974. President and CEO of Addnode Group AB.

Education and experience: M.Sc. Econ., Uppsala University. Executive Management Programme, IFL/Stockholm School of Economics. Active in the Group since 2006 as head of IR and M&As, and as CFO. Previous experience as adviser at investment bank for tech companies in connection with acquisitions and IPOs.

Current assignments outside the Group: Chairman of Teknik i Media Datacenter Stockholm AB.

Shareholding in Addnode Group: 57,778 B-shares and call options on 60,000 B-shares.



HELENA NATHHORST

Born 1967. CFO of Addnode Group AB.

Education and experience: M.Sc. Econ., Uppsala University. Active in the Group since 2017. Previous experience as transaction adviser for company acquisitions, auditor, CFO in media and telecom industry, and in the banking industry.

Current assignments outside the Group: None.

Shareholding in Addnode Group: No shareholding.



JONAS GEJER

Born 1963, President of Product Lifecycle Management division.

Education and experience: Secondary school degree in engineering, Market Economics IHM Business School. 30 years of experience in product development and related digital tools, such as PLM, simulation and CAD. One of three co-founders of the company Technia in 1994, which was acquired by Addnode Group in 2004.

Current assignments outside the Group: None.

Shareholding in Addnode Group: Jonas Gejer owns, via companies, 50% of Aretro Capital Group AB, which owns 625,332 A-shares and 1,654,624 B-shares in Addnode Group. Personal holding of 3,973 B-shares.

**ROLF KJÆRNSLI**

Born 1958. President of Design Management division.

Education and experience:

Civil engineer, Norwegian Institute of Technology. Active in the Group since 2005, more than 30 years of experience as head of R&D and as CEO in the IT industry.

Current assignments outside the Group:

Director of WK Entreprenør AS.

Shareholding in Addnode Group:

79,498 B-shares via companies, and call options on 40,000 B-shares.

**ANDREAS WIKHOLM**

Born 1974, President of Process Management division.

Education and experience:

Degree in Public Health Science, Karolinska Institutet. Numerous continuing education courses in company management, economics and business development. Active in the Group since 2015, with 20 years of experience from the IT industry in roles such as divisional manager, CEO, and other executive positions.

Current assignments outside the Group:

None.

Shareholding in Addnode Group:

20,000 B-shares, and call options on 40,000 B-shares.

AUDITORS

At the 2018 Annual General Meeting, the chartered accounting firm PricewaterhouseCoopers AB (PwC) was re-elected as Addnode's Auditor, with Authorised Public Accountant Anna Rosendal as Auditor-In-Charge.