

# INTERIM REPORT

## 1 JANUARY–30 JUNE 2019

*This is a translation of the Swedish original of Addnode Group's interim report for the period 1 January–30 June 2019. In the event of any discrepancies between the two versions, the original Swedish version shall apply.*

### SECOND QUARTER SUMMARY, APRIL–JUNE 2019

- Net sales increased by 21 per cent to SEK 864 m (717), of which 15 per cent was organic. Currency-adjusted organic growth was 13 per cent.
- EBITA increased to SEK 74 m (62), for an EBITA margin of 8.6 per cent (8.6).
- Operating profit increased to SEK 46 m (39), for an operating margin of 5.3 per cent (5.4).
- Profit after tax increased to SEK 33 m (28).
- Earnings per share increased to SEK 0.99 (0.91).
- Cash flow from operating activities totalled SEK -20 m (27).
- Acquisition of the software company IntraPhone Solutions.
- Acquisition of KPASS IT, a partner of the French company Dassault Systèmes.
- Acquisition of British Autodesk operation.

### SUMMARY OF SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- CFO leaves Addnode Group to take on new position, but remains in her current role until January 2020 unless otherwise agreed.

# 62%

Share of recurring revenue, Q2 2019

# +19%

EBITA growth Q2 2019 compared with Q2 2018

# 3,210

SEK m  
Net sales, July 2018–June 2019

### KEY FIGURES

	2019 Jan–June	2018 Jan–June	2018 Full year
Net sales, SEK m	1,722	1,454	2,942
EBITA, SEK m	156	129	298
EBITA margin, %	9.1	8.9	10.1
Operating profit, SEK m	102	83	203
Operating margin, %	5.9	5.7	6.9
Profit for the period, SEK m	48	57	152
Earnings per share, SEK	1.44	1.86	4.75
Cash flow from operating activities, SEK m	207	232	285
Return on shareholders' equity*, %	11.0	10.3	13.1
Return on capital employed*, %	11.0	10.8	12.3
Shareholders' equity per share, SEK	39.85	38.02	40.06

\*Key ratios have been adjusted to reflect returns on a yearly basis.

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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 the summing of figures. In cases where an underlying figure is SEK 0 m when rounded, it will be presented as 0.



Our business model is scalable in an international market. The model is built on solid knowledge about our customers' processes, partnerships with platform providers, proprietary products and a compelling service offering.

## CONTINUED GOOD GROWTH AND STABLE EBITA MARGIN

We had continued good growth during the second quarter. Net sales rose 21 per cent, of which 15 per cent was organic. As a result of this favourable growth, EBITA grew to SEK 74 m (62). Our business model is scalable in an international market. The model is built on solid knowledge about our customers' processes, partnerships with platform providers, proprietary products and a compelling service offering.

An ever-greater share of our business is of a recurring character, where customers pay yearly in advance for the right to use software and SaaS solutions. Our recurring revenue increased by 36 per cent to 62 per cent of net sales.

Design Management had very strong organic growth and posted significantly improved earnings for the second quarter. We have been awarded many new contracts in stable markets in the Nordic countries and the UK. Our investments in a portfolio of complementary products and services give customers tangible value added that is often directly decisive for their choice of us as a partner and provider of Autodesk software.

Product Lifecycle Management is also delivering continued favourable organic growth, and we have won a number of new design, simulation and PLM contracts. Our international expansion has given us the opportunity to work with global customers that have large numbers of users and where integrations with other systems are important.

Process Management had a tougher quarter that was affected by project write-downs, and we have had costs for sub-consultants. The underlying market is stable, even though we were involved in a lower number of tenders during the quarter. More and more municipalities and authorities are looking for partners that can integrate and deliver a digital flow for their processes, which we can.

During the second quarter we completed acquisitions of complementary businesses in all three divisions with combined annual net sales of approximately SEK 110 m. Our financial position is good, and we will continue to work according to our acquisition-driven growth strategy with focus on long-term profitable growth.

**Johan Andersson**  
President and CEO

## SIGNIFICANT EVENTS

### DURING THE SECOND QUARTER OF 2019

#### Acquisition of software company IntraPhone Solutions

IntraPhone Solutions AB develops mobile IT solutions for planning, registration and monitoring in home care that are used by more than 45 municipalities across Sweden. The company has annual net sales of approximately SEK 35 m. Transfer of possession took place on 1 April 2019, and the company is part of the Process Management division.

#### Acquisition of Dassault Systèmes partner KPASS IT

KPASS IT, with 35 employees in France and Japan, is a service partner for Dassault Systèmes' 3DEXPERIENCE Platform with experience in global projects in the energy, automotive and aerospace & defence sectors. The company, with annual net sales of approximately SEK 39 m, is consolidated as from April 2019 in the Product Lifecycle Management division.

#### Acquisition of British Autodesk activities

Addnode Group's subsidiary Symetri Ltd has acquired the activities of the British IT company Majenta's Autodesk division, with annual net sales of approximately SEK 40 m. The acquisition will further extend Symetri's reach in the UK market and is in line with the strategy to be an international market-leading provider of software and services for design and engineering activities.

### AFTER THE END OF THE REPORTING PERIOD

#### CFO leaves Addnode Group to take on new position

Addnode Group CFO Helena Nathorst leave for a new position outside Addnode Group, but remains in her current role until January 2020 unless otherwise agreed. A process has been initiated to recruit her successor.

### ADDNODE GROUP IN BRIEF

Addnode Group is an international information technology company with 1,600 employees in 19 countries. In close collaboration with our customers we create digital solutions that make use of software and services to build a more sustainable society. Our customers use our digital solutions to design, build and manage products, properties and infrastructure. In the public sector our digital solutions enable efficient administration and communication with citizens.

#### VISION

A digitally sustainable society in which people, companies, authorities and organisations interact with the technology that surrounds us.

#### MISSION

Addnode Group acquires, operates and develops entrepreneur-driven companies that help digitalise society.

We take long-term responsibility for the software and services that we provide, which creates value and stability for our customers and profitability for the Group.

#### BUSINESS MODEL

We provide software and services with a high level of recurring revenue from support, maintenance, subscription and SaaS solutions.

#### FINANCIAL TARGETS

We aim for annual growth in net sales of at least 10 per cent. Our operating margin before amortisation and impairment of intangible assets (EBITA margin) shall amount to at least 10 per cent. At least 50 per cent of consolidated profit after tax shall be distributed to the shareholders, provided that net cash is sufficient to operate and develop the business.

### FINANCIAL CALENDAR



## CONSOLIDATED NET SALES AND EARNINGS

### SECOND QUARTER, APRIL–JUNE 2019

Net sales amounted to SEK 864 m (717), representing growth of 21 per cent, of which 15 per cent was organic. Currency-adjusted organic growth was 13 per cent. Licence revenue amounted to SEK 56 m (68), recurring revenue increased to SEK 538 m (395), service revenue increased to SEK 259 m (241), and other revenue totalled SEK 11 m (13). Compared with the corresponding quarter a year ago, recurring revenue increased from 55 per cent to 62 per cent, mainly in the Design Management division, but also in the PLM division. EBITA increased to SEK 74 m (62), for an EBITA margin of 8.6 per cent (8.6).

Cash flow from operating activities amounted to SEK -20 m (27). Cash flow during the second quarter was negative, since incoming payments for support and maintenance contracts are largely paid in advance at the start of the year. Cash flow was also affected by a temporary increase in working capital. Net financial items amounted to SEK -2 m (-2). Reported tax on profit for the period was SEK -11 m (-9), and profit after tax was SEK 33 m (28). Earnings per share were SEK 0.99 (0.91).

### FIRST HALF YEAR, JANUARY–JUNE 2019

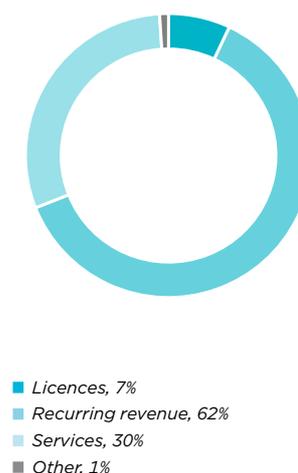
Net sales amounted to SEK 1,722 m (1,454), representing growth of 18 per cent, of which 11 per cent was organic. Currency-adjusted organic growth was 9 per cent. Licence revenue amounted to SEK 106 m (119), recurring revenue increased to SEK 1.084 m (831), service revenue increased to SEK 519 m (476), and other revenue totalled SEK 18 m (28). EBITA increased to SEK 156 m (129), for an EBITA margin of 9.1 per cent (8.9).

Cash flow from operating activities amounted to SEK 207 m (232). The strong cash flow is mainly attributable to a large share of advance payments for maintenance contracts during the first quarter. Several of our acquisitions developed during 2018 even more positive than expected, which meant that reservations for contingent earn-out payments has been too low. Net financial items amounted to SEK -32 m (-8). The Group's net financial items were during the first quarter burdened by a net effect of SEK -24 m (-) pertaining to remeasurements of contingent earn-out payments mainly for companies in the UK. Reported tax on profit for the period was SEK -22 m (-18), and profit after tax was SEK 48 m (57). Excluding the remeasurement of contingent earn-out payments, profit after tax increased to SEK 72 m (57). Earnings per share were SEK 1.44 (1.86).

BREAKDOWN OF REVENUE, Q2 2015–2019



BREAKDOWN OF REVENUE, Q2 2019



## DEVELOPMENT PER DIVISION

### NET SALES AND EBITA, Q2

SEK m	Net sales			EBITA		
	2019 Q2	2018 Q2	Change %	2019 Q2	2018 Q2	Change %
Design Management	336	245	37	35	20	75
Product Lifecycle Management	335	285	18	29	25	16
Process Management	199	192	4	22	24	-8
Eliminations/Central costs	-6	-5		-12	-7	
<b>Addnode Group</b>	<b>864</b>	<b>717</b>	<b>21</b>	<b>74</b>	<b>62</b>	<b>19</b>

### NET SALES AND EBITA, YTD

SEK m	Net sales			EBITA		
	2019 Jan–June	2018 Jan–June	Change %	2019 Jan–June	2018 Jan–June	Change %
Design Management	706	532	33	78	46	70
Product Lifecycle Management	627	537	17	48	40	20
Process Management	400	393	2	51	59	-14
Eliminations/Central costs	-11	-8		-21	-16	
<b>Addnode Group</b>	<b>1,722</b>	<b>1,454</b>	<b>18</b>	<b>156</b>	<b>129</b>	<b>21</b>

### DIVISIONS

Addnode Group's operations are organised and managed based on the Design Management, Product Lifecycle Management (PLM) and Process Management divisions, which make up the Group's operating segments.

Within Addnode Group's three divisions, the subsidiaries provide software and digital solutions to a range of sectors, including construction, real estate, manufacturing industry, automotive, life sciences and the public sector. The solutions help companies and public authorities improve efficiency in everything from case management and citizen dialogues to design, construction and management of product data throughout a product's entire lifecycle.

There have been no changes in the segment division or calculation of segment results since the most recently published annual report.

IFRS 16 is not applied in the segment reporting. In other respects, the segments are reported in accordance with the same accounting policies as the Group.

The difference between the sum of the segments' operating profits and consolidated profit before tax pertains to financial income of SEK 2 m (1), financial expenses of SEK -10 m (-9), and remeasurement of contingent earn-out payments of SEK -24 m (-). There have been no significant changes in the segments' assets compared to the information in the most recent annual report.

### SEASONAL VARIATIONS

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

## DESIGN MANAGEMENT DIVISION

Software and digital solutions for design and BIM for engineers and architects in the construction and real estate sectors, manufacturing industries and the marine industry. The division also has a strong offering for project collaborations, property management and facility management

### QUARTERLY DEVELOPMENT

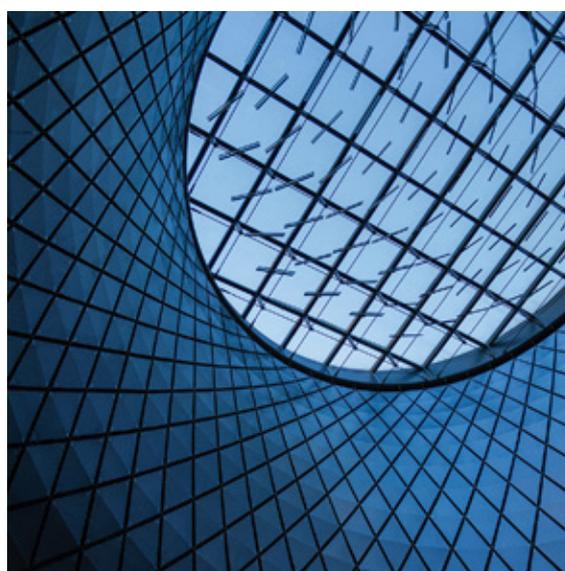
Net sales increased to SEK 336 m (245) during the second quarter, representing growth of 37 per cent. Organic growth was very strong, at 29 per cent. Adjusted for currency effects, organic growth was 28 per cent. EBITA increased to SEK 35 m (20), for an EBITA margin of 10.4 per cent (8.2). Demand continues to be strong for our offering of Autodesk products. In addition, our investments in internal product development have contributed to sales growth and improved profitability. Demand remains strong in all our market segments, and sales of services had favourable growth during the quarter. We continue to strengthen our market position in the UK at the same time that other geographic markets are showing favourable growth.

### NEW BUSINESS

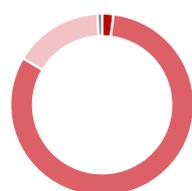
The division secured agreements with customers such as Curtin University, Implenia, Luton Airport, Numatic, Oslo Lufthavn, PE Projektengagemang, Spirax Sarco and Volvo.

### MARKET

The division is one of Europe's leading suppliers of design and BIM software to the construction and manufacturing industries and has a strong offering for project collaboration and property management. Customers' interest to invest is driven by the need to develop and design new products, manage them and conduct efficient construction processes.



### NET SALES Q2 2019, BY TYPE OF REVENUE



- Licences, 2%
- Recurring revenue, 82%
- Services, 16%
- Other, 0%

### EBITA Q2 2019 COMPARED WITH Q2 2018

+75%

### KEY FIGURES

SEK m	Q2 2019	Q2 2018	Change %
Net sales	336	245	37
EBITA	35	20	75
EBITA margin, %	10.4	8.2	
Operating profit	23	11	109
Operating margin, %	6.8	4.5	
Average no. employees	416	407	2

## PRODUCT LIFECYCLE MANAGEMENT DIVISION

Software and digital solutions and services for developing and managing consumer and industrial products during their entire lifecycles, from idea, design, simulation and construction to sale, aftermarket and recycling.

### QUARTERLY DEVELOPMENT

Net sales increased to SEK 335 m (285) during the second quarter, representing growth of 18 per cent. Organic growth was strong and amounted to 14 per cent. Adjusted for currency effects, organic growth was 11 per cent. EBITA increased to SEK 29 m (25), for an EBITA margin of 8.7 per cent (8.8). Demand and sales continued to be favourable, with good development in the Nordic countries, Benelux, the USA and the UK. The delivery organisation has high capacity utilisation, and we have successfully increased the number of employees in our Indian operation. The division has established a centre for advanced simulations to improve its offering and accelerate growth in this area. The market presence in France has been strengthened through the acquisition of KPASS IT.

### NEW BUSINESS

The division secured agreements with customers such as Amsterdam City, Arla Foods, Byton, Koenigsegg, Light-Year, Polestar, Toyota Material Handling and Winfast.

### MARKET

The division's operations are conducted through the TECHNIA brand, which is one of Europe's leading suppliers of PLM software and consulting services in a growing global market. Customers' interest to invest is driven by a need to develop and design new products, manage them, and comply with authorities' requirements.



### NET SALES Q2 2019, BY TYPE OF REVENUE



- Licences, 13%
- Recurring revenue, 54%
- Services, 32%
- Other, 1%

### EBITA Q2 2019 COMPARED WITH Q2 2018

+16%

### KEY FIGURES

SEK m	Q2 2019	Q2 2018	Change %
Net sales	335	285	18
EBITA	29	25	16
EBITA margin, %	8.7	8.8	
Operating profit	22	19	16
Operating margin, %	6.6	6.7	
Average no. employees	642	538	19

## PROCESS MANAGEMENT DIVISION

Software and digital solutions for document and case management, e-archives, information management and citizen dialogues for the public sector and private customers with similar needs.

### QUARTERLY DEVELOPMENT

Net sales increased to SEK 199 m (192) during the second quarter, representing growth of 4 per cent. Organic growth was -2 per cent. Adjusted for currency effects, organic growth was -2 per cent. EBITA decreased to SEK 22 m (24), for an EBITA margin of 11.1 per cent (12.5). The general business climate for the division remains favourable, even though the division did not reach its full potential during the quarter at the same time as we have write-downs for individual delivery projects. Demand has been favourable above all for citizen service solutions and municipal technical systems. Acquisitions carried out in 2018 made positive contributions to earnings performance.

### NEW BUSINESS

The division secured agreements with customers such as AFA Insurance, the Swedish Equality Ombudsman (DO), the Swedish Export Credit Agency (EKN), Halmstad Municipality, the City of Helsingborg, Jönköping Municipality and the Swedish National Heritage Board.

### MARKET

Interest in investing in digitalisation of operations in the public sector in Sweden is strong. A growing number of authorities and municipalities are looking for a long-term partner in their work on developing innovative and efficient operations that are in conformity with the rule of law.



### NET SALES Q2 2019, BY TYPE OF REVENUE



- Licences, 5%
- Recurring revenue, 43%
- Services, 49%
- Other, 3%

### EBITA Q2 2019 COMPARED WITH Q2 2018

-8%

### KEY FIGURES

SEK m	Q2 2019	Q2 2018	Change %
Net sales	199	192	4
EBITA	22	24	-8
EBITA margin, %	11.1	12.5	
Operating profit	14	17	-18
Operating margin, %	7.0	8.9	
Average no. employees	530	495	7

## CONSOLIDATED BALANCE SHEET AND CASH FLOW

### LIQUIDITY AND FINANCIAL POSITION

The Group's available liquidity amounted to SEK 253 m. This includes, in addition to cash and cash equivalents of SEK 153 m (523), an unutilised bank overdraft facility of SEK 100 m. In addition, the Group has a multi-currency revolving credit facility of up to SEK 750 m to finance acquisitions, of which SEK 313 m was unutilised as per 30 June 2019. Liabilities pertaining to promissory notes for completed acquisitions amounted to SEK 31 m (30), and estimated contingent earn-out payments for completed company acquisitions amounted to SEK 13 m (107). The Group's interest-bearing liabilities amounted to SEK 582 m (641) as per 30 June 2019, of which lease liabilities according to IFRS 16 amounted to SEK 118 m. Net debt amounted to SEK 429 m (118). The equity/assets ratio was 43 per cent (42) on 30 June 2019.

### CASH FLOW

Cash flow from operating activities amounted to SEK 207 m (232) during the first half of 2019. Investments in subsidiaries and businesses resulted in a negative cash flow of SEK 220 m, of which SEK 144 m pertains to company acquisitions carried out in previous years. Cash flow also includes outgoing payments of SEK 28 m (28) for proprietary software. New bank borrowing of SEK 68 m was taken out during the first quarter within the framework of existing credit facilities, and a total of SEK 156 m in bank loans were amortised during the first half of 2019. In May 2019, SEK 84 m was also paid out in share dividends.

### INVESTMENTS

Investments in intangible non-current assets and in property, plant and equipment amounted to SEK 41 m (37), of which SEK 28 m (28) pertains to proprietary software and SEK 11 m (8) to equipment.

### GOODWILL AND OTHER INTANGIBLE ASSETS

The Group's carrying amount of goodwill on 30 June 2019 was SEK 1,582 m (1,456). Other intangible assets amounted to SEK 328 m (304) and pertain mainly to customer contracts and software.

### DEFERRED TAX ASSETS

Total reported deferred tax assets amounted to SEK 7 m on 30 June 2019, of which SEK 4 m pertains to tax loss carryforwards. The Group's accumulated tax loss carryforwards amounted to approximately SEK 65 m on 30 June 2019. Deferred tax assets attributable to tax loss carryforwards are reported as assets to the extent it is likely that the loss carryforwards can be offset against surpluses in future taxation.

### SHAREHOLDERS' EQUITY

Shareholders' equity on 30 June 2019 amounted to SEK 1,332 m (1,270), corresponding to SEK 39.85 (38.02) per share outstanding. No share-savings, option or convertible programmes were outstanding as per 30 June 2019.

### EMPLOYEES

The average number of employees in the Group during the first half of 2019 was 1,562 (1,449). The number of

employees at the end of the period was 1,656 (1,583 as per 31/12/2018).

### DISCLOSURES OF ACQUISITIONS

Addnode Group acquired two companies during the period and made one asset/liability acquisition.

On 1 April all of the shares were acquired in the software company IntraPhone Solutions AB. The business is focused on mobile IT solutions for planning and monitoring home care services, which are used by more than 45 municipalities across Sweden. The acquisition strengthens the Group's offering in the Swedish care and public assistance market. The company has annual net sales of approximately SEK 35 m and is consolidated in the Process Management division as from April 2019. According to the preliminary purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising in connection with the acquisition amount to approximately SEK 45 m, entailing a deferred tax liability of approximately SEK 3 m. Other acquired assets and liabilities pertain mainly to intangible assets and other liabilities.

On 4 April all of the shares were acquired in the company KPASS IT, a French IT specialist with annual net sales of approximately SEK 39 m. KPASS IT has 35 employees and is consolidated in the Product Lifecycle Management division as from April 2019. The acquisition further strengthens the division's offering to customers in the PLM area by establishing operations in France and Japan. According to the preliminary purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising in connection with the acquisition amount to approximately SEK 23 m, entailing a deferred tax liability of approximately SEK 1 m. Other acquired assets and liabilities pertain mainly to trade receivables, cash and cash equivalents, and accrued expenses.

On 5 April Addnode Group's subsidiary Symetri Ltd acquired the British IT company Majenta's Autodesk activities, with annual net sales of approximately SEK 40 m. The acquisition further extends Symetri's reach in the UK market and is in line with the strategy to be an international market-leading provider of software and services for design and engineering activities. Acquired assets consist mainly of customer contracts.

To date in 2019 the acquisitions have contributed approximately SEK 26 m to consolidated net sales, but have not had any material impact on consolidated profit after tax. If the acquisitions had been carried out as per 1 January 2019, consolidated net sales for the period January–June 2019 would have totalled approximately SEK 1,776 m, and profit after tax would have totalled approximately SEK 51 m. Costs associated with the acquisitions are recognised in the Group in 2019 as other external costs of SEK 2 m (0).

### DISCLOSURES OF FINANCIAL INSTRUMENTS

Measurement of financial assets and liabilities shows that there is no significant difference between their carrying amounts and fair value. The Group had no outstanding currency forward contracts as per 30 June 2019.

**RELATED PARTY TRANSACTIONS**

The Chairman of the Board, Staffan Hanstorp, has via companies invoiced the Parent Company SEK 1.5 m (1.5) in fees for consulting services associated with the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters during the period January–June 2019.

**PARENT COMPANY**

Net sales amounted to SEK 8 m (6) during the first half of 2019, which pertains mainly to invoicing to subsidiaries for rents of premises and performed services. Profit after financial items totalled SEK 130 m (-29) including SEK 164 m (-) in dividends from subsidiaries. Cash and cash equivalents amounted to SEK 61 m on 30 June 2019 (378). Investments pertaining to shares in subsidiaries amounted to SEK 76 m. No significant investments have been made in intangible non-current assets or in property, plant and equipment.

**ANNUAL GENERAL MEETING**

At the Annual General Meeting (AGM) on 7 May 2019, Jan Andersson, Kristofer Arwin, Johanna Frelin, Staffan Hanstorp, Sigrun Hjelmquist and Thord Wilkne were re-elected as board members. The AGM resolved to authorise the Board, during the time up until the next AGM, on one or more occasions and with or without deviation from the shareholders' preferential rights, to decide on new issues of shares. Pursuant to this resolution and with support of the Board's authorisation, it shall be possible to increase the share capital by a total of not more than SEK 39.6 m through the issuance of a maximum of 3.3 million new shares. The authorisation encompasses the right to decide on new issues of shares stipulating in-kind consideration or a set-off right, or in other respects with conditions stipulated in Ch. 13 § 7 of the Swedish Companies Act. The AGM also resolved to authorise the Board to decide, during the time until the next AGM, on purchases and transfers of treasury shares. The AGM resolved in favour of a dividend of SEK 2.50 per share, which was paid out during the second quarter.

**ACCOUNTING POLICIES**

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

IFRS 16 Leases is applied prospectively as from 1 January 2019, i.e., comparison figures are not recalculated. The Group's leases pertain mainly to leases of office premises and company cars. Right-of-use assets are assigned the same value as the calculated lease liability as per 1 January 2019. As per the transition date, property, plant and equipment increase by SEK 139 m, and interest-bearing liabilities increase by SEK 131 m. The Group's equity is not affected by the transition to IFRS 16.

The other new standards, amendments and interpretations of existing standards that became effective in 2019 have not had any impact on the Group's financial position or the financial statements. Apart from implementation of IFRS 16, the accounting policies and calculation methods are unchanged compared with the description in the 2018

Annual Report.

**SIGNIFICANT RISKS AND UNCERTAINTIES**

Addnode Group's significant risks and uncertainties are described in the 2018 Annual Report on pages 46–47 and in the section "Risks and uncertainties" on page 62, as well as in notes 39 and 40 on pages 112–115. No significant changes have subsequently taken place.

**FUTURE OUTLOOK**

The Board has not changed its assessment of the future outlook compared with the preceding quarter. In interim report for the first quarter of 2019 the Board communicated the following outlook: In the long-term, the areas in which Addnode Group is active are deemed to have strong underlying potential. Addnode Group's growth strategy is to grow organically and through acquisitions of new businesses in the aim of adding new, complementary offerings and additional expertise. The policy of not issuing a forecast stands firm.

## CERTIFICATION

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

Stockholm, 19 July 2019

**Staffan Hanstorp**  
Chairman of the  
Board

**Jan Andersson**  
Director

**Kristofer Arwin**  
Director

**Johanna Frelin**  
Director

**Sigrun Hjelmquist**  
Director

**Thord Wilkne**  
Director

**Johan Andersson**  
President and CEO

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

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENTS

SEK m	2019 April–June	2018 April–June	2019 Jan–June	2018 Jan–June	2018 Full year
Net sales	864	717	1,722	1,454	2,942
Purchases of goods and services	-350	-262	-717	-554	-1,112
Other external costs	-76*	-87	-146*	-166	-339
Personnel costs	-358	-316	-689	-625	-1,229
Capitalised work performed by the company for its own use	16	14	28	28	52
Depreciation/amortisation and impairment of					
- tangible fixed assets	-22*	-4	-42*	-8	-16
- intangible fixed assets	-28	-23	-54	-46	-95
<b>Operating profit</b>	<b>46</b>	<b>39</b>	<b>102</b>	<b>83</b>	<b>203</b>
Financial income	1	1	2	1	5
Financial expenses	-3*	-3	-10*	-9	-17
Remeasurements of contingent earn-out payments	-	-	-24	-	6
<b>Profit before taxes</b>	<b>44</b>	<b>37</b>	<b>70</b>	<b>75</b>	<b>197</b>
Current tax	-11	-11	-24	-21	-50
Deferred tax	0	2	2	3	5
<b>Net profit for the period</b>	<b>33</b>	<b>28</b>	<b>48</b>	<b>57</b>	<b>152</b>
<i>Attributable to:</i>					
Owners of the Parent Company	33	28	48	57	152
<b>Share data</b>					
Earnings per share before and after dilution, SEK	0.99	0.91	1.44	1.86	4.75
Average number of shares outstanding:					
Before and after dilution	33,427,256	30,760,589	33,427,256	30,593,923	32,018,923

\*For the period January–June 2019 other external costs are reduced by SEK 34 m, depreciation of tangible fixed assets increases by SEK 34 m, and financial expenses increase by SEK 2 m due to IFRS 16 "Leases". The corresponding amounts for April–June 2019 is SEK 18 m, SEK 18 m and SEK 1 m, respectively.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	2019 April–June	2018 April–June	2019 Jan–June	2018 Jan–June	2018 Full year
Net profit for the period	33	28	48	57	152
<i>Other comprehensive income, items that will not be reclassified to the consolidated income statement:</i>					
Actuarial gains and losses on pension obligations	-	-	-	-	0
<i>Other comprehensive income, items that may be reclassified to the consolidated income statement:</i>					
Exchange rate difference upon translation of foreign operations	7	15	55	73	25
Hedge of net investments in foreign operations	-12	0	-26	-27	-6
<b>Total other comprehensive income after tax for the period</b>	<b>5</b>	<b>15</b>	<b>29</b>	<b>46</b>	<b>19</b>
<b>Comprehensive income for the period</b>	<b>38</b>	<b>43</b>	<b>77</b>	<b>103</b>	<b>171</b>
<i>Attributable to:</i>					
Owners of the Parent Company	38	43	77	103	171

## CONSOLIDATED BALANCE SHEETS

SEK m	2019 30 June	2018 30 June	2018 31 Dec
<b>Assets</b>			
Goodwill	1,582	1,456	1,495
Other intangible fixed assets	328	304	308
Tangible fixed assets	164*	40	37
Financial assets	27	28	28
<b>Total non-current assets</b>	<b>2,101</b>	<b>1,828</b>	<b>1,868</b>
Inventories	1	1	1
Current receivables	822	661	819
Cash and cash equivalents	153	523	387
<b>Total current assets</b>	<b>976</b>	<b>1,185</b>	<b>1,207</b>
<b>Total assets</b>	<b>3,077</b>	<b>3,013</b>	<b>3,075</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	1 332	1,270	1,339
Non-current liabilities	155	95	93
Current liabilities	1 590	1,648	1,643
<b>Total shareholders' equity and liabilities</b>	<b>3,077</b>	<b>3,013</b>	<b>3,075</b>
Interest-bearing receivables amount to	0	0	0
Interest-bearing liabilities amount to	582*	641	545
Pledged assets	6	10	6
Contingent liabilities	1	1	1

\*Tangible fixed assets increase by SEK 126 m and interest-bearing debt increases by SEK 118 m due to IFRS 16 "Leases".

## SHAREHOLDERS' EQUITY AND NUMBER OF SHARES

Specification of changes in shareholders' equity	2019 April–June	2018 April–June	2019 Jan–June	2018 Jan–June	2018 Full year
<b>Shareholders' equity, opening balance</b>	<b>1,378</b>	<b>1,041</b>	<b>1,339</b>	<b>982</b>	<b>982</b>
New share issue	-	258	-	258	258
Issue expenses	-	-4	-	-4	-4
Dividend	-84	-68	-84	-68	-68
Comprehensive income for the period	38	43	77	103	103
<b>Shareholders' equity, closing balance</b>	<b>1,332</b>	<b>1,270</b>	<b>1,332</b>	<b>1,270</b>	<b>1,270</b>
<b>Shareholders' equity attributable to:</b>					
Owners of the Parent Company	1,332	1,270	1,332	1,270	1,270
<b>Specification of number of shares outstanding</b>					
<b>Number of shares outstanding, opening balance</b>	<b>33,427,256</b>	<b>30,427,256</b>	<b>33,427,256</b>	<b>30,427,256</b>	<b>30,427,256</b>
New share issue	-	3,000,000	-	3,000,000	3,000,000
<b>Number of shares outstanding, closing balance</b>	<b>33,427,000</b>	<b>33,427,256</b>	<b>33,427,256</b>	<b>33,427,256</b>	<b>33,427,256</b>

Addnode Group had no holdings of treasury shares on 31 December 2018 nor 30 June 2019.

## CONSOLIDATED CASH FLOW STATEMENTS

SEK m	2019 April-June	2018 April-June	2019 Jan-June	2018 Jan-June	2018 Full year
<b>Operating activities</b>					
Operating profit	46	39	102	83	203
Adjustment for non-cash items	50*	24	93*	45	109
<b>Total</b>	<b>96</b>	<b>63</b>	<b>195</b>	<b>128</b>	<b>312</b>
Net financial items	-2	-5	-8	-8	-13
Tax paid, etc.	-17	-16	-37	-29	-56
<b>Cash flow from operating activities before changes in working capital</b>	<b>77</b>	<b>42</b>	<b>150</b>	<b>91</b>	<b>243</b>
Total change in working capital	-97	-15	57	141	42
<b>Cash flow from operating activities</b>	<b>-20</b>	<b>27</b>	<b>207</b>	<b>232</b>	<b>285</b>
<b>Investing activities</b>					
Purchases and sales of intangible and tangible fixed assets	-22	-18	-40	-33	-65
Acquisition of financial fixed assets	-	-	-	-	-3
Acquisition of subsidiaries and operations	-130	-6	-220	-56	-212
Cash and cash equivalents in acquired companies	7	-	7	13	114
Repayment of receivables	-	-	-	-	0
<b>Cash flow from investing activities</b>	<b>-145</b>	<b>-24</b>	<b>-253</b>	<b>-76</b>	<b>-166</b>
<b>Financing activities</b>					
Paid dividend	-84	-68	-84	-68	-68
New share issue	-	254	-	254	254
Borrowings	-	-	68	42	117
Repayment of loans	-153*	-54	-189*	-55	-213
<b>Cash flow from financing activities</b>	<b>-237</b>	<b>132</b>	<b>-205</b>	<b>173</b>	<b>90</b>
Change in cash and cash equivalents	-402	135	-251	329	209
Cash and cash equivalents at start of period	553	384	387	173	173
Exchange rate difference in cash and cash equivalents	2	4	17	21	5
<b>Cash and cash equivalents at end of period</b>	<b>153</b>	<b>523</b>	<b>153</b>	<b>523</b>	<b>387</b>

\* January-June adjustments for items not included in the cash flow include a positive effect of SEK 34 m from amortization of tangible fixed assets and amortization of liabilities increases by SEK 33 m due to IFRS 16 "Leases". The corresponding amount for April-June 2019 is SEK 18 m and SEK 17 m.

## PARENT COMPANY FINANCIAL STATEMENTS

### PARENT COMPANY INCOME STATEMENTS

SEK m	2019 April–June	2018 April–June	2019 Jan–June	2018 Jan–June	2018 Full year
Net sales	6	5	8	6	15
Operating expenses	-14	-12	-28	-24	-49
<b>Operating profit</b>	<b>-8</b>	<b>-7</b>	<b>-20</b>	<b>-18</b>	<b>-34</b>
Financial income	132	1	165	2	158
Financial expenses	-8	-5	-15	-13	-18
<b>Profit after financial items</b>	<b>116</b>	<b>-11</b>	<b>130</b>	<b>-29</b>	<b>106</b>
Transfer to tax allocation reserve	-	-	-	-	-19
<b>Profit before taxes</b>	<b>116</b>	<b>-11</b>	<b>130</b>	<b>-29</b>	<b>87</b>
Tax	-	-	-	-	-14
<b>Net profit for the period</b>	<b>116</b>	<b>-11</b>	<b>130</b>	<b>-29</b>	<b>73</b>

### PARENT COMPANY BALANCE SHEETS

SEK m	2019 30 June	2018 30 June	2018 31 Dec
<b>Assets</b>			
Intangible fixed assets	0	1	1
Financial fixed assets	2,104	1,835	1,994
Current receivables	105	75	74
Cash and cash equivalents	61	378	188
<b>Total assets</b>	<b>2,270</b>	<b>2,289</b>	<b>2,257</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	1,160	1,011	1,113
Untaxed reserves	50	31	50
Provisions	13	98	102
Non-current liabilities	-	5	-
Current liabilities	1,047	1,144	992
<b>Total shareholders' equity and liabilities</b>	<b>2,270</b>	<b>2,289</b>	<b>2,257</b>

## OPERATING SEGMENTS

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

### REVENUE AND PROFIT

SEK m	Design		PLM		Process		Central		Eliminations		Addnode Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Revenue</b>												
External sales	704	531	625	536	393	387	0	0			1,722	1,454
Transactions between segments	2	1	2	1	7	6	7	6	-18	-14	0	0
<b>Total revenue</b>	<b>706</b>	<b>532</b>	<b>627</b>	<b>537</b>	<b>400</b>	<b>393</b>	<b>7</b>	<b>6</b>	<b>-18</b>	<b>-14</b>	<b>1,722</b>	<b>1,454</b>
EBITA	78	46	48	40	51	59	-21	-16			156	129
EBITA margin, %	11.0	8.6	7.7	7.4	12.8	15.0					9.1	8.9
Operating profit	54	27	33	28	36	45	-21	-17			102	83
Operating margin, %	7.6	5.1	5.3	5.2	9.0	11.5					5.9	5.7
Average number of employees	423	410	617	542	514	490	8	7			1,562	1,449

### REVENUE DISTRIBUTION

SEK m	Design		PLM		Process		Central		Eliminations		Addnode Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Licences	13	29	76	70	17	20	-	-	-	-	106	119
Recurring revenue	576	386	350	297	162	151	-	-	-4	-3	1,084	831
Services	113	104	195	164	208	211	-	-	-2	-3	514	476
Other	4	13	6	6	13	11	7	6	-12	-8	18	28
<b>Total revenue</b>	<b>706</b>	<b>532</b>	<b>627</b>	<b>537</b>	<b>400</b>	<b>393</b>	<b>7</b>	<b>6</b>	<b>-18</b>	<b>-14</b>	<b>1,722</b>	<b>1,454</b>

## KEY FIGURES - QUARTERLY

SEK m	2019		2018				2017	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales, SEK m	864	858	840	648	717	737	778	535
<i>Design Management</i>	336	370	303	218	245	287	277	173
<i>Product Lifecycle Management</i>	335	292	331	264	285	252	304	213
<i>Process Management</i>	199	201	211	169	192	201	202	151
EBITA, SEK m	74	82	105	65	62	66	102	25
<i>Design Management</i>	35	43	44	24	20	26	31	12
<i>Product Lifecycle Management</i>	29	19	39	25	25	15	41	8
<i>Process Management</i>	22	30	33	24	24	35	38	18
EBITA margin, %	8.6	9.6	12.5	10.0	8.6	9.0	13.1	4.7
<i>Design Management</i>	10.4	11.6	14.5	11.0	8.2	9.1	11.1	7.1
<i>Product Lifecycle Management</i>	8.7	6.5	11.8	9.5	8.8	6.0	13.6	3.7
<i>Process Management</i>	11.1	14.9	15.6	14.2	12.5	17.4	18.8	11.7
Average number of employees	1,596	1,524	1,496	1,467	1,447	1,453	1,420	1,358
<i>Design Management</i>	416	419	417	407	407	412	391	367
<i>Product Lifecycle Management</i>	642	596	570	555	538	543	544	526
<i>Process Management</i>	530	501	501	498	495	491	477	458
Net sales per employee, SEK 000s	541	563	561	442	496	507	548	394
Change in net sales, %	17	16	8	21	22	19	18	14
EBITA margin, %	5.3	6.5	9.5	6.2	5.4	6.0	9.9	0.6
Equity, SEK m	1,332	1,378	1,339	1,288	1,270	1,041	982	923
Return on shareholders' equity, % *	11.0	11.4	13.1	12.7	10.3	9.2	9.4	7.8
Equity/assets ratio, %	43	40	44	45	42	36	37	38
Return on capital employed, %*	11.0	10.5	12.3	12.2	10.8	9.6	10.0	7.8
Net debt, SEK m	429	195	158	242	118	316	448	409
Investments in equipment, SEK m	5	6	4	2	5	3	7	2

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

## SHARE DATA

	2019		2018				2017	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Average number of shares outstanding before and after dilution, millions	33.4	33.4	33.4	33.4	30.8	30.4	30.4	30.4
Total number of shares outstanding, millions	33.4	33.4	33.4	33.4	33.4	30.4	30.4	30.4
Total number of registered shares, millions	33.4	33.4	33.4	33.4	33.4	30.4	30.4	30.4
Earnings per share before and after dilution, SEK	0.99	0.45	2.00	0.84	0.91	0.95	1.81	0.03
Cash flow from operating activities per share, SEK	-0.60	6.76	3.41	-1.82	0.88	6.74	2.14	-2.59
Shareholders' equity per share, SEK	39.85	41.22	40.06	38.53	38.02	34.24	32.30	30.39
Share price at end of period, SEK	154.00	132.00	103.50	116.00	89.40	77.60	75.75	80.50
Share price/shareholders' equity	3.86	3.20	2.58	3.01	2.35	2.27	2.35	2.65

## ALTERNATIVE PERFORMANCE MEASURES USE AND RECONCILIATION

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

*Definitions are provided on page 19.*

### EBITA

EBITA is a measure that the Group considers as relevant for investors, analysts and other interested parties in order to understand earnings generation before investments in intangible fixed assets. The measure is an expression of operating profit before amortisation and impairment of intangible fixed assets.

### NET DEBT

The Group considers this key ratio as useful for the readers of the financial statements as a complement in order to evaluate the dividend potential, to execute strategical investments and to evaluate the Group's possibilities to comply with financial commitments. The key ratio is an expression of the level of financial borrowing in absolute amount after deducting cash and cash equivalents.

#### RECONCILIATION OF EBITA

	2019 April-June	2018 April-June	2019 Jan-June	2018 Jan-June	2018 Full year
Operating profit	46	39	102	83	203
Amortisation and impairment of intangible fixed assets	28	23	54	46	95
<b>EBITA</b>	<b>74</b>	<b>62</b>	<b>156</b>	<b>129</b>	<b>298</b>

#### RECONCILIATION OF NET DEBT

	2019 30 June	2018 30 June	2018 31 Dec
Non-current liabilities	155	95	93
Current liabilities	1,590	1,648	1,643
Non interest-bearing non-current and current liabilities	-1,163	-1,102	-1,191
<b>Total interest-bearing liabilities</b>	<b>582</b>	<b>641</b>	<b>545</b>
Cash and cash equivalents	-153	-523	-387
Other interest-bearing receivables	0	0	0
<b>Net debt (+)/receivables (-)</b>	<b>429</b>	<b>118</b>	<b>158</b>

## DEFINITIONS

### Average number of employees

Average number of full-time employees during the period.

### Capital employed

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

### Cash flow per share

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

### Currency-adjusted organic growth

Change in net sales, recalculated at the preceding year's exchange rate, excluding acquired units during the last 12-month period.

### Earnings per share

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

### EBITA

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

### EBITA margin

EBITA as a percentage of net sales.

### Equity/assets ratio

Shareholders' equity (including shareholders' equity attributable to non-controlling interests) as a percentage of total assets.

### Net debt

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

### Net sales per employee

Net sales divided by the average number of employees (full-time equivalents).

### Operating margin

Operating profit as a percentage of net sales.

### Organic growth

Change in net sales excluding acquired entities during the last 12-month period.

### 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 the profit for the last 12 months and the average of opening and closing balance of capital employed.

### Return on shareholder's equity

Net profit for the period as a

percentage of average shareholders' equity. It is based on profit for the last 12 months and the average of opening and closing balance of shareholders' equity.

### Share price/shareholders' equity

Share price in relation to shareholders' equity per share.

### Shareholders' equity

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

### Shareholders' equity per share

Shareholders' equity divided by the total number of shares outstanding.

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