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Addnode Group AB (ANOD.B.SE)

Q3 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

[Abrupt Start]

Operator: ...2025. [Operator Instructions]

Now, I will hand the conference over to the CEO, Johan Andersson; and CFO, Kristina Elfström Mackintosh. Please go ahead.

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Hello, everyone, and welcome to the presentation of the Interim Report for the Third Quarter of 2025 with Addnode Group. I'm the CEO of Addnode Group, and I also have with me our CFO, Kristina Elfström Mackintosh, who will help me out today.

Looking at the agenda, we will spend some time on Addnode Group, looking to Q3 and talk about the divisions, spend some time on the financials and the balance sheet, and then, we will open up for Q&A.

So, Addnode Group, our purpose is all about digitalization for a better society. We operate, acquire, and develop entrepreneurial companies that provide digital solutions. Through innovation and continuous development in close collaboration with our customers, we create digital solutions for specific needs.

The software and digital solutions that we provide are used to design buildings, infrastructure in cities, and also the products that we all use every day, like cars and all the way to life science instruments. The things have been designed and built, it needs to be maintained with a lifecycle perspective, and the public sector has also responsibility for rules and regulations; our digital solutions make all this possible.

Talking about our third quarter, before we go into the highlights, there are a few things that we're going to discuss shortly, but the highlights [ph] first. (00:01:57) We can see that we have a stable market. We had a high rate of acquisition activity and improved efficiency. Our EBITA, if we adjust for the early contract renewals that we already disclosed in the second quarter, where we had a positive effect of them, now we have a negative effect of [ph] SEK 17 million (00:02:12), if we put that – add that back to the result, you will find that our EBITA was SEK 219 million, compared to SEK 200 million. So, an increase in underlying result.

We have published new financial targets that will confirm our existing strategy, and it sets also more ambitious aims in terms of growth and profitability.

We have done six acquisitions, and Solidcad, the biggest one, is expected to contribute to EBITA with SEK 120 million. We have also extended our credit facilities on more favorable terms to support our future growth.

So, when we look at our highlights Q3 2025, from a financial perspective, there are a few things that we would like to add as well. For those of you who have followed us for a longer period, you know that we had a year with new transaction model for partner software and reclassification of third-party agreements. This has benefited our business, but the changes have made it more difficult to follow our performance of net sales.

In this presentation, we will compare our performance with pro forma figures that has been adjusted to reflect the scenario in which the new transaction model for partner software and reclassification of third-party agreements have been in place already in 2024. This is the same pro forma that we presented at the Capital Markets Day, and that you also can see in our interim reports.

The good news is that this is the last quarter that we have to compare with a pro forma to better evaluate our performance. When we present Q4 2025 and compare it with Q4 2024, it will be like-for-like. Starting this quarter, we have also presented distribution of net sales on own software, third-party software, and services.

So, with that as an introduction, let's look at the financials for Q3. As I already mentioned, looking at the EBITA, adjusted for early contract renewals increased to SEK 290 million, but you can see the EBITA SEK 149 million, – you have SEK 149 million, you add the SEK 70 million, and then, we end up with SEK 219 million to compare with SEK 200 million.

And as previously communicated [ph] and also discussed (00:04:36), a number of the [ph] prior deals (00:04:36) that would normally have been renewed in the third quarter were renewed early in the second quarter. These early contract renewals increased EBITA in Q2 with the SEK 70 million that I mentioned, but it has reduced EBITA by a corresponding amount in this third quarter. However, the net impact over the year is neutral.

Looking at the market trend, we have a stable base in the Nordic countries, UK, and the US. The German market, however, remains weak. We are still in a position where we don't have push from our customers. We have to work with our customers to make thing happens. Our business model with 60% recurring revenue is a strong foundation for our business.

And if you then look to the right, you can see that we're still on a five years' progression, are having a significant growth. So, to sum up, it's a stable quarter. We have done a lot of acquisitions, and we can see that the market is quite stable in the areas where we are.

So, with that as an introduction to the Q3 result, let's move to the things that we have done in the quarter as well. And one of the things that we have done is that we have held our first Capital Markets Day at which we presented new financial targets that confirm Addnode Group's existing strategy and set more ambitious aims in terms of growth and profitability. The new targets are, that we will have an average annual EBITA growth that will amount at least 15%, that corresponds to that we would double our EBITA every fifth year. The EBITA margin should be at least 17% every year. Net debt shall not exceed 2.5 times our EBITA. We have an unchanged dividend policy.

To achieve our financial targets, we are now pursuing a plan consisting of an increased focus on business development, clear prioritization of investments in our digital solutions, more measures to improve our internal efficiency, and we increase our capacity to make value-creating acquisitions.

So, acquisitions. We have announced nine acquisitions so far in 2025, which are expected to contribute total annual net sales of approximately SEK 700 million, and it will strengthen our EBITA margin.

In the third quarter, we closed the acquisition of Genus in Norway, whose net sales for 2024 amounted to approximately SEK 165 million. Genus offers a no-code platform for case management to business applications. The company is now part of the Process Management Division from Q3 and has strengthened our position as a leading player in mission-critical case management systems in the Nordic region.

The acquisition of the Dassault Systèmes partner X10D Solutions with a net sales for 2024 roughly around SEK 40 million, will strengthen, taking this offering into the Nordic manufacturing and defense industry and increase the market position. This transaction is subject to conditions and is expected to close in Q4 2025.

In Q3, we have also done more acquisitions, and the three you can see on this slide is acquisitions that will strengthen Symetri in the division Design Management. Symetri has successfully grown organically and by acquiring and integrating other Autodesk partners, supported by strong portfolio of proprietary software and professional services.

And during the third quarter, we announced several acquisitions for Symetri. FF Solutions is the fastest-growing Platinum Partner in Brazil, providing an entry to the dynamic Brazilian market. Solidcad is the largest Autodesk Platinum Partner and the market leader in Canada and is expected to contribute with an EBITA of SEK 120 million.

We expect to close this transaction in Q4 2025 as the solution is already included in Q3. We also made two asset deals of customer basis in Q3 that is recognized as part of Symetri in Q3. The combined net sales of these acquisitions to Symetri are expected to amount to approximately SEK 420 million. These acquisitions together strengthens Symetri's global footprint, provide a platform for further growth in North America and Latin America and will contribute to increased profitability and margins. We still have several active acquisition processes underway and acquisitions are an important part of Addnode's growth strategy and our ability to reach our financial targets.

So, with that as an introduction to Q3, we'll later come back to our divisions, I would like to hand over to Kristina to introduce our new credit facilities.

Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

Thank you, Johan. And as we announced now in October, this week, we have refinanced our current existing credit structure, which consists of two parts. We have a term loan, which was increased from SEK 1 billion to SEK 1.7 billion. We also have a revolving credit facility previously at SEK 1.6 billion, which is now SEK 2 billion.

And we also announced that this refinancing was conducted in a more favorable interest terms. And these two loans, the term loan and the RCF, has a tenure of three years with an extension of one plus one possibilities. We're also very pleased to announce that the Swedish Export Credit Corporation, [ph] SEK Corp (00:10:50), has joined the current bank club, which consisted of Nordea and SEB in the past. And also, this extension of our credit facility supports our growth plan going forward.

And I'm going to hand back to Johan.

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Thank you, Kristina. So, Addnode Group, three divisions, Design Management, Product Lifecycle Management, and Process Management. There you see the distribution of net sales, gross profit, and share of EBITA in the three divisions.

So, looking more in detail to Design Management. Symetri, the biggest company in the division, [ph] note a (00:11:33) stable demand in Brazil, US, and UK, from customers in the infrastructure, construction, and manufacturing industries. In the Nordic countries, demand from the manufacturing industry was somewhat weaker.

The other two companies in the division, SWG and Tribia, delivered a stable earnings performance compared with year-early period. EBITA decreased to SEK 51 million, compared SEK 118 million. But having adjusted for the SEK 70 million related to the early renewals to Autodesk contract that was moved to Q2, the adjusted EBITA of SEK 121 million was in line with EBITA in Q3 last year.

Doing the same adjustment for net sales, we see that the net sales in Q3 were in line with the same quarter last year. The divisions acquisition in US and Brazil have been successfully integrated into the division's operations and contributed to earnings according to plan.

When we look at Product Lifecycle Management, sales of PLM systems and related services showed a stable trend in the UK, Nordics, and the US, where we had a broad customer base spanning manufacturing, defense, and life science industries. Sales to the strategically important aviation and defense segment remained strong during the quarter. The market situation in Germany remains challenging.

The EBITA increased to SEK 42 million compared to SEK 39 million. And the EBITA margin increased to 9.7%, compared to 8.3% last year. The measures implemented to adapt the organization and cost structure, which were communicated in the first quarter, have proceeded as planned and had a positive impact on earnings in the third quarter. And that meant that EBITA increased by 8% year-on-year.

The trend towards customers [indiscernible] (00:13:32) fixed-term leasing models rather than licenses with perpetual rights of use remains firm and is continuing.

Process Management division delivered yet another strong quarter with growth and an improved EBITA margin. The division's net sales increased by 24% and EBITA by 34%. This marks the fifth consecutive quarter in which the division's EBITA margin improved year-on-year. EBITA margin increased to 21.8% in this quarter compared to 20.1% last year. EBITA was positively impacted by price adjustments, increased operational efficiency, and contributions from acquired companies.

The acquisitions on which Genus was the largest have been successfully integrated into the division's operations and are contributing earnings according to plan. And the climate for the division remain unchanged. We can see stable demand for case management, the geographic information system for the public sector compared to last quarter.

So, with that as an introduction to our business and our division, I will hand over to Kristina, our CFO, who will walk us through the cash flow and the balance sheet.

Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

Thank you, Johan. I'm going to go through the cash flow for the quarter. And you can see here from operations that we have improved the cash flow from operations from minus SEK 133 million last year to minus SEK 64 million in this quarter. We can also see that the main impact was the changes in working capital that we still have – we are still affected by the changes of the payment terms for Autodesk three-year contracts. And we have already communicated this earlier and also highlighted this effect in our Capital Markets Day.

And it's – just to rephrase what that is all about is that, until 2023 for Autodesk payments, we received the full three years payments from customers upfront. That changed in 2023, and we are now receiving only one year at a time, so we have a temporary working capital drag. And we can also see that the impact to the cash flow is gradually decreasing, and we expect it to normalize by the second half of 2026.

Looking at the cash flow from the investment activities of SEK 615 million, mainly relating to the acquisitions that we have done, also an earn-out payment was made during the quarter.

And from the – cash flow from financing activities in the quarter amounted to SEK 298 million in comparison to minus SEK 25 million in the past quarter. And that is mainly relating to new loans drawn for the acquisitions, also have a small impact on the leasing of minus SEK 27 million.

And then, we're going to go and just look at the highlights of the consolidated financial positions. And I would just like to highlight a few areas in the consolidated balance sheet, and just please pay attention that this is the operational balance sheet and not the balance sheet presented in our report. And we continue to operate supported by a resilient balance sheet. It's important foundation for a continued growth organically and through acquisitions. The increase in the balance sheet since the beginning of the year is primarily driven by the acquisitions, which have contributed approximately SEK 600 million in intangible assets and goodwill, and it's mainly derives from the acquisition of Genus and FF Solutions.

Provision, taxes, and other liabilities remain at approximately the same level as in December. And included here are the provisions for earn-out and other liabilities to sellers. Approximately, SEK 505 million in total, of which earn-outs are SEK 440 million.

Net debt has increased to SEK 1.9 billion, and the increase is by SEK 866 million is mainly for the new loans for acquisitions, and the cash position amounts to SEK 339 million compared to SEK 441 million last year.

Equity ratio amounts to a solid 31% as of September. And return of capital employed has decreased slightly to 17% from 18% in the previous year, driven by higher base on – relating to acquisition. And as of September, we had a total available facilities in the RCF of SEK 1.6 billion, and approximately, SEK 1.3 billion was unused at that time. And as already explained, we had refinances in October, which we communicated, and the facilities have increased after.

And I would also like just to explain a little bit more about the cash generation and what has happened during the year. And our business model is characterized by an asset-light operations with moderate working capital and R&D requirements. We have strong cash generation supported by upfront payments. But you can see in this graph, which we also presented at the Capital Market Day, over the past decade that the cash conversion, which is based on the free cash flow in relation to EBITA has come down after 2023. We used to be at around 70% cash conversion, and you can see a temporary drop, which is related to the drag of payment terms mainly from Autodesk when the payments in the past were paid – were done all the three years in advance.

But I would also like to emphasize that we're not losing cash. It's a temporary working capital drag, and the impact on this cash flow is expected to normalize in the second half of 2026, which I previously also mentioned. And we also believe that we are not at the low point of the U-turn, which you can see in this graph.

And I'm going to hand over back to Johan now.

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Thank you, Kristina. And with a follow-up compared to our financial targets, if you remember, we now – EBITA growth expected of 15%, EBITA margin of 17%. So, I believe we are delivering on our growth strategy where we combine organic growth with value-creating acquisitions.

If you go all the way back to 2015, you will see that we had an EBITA of SEK 168 million. And today, we are a rolling 12-month EBITA in Q3 of SEK 854 million. That means that for last 10 years, the compounded annual growth rate of our EBITA has been 18%, and we have moved EBITA margin from 9.6% to 14.9%.

Our financial targets now is to grow EBITA with 15% year-on-year, meaning that we continue – we'll continue to double EBITA every fifth year. Part of this is that we aim to move our EBITA margin to 17% from the almost 15% that we are today.

The acquisitions that we have announced lately will add to the EBITA growth and our expansion of EBITA margins.

There is good demand for the business and mission-critical digital solutions that we deliver to our customers in various industries, including construction and property, infrastructure, manufacturing, defense, aviation, life science, and the public sector in both Europe and the US.

The economic and geopolitical situation remains uncertain, which is primarily affecting our customer's decision-making processes regarding major transformation investments. The market situation is considered, from our perspective, stable for most of the group's business, although some regions and industrial segments may take a few more quarters to recover.

Our business model with a large proportion of recurring revenue is a source for security in more uncertain times.

So, with that, I would like to open up for Q&A.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] The next question comes from Thomas Nilsson from Nordea. Please go ahead.

Thomas Nilsson

Analyst, Nordea Bank ABP

Q

Thank you for taking my question. When it comes to the Process Life Management division, what is your current thinking on the German auto industry? Will it be stabilizing? And could you perhaps talk a bit more about the effects from the cost saving initiatives as the division is performing clearly better with a 10% EBITA margin now in Q3?

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

A

Thank you, Thomas. I understand Product Lifecycle Management we're discussing, and regarding the market in Germany, I think we are all trying to figure out when or how that will transform. We can see there are a lot of initiatives from both government and really to sort of less funding drips out into the market, we haven't seen the effect of that yet.

So, if it's going to be in the next quarter, or the quarter after that, or in 2026, we don't know. But as we have mentioned, we are planning to make sure that we are able to make a healthy margin even in this market where we have today that we can see the effect of that in the cost reductions that we have done over this year, and they are paying out well in Q3 here. But we haven't seen the full effect of the cost efficiencies yet. So, there are some more that we can sort of see hopefully in Q4 as well on that.

So, with regards to the market, we are making sure that we can be efficient in the existing market conditions. When will the turnaround be in Germany? I think your guess is as good as mine on that subject.

Thomas Nilsson

Analyst, Nordea Bank ABP

Q

Okay. Thank you very much, Johan.

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

Erik Larsson

Analyst, Skandinaviska Enskilda Banken AB

Q

Thank you. I'll take the – my questions one by one. If we start on design, if we adjust for the SEK 70 million in Q2, you grew EBITA by 17% year-on-year. And if we do the same here in Q3, you'll grow EBITA by 3%. So, it looks like a slowdown. Clearly, it's a lot of moving parts here. But has anything changed in the market, or is something there that could explain the difference?

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

A

No, it's not a slowdown if you sort of look at the growth. We're having a high growth in – reported in Q2 [indiscernible] (00:25:48) that's not an effect. The effect is more that we have a variation in our renewal – underlying renewals of the subscriptions. I think that's more due to the effect. So, like we mentioned, the only where we can see a little bit of a slower market now, or if it's probably related to [indiscernible] (00:26:08) slower market in the manufacturing part in Nordic.

If you look at the US and the UK, still an okay market. In the US, we can see that things like the construction of data center is affecting a slower residential market. Data centers, well, they use our software to design it, but everything that goes in the data center as well for coding and et cetera. So, there are – and if you add that together, the market is roughly the same. So, it's not a slowdown from 10% to 3%. It's more a variation between the quarters.

Erik Larsson

Analyst, Skandinaviska Enskilda Banken AB

Q

All right. And then, on cash flows, you talked about here just at the end how you expect the cash flows to trend at the coming year or two, but just to zoom in on the near term here, Q3 is usually seasonally weak. The Q4 is usually a big – or a rather good cash flow quarter. So, are there any reasons why this should not be the case in Q4? Kind of, the balance between what's going on for the past year and the normal Q4, so to say?

Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

A

Yes. Thank you, Erik. I think you're quite spot on that Q4 is normally a quarter where we have a strong cash flow. At same time, Q3 is normally the lowest cash flow from operation quarter. And we still do – we still have the prepayments made for some of our major customers, made in Q4. So, we still expect that to be the same case. But as mentioned, the cash flow will have this temporary drag effect from the working capital through 2026 as well, Q2 and Q1. And then, in the half – the last two quarters, in 2026, we will see a positive effect. That's our expectation.

Erik Larsson

Analyst, Skandinaviska Enskilda Banken AB

Q

Okay, that's helpful. And just a final question on the back of the cash flow here. And you're doing quite a lot of M&A recently. How do you think about acquisitions going forward in the coming quarters here? Will you be a bit more cautious or restrictive given the balance sheet, et cetera?

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

A

No, I think this – from our perspective, we usually say that we are not opportunistic in what we would like to buy, but we are optimistic about the timing, because most of the acquisitions are from entrepreneurs. And when they are ready to go, we need to be there. So, that hasn't changed.

Having said that, we – like I said, I think we added acquisitions today with a net sales combined of SEK 700 million. And then, we are doing our biggest acquisitions so far with regards to earning capacity of Solidcad. So, we probably need just a few months just to handle those, but that more from operational perspective, you need to bring them in, you need to make sure that they sort of get integrated in the things we want to do. We're still very

much decentralized, but there are things that – when you're into a new group. So, I think it's more compared to that.

So, we are still looking at bigger acquisitions. But we are now bringing on board the biggest one. So, we're probably not expecting a bigger acquisition from that perspective, the sort of one, two quarters coming here, but we are still looking at acquisitions.

Erik Larsson

Analyst, Skandinaviska Enskilda Banken AB

Okay. Thank you very much. That's all from me.

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Thank you, Erik.

Operator: The next question comes from Fredrik Lithell from Handelsbanken. Please go ahead.

Fredrik Lithell

Analyst, Svenska Handelsbanken AB

Thank you. And thank you for taking my questions as well. I had two. Maybe, Johan, if you could talk a little bit on the last comment you had on acquisitions. Have you seen a trend that evaluations [ph] have some of this (00:30:16) come down a little bit for you, is that making sort of a tailwind for you in terms of those negotiations would be interesting.

And then also the statistics, [ph] ABI (00:30:28) statistics from the US have been a little bit slow or weak. Is that something that you can relate to on pockets of your customers, or is it something that you don't really see anything from? Thank you.

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

We start with valuations. No, I can't really say that there are so much changes in valuation. What we can say is that the sort of the companies in a wider market perspective, I would say, the information, memorandums being sent from corporate finance sort of guys are probably a little bit less right now. It might be that that's a trend we can see. But we are much more focused on bilaterals or discussions going out to partners that we have been working with or the competition that we are. So that sourcing is still existing. And we are quite prudent on our valuation sort of metrics.

So, it might be that, it's a hard question to ask, are the valuations going down or not? And this is a very more – the private market is not as quick as the stock market to reflect changes in the world around us. So, the prices are usually the same, but the available companies can go up and down compared to anyone who wants to sell to those prices.

It's like when you are thinking about selling your own house and you have an idea about how much your house is worth, and even though your neighbor is selling at the less price, you sort of think that your prices still worth the same price like it was two years ago. And then, you probably wait a year to sell it instead. So, that's probably – those sort of dynamics that we see in the M&A market where we at.

Fredrik Lithell

Analyst, Svenska Handelsbanken AB

Okay.

Q

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

And then, we had a question about statistics and macro data from US, and, yes, we can say that, for example, residential market in the US is not a growing market. But, on the other hand, we can see that, for example, we have a lot of customers who are building all the new data centers, being in use when they're going to harness the power of AI.

So, that means that those customers, they want to design it, they want to build it, and then, they need also help with services with regards to [indiscernible] (00:32:50) coordinators, the guys who are going to handle all the big complex digital models going to come out of it. And also, the guys who are delivering all the cooling systems into the data centers need to be part of that.

So, you have sort of – yes, residential market not growing in the US, but if you look at that type of infrastructure data growing and the mix of that is the reason why we can say it's still stable market for us.

Fredrik Lithell

Analyst, Svenska Handelsbanken AB

Okay, perfect. Thank you. Very clear.

Q

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Thank you.

A

Operator: There are no more questions at this time. So, I hand the conference back to the speakers for any closing comments. The next question comes from Fredrik Nilsson from Redeye. Please go ahead.

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Hi. One more question.

A

Fredrik Nilsson

Analyst, Redeye AB

Thank you. Yes. Thank you. I thought I was in the queue, but apparently I wasn't, sorry for that.

Q

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

But now you are. So, please go ahead.

A

Fredrik Nilsson

Analyst, Redeye AB

Q

Yeah. Yeah. Regarding process and demand from larger authorities for larger projects, I note a slightly more positive wording. I think you changed it in the last report, actually, but I noticed this time. So, I mean, is that correct? And is that something that could have a positive impact on growth over the next two quarters?

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

A

Yeah. If you look at – it also – I think it's a combinations in that we are now also more active in Norway with Genus and they have – so, I think the combination. So, it's not that we are saying that we have a much more positive market in Sweden. It's still a – we have a market there. We are working with our customers, but we can't – to be honest, we can't say that we have a much higher degrees of tenders available that we can sort deliver on, that's not the effect [indiscernible] (00:34:48). But I think it's more an effect that we are also adding more in Norway. So, it means that we can be [indiscernible] (00:34:56) a little bit more positive on the whole.

Fredrik Nilsson

Analyst, Redeye AB

Q

Great. That's clear. And regarding the lower demand from Nordic manufacturing customers, could you just remind us of what kind of customers Design Management has within that industry in the Nordics?

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

A

It's a combination of both customers who are both using sort of design software, as you will find, it's a mix of reflecting the industries in the Nordic country. It means that you will find their OEMs. And you will find the big manufacturing companies, and they are using the software both for design things, but also for keeping – have a good definition of all the product data management, all the data being created when they're doing design.

So, I think there's a – our customer base here reflects the customers mainly in what you will find in discrete manufacturing, and then, the neighboring OEMs around that. So, there's the customer base.

And as I mentioned, we have probably a little bit of a fewer – the sort of the scope of the projects, but because here we have services as well to handle the product data here, it's probably a little bit less and that has an effect on. So, that's when we're seeing less demand for the scope of the projects of integration and services when handling all this product data that they create in the design phase is that – so it goes back to the major sort of customer's a little bit hesitant to do bigger transformation projects. So, it relates to that.

So, it's not a new trend, but we can see that we also have that trend in our [ph] more customer (00:36:47). On the other side, if you look at the process division – no, sorry, Product Lifecycle division, they can see that they have – or having a growth in the discrete manufacturing area this year. So, it could be that it's an effect of our sort of customer base right there. So, it's a mix there. So, it's not that sort of a big decrease, but we can see that we're doing less with the existing customers in Design Management, in manufacturing in Nordics, if that makes sense.

Fredrik Nilsson

Analyst, Redeye AB

Q

Okay. I see. Great. That's all for me. Thank you very much.

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

A

Thank you, Fredrik. Any more questions?

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

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

We have one more.

A

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

Daniel Thorsson

Analyst, ABG Sundal Collier AB

Yes. Thank you very much. Understood, it was in the final seconds here of the Q&A. I missed part of the call due to some coinciding calls here. But I have a question on the cash flow. I heard Kristina's responses here on the operating cash flow, but at least to my expectations, the investing cash flow was also a bit higher than I thought excluding M&A. So, intangible and tangible assets. Did you comment that? Did you say why? And should we expect this level going forward?

Q

Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

From investing activities?

A

Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

Yeah.

A

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Yeah, yeah. It was also – apart from the new acquisitions that we made, it was also the earn-out payments for Microdesk that we were talking about before, was also...

[indiscernible] (00:38:45)

A

Daniel Thorsson

Analyst, ABG Sundal Collier AB

Yeah. I was thinking about...

[indiscernible] (00:38:46)

Q

Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

Yeah. Okay. Yeah. We have done the assets deal in the US, which are included in that number.

A

Daniel Thorsson

Analyst, ABG Sundal Collier AB

Q

Yeah. Okay. So, should we see this level as a good proxy going forward then or...

Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

No. I think in...

Daniel Thorsson

Analyst, ABG Sundal Collier AB

...is it like elevated this quarter?

Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

Yeah, it is increased by approximately SEK 60 million relating to the assets.

Daniel Thorsson

Analyst, ABG Sundal Collier AB

Okay. SEK 60 million up, because it's up like SEK 80 million year-over-year or so. So, we should expect that to come down in Q4 already.

Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

Yes. Unless we do other assets deals that we are – have not communicated. But you should...

Daniel Thorsson

Analyst, ABG Sundal Collier AB

Yes. Okay.

Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

...look at the level as in before.

Daniel Thorsson

Analyst, ABG Sundal Collier AB

Yes. Okay. Very clear. Thank you. That's all.

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Thank you.

Operator: [Operator Instructions] There are no more questions at this time. So, I hand the conference back to the speakers for any closing comments.

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

So, thank you all for listening in today, and very good questions as well. So, with that, we will close the presentation and keep on moving with Q4. Thank you.

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