

# INTERIM REPORT 1 JANUARY–30 JUNE 2020

*This is a translation of the Swedish original of Addnode Group's interim report for the period 1 January–30 June 2020. In the event of any discrepancies between the two versions, the original Swedish version shall apply.*

## SECOND QUARTER SUMMARY, APRIL–JUNE 2020

- Net sales decreased with 2 per cent to SEK 846 m (864), of which -13 per cent was organic.
- EBITA decreased to SEK 56 m (74), for an EBITA margin of 6.6 per cent (8.6). EBITA was charged with restructuring costs of SEK 20 m (-). EBITA adjusted for restructuring costs was SEK 76 m (74), for an adjusted EBITA margin of 9.0 per cent (8.6).
- Operating profit decreased to SEK 24 m (46), for an operating margin of 2.8 per cent (5.3).
- Profit after tax decreased to SEK 14 m (33).
- Earnings per share decreased to SEK 0.42 (0.99).
- Cash flow from operating activities increased to SEK 188 m (-20).
- Kristina Willgård elected as a new board member at the Annual General Meeting on 7 May 2020.
- Acquisition of Excitech completed in June 2020.

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

- Acquisition of SaaS company Netpublicator with net sales of SEK 16 m.

# 66%

Share of recurring revenue Q2 2020

# -2%

Net sales growth Q2 2020 compared with Q2 2019

# 3,792 SEK m

Net sales, July 2019–June 2020

## KEY FIGURES

	2020 Jan-Jun	2019 Jan-Jun	2019 Full-year
Net sales, SEK m	2,080	1,722	3,434
EBITA, SEK m	164	156	327
EBITA margin, %	7.9	9.1	9.5
Operating profit, SEK m	101	102	218
Operating margin, %	4.9	5.9	6.3
Profit for the period*, SEK m	71	48	129
Earnings per share*, SEK	2.12	1.44	3.86
Cash flow from operating activities, SEK m	464	207	413
Return on shareholders' equity, %	10.9	11.0	9.4
Return on capital employed, %	10.6	11.0	10.0
Shareholders' equity per share, SEK	43.29	39.85	42.18

\* Profit for the period January–June 2019, and thus also earnings per share, were charged with a net effect of SEK -24 m pertaining to remeasurements of contingent consideration. Excluding these remeasurements, earnings per share would have been SEK 2.12 (2.15).

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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 is presented as 0.



“The pandemic has accelerated and highlighted the benefits of digitalising businesses and processes. In one of the toughest quarters since the 2009 financial crisis we earned the trust of new customers in both the private and public sectors.”

## GOOD COST CONTROL, STABLE EARNINGS AND STRONG CASH FLOW

### Second quarter 2020

The second quarter was dominated by the COVID-19 pandemic, and our three divisions were impacted to various degrees. The majority of our employees are working from home, and with the help of video meetings and other digital tools, we have continued to work closely with our customers. I am impressed and proud of our employees' proactiveness and ability to maintain their capacity to deliver.

Net sales decreased with 2 per cent, of which minus 12 percentage points was organic adjusted for currency effects. EBITA excluding one-off costs of SEK 20 m for measures taken in the PLM division was SEK 76 m (74).

Demand from the public sector in Sweden remains stable, and in the Process Management division we were awarded contracts from agencies, regions and municipalities. This, together with a more efficient delivery organisation, led to strongly improved earnings for the division compared with the same period a year ago.

On the other hand, the COVID-19 pandemic has negatively impacted sales in the Design Management and PLM divisions. In the Design Management division we actively reduced operating costs during the quarter through furloughs, voluntary salary cuts and general cost-cutting, and delivered a strong result given the difficult market conditions. Also in the PLM division we have been able to partly counter the decline in sales with similar measures, and additional actions have been taken that will lower the cost level on a yearly basis but have weighed down earnings for the quarter.

While the future economic outlook remains hard to predict, our business models with a large share of recurring revenue are a stabilising factor. We are continuously analysing the situation and are prepared to take further measures if necessary.

### Measures in the PLM division

From 2014 to 2019 the PLM division grew by an average of 37 per cent, which was achieved organically and through acquisitions. This has taken us to the position as a world-leading partner to Dassault Systèmes with our own, unique add-on products and services. During the year thus far, growth has slowed, and during the second quar-

ter the COVID-19 pandemic has had a negative impact.

To realise synergies and adapt the organisation and operating costs to a lower volume, several measures have been taken, resulting in a SEK 20 m charge against earnings. We estimate that third quarter earnings will be charged with an additional SEK 15 m. Cost-cutting measures are expected to result in annual cost savings of approximately SEK 50-60 m, with full effect as from Q1 2021. Over the long term PLM is a growth area in which digitalisation and automation enable sustainable design and production processes for our customers.

### We unlock the power of digitalisation

The pandemic has accelerated and highlighted the benefits of digitalising businesses and processes. In one of the toughest quarters since the 2009 financial crisis we earned the trust of new customers in both the private and public sectors. A few examples are the case and decision support systems we are providing to the Swedish National Board of Housing, Building and Planning, the property management systems we have supplied to Region Gävleborg, the design support and competence-sharing systems we have provided to Transport for London, and the PLM solution we have supplied to the machine manufacturer Trützschler. We also passed a milestone for our Interaxo SaaS project portal for construction and infrastructure projects, exceeding 50,000 users during the second quarter.

### Acquisitions

We have a good financial position and decentralised leadership with a keen ability to adapt. This enables us to manage the effects of the COVID-19 pandemic at the same time that we continue to carry out acquisitions that strengthen our competitiveness. The acquisition of the SaaS company Netpublicator is an important part of our focus on innovative IT solutions for digitalised and efficient public administration.

**Johan Andersson**  
President and CEO

## SIGNIFICANT EVENTS

### DURING THE SECOND QUARTER OF 2020

#### New board member elected

Kristina Willgård was elected as a new board member at the Annual General Meeting on 7 May 2020.

#### Acquisition of Excitech completed

In early June 2020 the combined call and put options were exercised pertaining to the acquisition of Excitech in January 2020. Payment was financed with existing credit facilities. As a result, Addnode Group now owns 100 per cent of the shares in the company.

### AFTER THE END OF THE REPORTING PERIOD

#### Acquisition of Netpublicator

On 1 July 2020 Addnode Group signed an agreement to acquire 50.1 per cent of the shares in the Swedish company Netpublicator Apps AB, which develops SaaS solutions for digital document and meeting management in public administration. The remaining 49.9 per cent will be acquired incrementally during the years 2021-2023. Netpublicator had sales of approximately SEK 16 m in 2019, with good profitability. The company will be part of the Process Management division (see also page 10).

Apart from what has been mentioned above, no significant events occurred after the end of the period.

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### ADDNODE GROUP IN BRIEF

#### WHAT WE DO

Addnode Group is a listed group that acquires, operates and develops cutting edge enterprises that digitalise society. The Group had sales of approximately SEK 3.4 bn in 2019.

#### FOR WHOM

Our subsidiaries develop and provide digital solutions to customers in industries such as construction and real estate, manufacturing, automotive and life sciences as well as in the public sector.

#### TO WHAT BENEFIT

The solutions that Addnode Group provides make it possible for our customers by digital means to improve the efficiency of their operations, quality-assure their production and communicate better with customers and citizens.

#### WHERE WE ARE ACTIVE

Addnode Group has 1,900 employees in 19 countries. The company's shares are listed on Nasdaq Stockholm.

#### FINANCIAL TARGETS

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

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### FINANCIAL CALENDAR



## CONSOLIDATED NET SALES, EARNINGS AND CASH FLOW

### SECOND QUARTER, APRIL–JUNE 2020

The COVID-19 pandemic impacted the Group's businesses to varying degrees during the second quarter of 2020. The Process Management division showed organic growth and improved EBITA margin. The Design Management division parried the decline in net sales with measures to cut costs, mainly short-term furloughs. The Product Lifecycle Management division was negatively impacted by challenging market conditions that were partly mitigated through short-term furloughs.

Net sales amounted to SEK 846 m (864), representing negative growth of -2 per cent. Organic growth was -13 per cent. Adjusted for currency effects, organic growth was -12 per cent. Acquired growth pertained mainly to Excitech, which was acquired in January 2020.

Licence revenue decreased to SEK 43 m (56), recurring revenue increased to SEK 553 m (538), service revenue decreased to SEK 239 m (259), and other revenue amounted to SEK 11 m (11). The share of recurring revenue increased from 62 to 66 per cent.

EBITA amounted to SEK 56 m (74), for an EBITA margin of 6.6 per cent (8.6). During the quarter the Group's personnel costs were reduced by SEK 29 m through government support measures, including short-term furloughs and reduced social security taxes.

In the Product Lifecycle Management division, measures have been taken to adapt the organisation and cost structure to the lower sales volumes. The costs for this are estimated to total approximately SEK 35 m, of which SEK 20 m was recognised during the second quarter of 2020.

Net financial items amounted to SEK -7 m (-2). Profit for the period after tax amounted to SEK 14 m (33). Earnings per share were SEK 0.42 (0.99).

Cash flow from operating activities increased to SEK 188 m (-20), which is mainly attributable to a lower level of tied-up capital. Active work on bringing in customer payments together with temporarily improved terms of payment from certain vendors and customers had a positive effect on cash flow.

### FIRST HALF OF THE YEAR, JANUARY–JUNE 2020

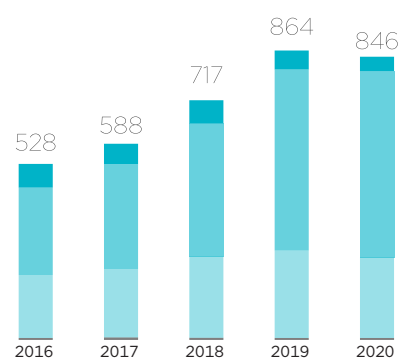
Net sales amounted to SEK 2,080 m (1,722), representing growth of 21 per cent, of which -2 per cent was organic. Currency-adjusted organic growth was -1 per cent. Licence revenue amounted to SEK 103 m (106), recurring revenue increased to SEK 1,435 m (1,084), service revenue amounted to SEK 512 m (514), and other revenue amounted to SEK 30 m (18).

EBITA increased to SEK 164 m (156), for an EBITA margin of 7.9 per cent (9.1).

Net financial items amounted to SEK -9 m (-32). The Group's net financial items for the same period a year ago were charged with remeasurements of contingent consideration, with a net effect of SEK -24 m. Reported tax on profit for the period was SEK -21 m (-22), and profit for the period totalled SEK 71 m (48). Excluding the remeasurement of contingent consideration, profit after tax totalled to SEK 71 m (72). Earnings per share were SEK 2.12 (1.44) and SEK 2.12 (2.15) excluding remeasurements of the contingent consideration.

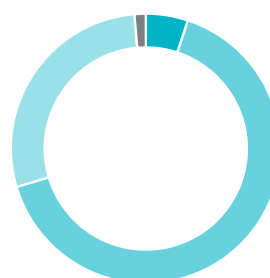
Cash flow from operating activities increased to SEK 464 m (207). The improvement in cash flow during the first half of 2020 can be credited to the favourable earnings performance, a large share of advance payments for maintenance contracts, active work on reducing tied-up capital and temporarily improved terms of payment.

BREAKDOWN OF REVENUE, Q2 2016–2020



■ Licences  
■ Recurring revenue  
■ Services  
■ Other

BREAKDOWN OF REVENUE, Q2 2020



■ Licences, 5%  
■ Recurring revenue, 66%  
■ Services, 28%  
■ Other, 1%

## DEVELOPMENT PER DIVISION

### NET SALES AND EBITA, Q2

SEK m	Net sales			EBITA		
	2020 Q2	2019 Q2	Change %	2020 Q2	2019 Q2	Change %
Design Management	379	336	13	36	35	3
Product Lifecycle Management	267	335	-20	-9	29	-131
Process Management	205	199	3	37	22	68
Eliminations/central costs	-5	-6		-8	-12	
<b>Addnode Group</b>	<b>846</b>	<b>864</b>	<b>-2</b>	<b>56</b>	<b>74</b>	<b>-24</b>

### NET SALES AND EBITA, YTD

SEK m	Net sales			EBITA		
	2020 Jan-Jun	2019 Jan-Jun	Change %	2020 Jan-Jun	2019 Jan-Jun	Change %
Design Management	1,101	706	56	112	78	44
Product Lifecycle Management	571	627	-9	1	48	-98
Process Management	419	400	5	73	51	43
Eliminations/central costs	-11	-11		-22	-21	
<b>Addnode Group</b>	<b>2,080</b>	<b>1,722</b>	<b>21</b>	<b>164</b>	<b>156</b>	<b>5</b>

Addnode Group conducts operations in three divisions: Design Management, Product Lifecycle Management and Process Management. Every subsidiary conducts and develops its business activities in accordance with strategies, guidelines and joint-Group values. The decentralised governance model entails that business-critical decisions are made close to the customers and markets. The divisions make up the Group's operating segments, according to which Addnode Group monitors business development.

## DESIGN MANAGEMENT DIVISION

Software and digital solutions for design and BIM for architects and engineers in the construction sector, 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 by 13 per cent during the second quarter of 2020, to SEK 379 m (336). Organic growth was negative, at -16 per cent. Adjusted for currency effects, organic growth was -13 per cent. The division's organic growth was negatively affected during the second quarter by changed market conditions amid the COVID-19 pandemic, which was mainly reflected in lower new sales of Autodesk solutions and services. Acquired growth pertained mainly to Excitech, which was acquired in January 2020. However, recurring revenue showed continued stability, with a renewal rate at the same level as before the pandemic. The division's offering, based on proprietary software surrounding BIM and collaboration portals for the construction and infrastructure sectors as well as property management, showed continued favourable development.

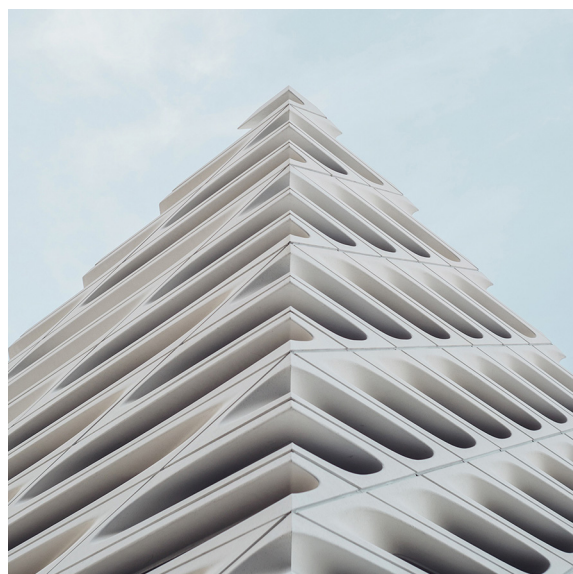
EBITA was SEK 36 m (35), for an EBITA margin of 9.5 per cent (10.4). Personnel costs were reduced through short-term furloughs, lower social security taxes and voluntary salary cuts.

### NEW BUSINESS

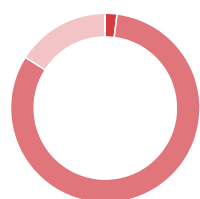
During the quarter the division secured agreements with customers such as Cargotec, Grape Architects, Multiconsult, Redrow Homes Group, Tetra Pak, the Swedish Transportation Administration and Transport for London.

### 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 in the areas of project collaboration and property management. Customers' willingness to invest is driven by the need to design, build and manage products, facilities and infrastructure.



### NET SALES Q2 2020 BY TYPE OF REVENUE



- Licences, 4%
- Recurring revenue, 79%
- Services, 15%
- Other, 2%

### NET SALES GROWTH Q2 2020 COMPARED WITH Q2 2019

+13%

### EBITA Q2 2020 COMPARED WITH Q2 2019

+3%

### KEY FIGURES

SEK m	2020 Q2	2019 Q2	Change %
Net sales	379	336	13
EBITA	36	35	3
EBITA margin, %	9.5	10.4	
Operating profit	22	23	-4
Operating margin, %	5.8	6.8	
Average no. employees	569	416	37

## PRODUCT LIFECYCLE MANAGEMENT DIVISION

Software and digital solutions for simulation, design and product data information. The division's solutions are used to digitalise the entire lifecycle of products, services or facilities. Digitalisation gives customers shorter lead times, more innovation, increased efficiency and traceability.

### QUARTERLY DEVELOPMENT

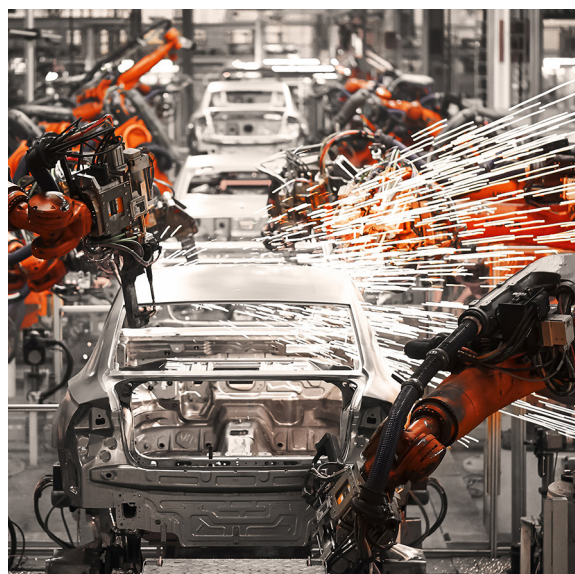
Net sales decreased to SEK 267 m (335) during the second quarter of 2020, representing negative growth of -20 per cent. Organic growth was -20 per cent. Adjusted for currency effects, organic growth was -20 per cent. EBITA was negative and amounted to SEK -9 m (29), for an EBITA margin of -3.4 per cent (8.7). The Nordic/Benelux development was stable in the quarter. The division was negatively affected, mainly in Germany and the UK, by challenging market conditions caused by the COVID-19 pandemic. To counter the effects of the lower demand, employees have been put on short-term furloughs in several of the countries in which the division is active. Restructuring measures have also been taken to adapt the organisation and cost structure to the lower sales volumes. Costs for conducting these measures are estimated to amount to approximately SEK 35 m, of which SEK 20 m were recognised during the second quarter of 2020. The business in South Africa was divested as part of this transition. The estimated annual savings will amount to approximately SEK 50-60 m, with full effect as from Q1 2021.

### NEW BUSINESS

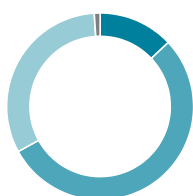
During the quarter the division secured agreements with customers such as Belcan Engineering Services, Coors-Tek, Datarespons, Etteplan, Edwards, KLA Tencore, Koenigsegg, Kongsberg Defence & Aerospace, Kubota and Trützschler.

### MARKET

The division's operations are conducted through the company TECHNIA, which is one of Europe's leading suppliers of PLM software and consulting services. Customers' willingness to invest is driven by a need to develop and design products, maintain product information during an entire lifecycle and comply with authorities' requirements.



### NET SALES Q2 2020 BY TYPE OF REVENUE



- Licences, 7%
- Recurring revenue, 63%
- Services, 30%
- Other, 0%

### NET SALES GROWTH Q2 2020 COMPARED WITH Q2 2019

-20%

### EBITA Q2 2020 COMPARED WITH Q2 2019\*

-131%

### KEY FIGURES

SEK m	2020 Q2	2019 Q2	Change %
Net sales	267	335	-20
EBITA	-9*	29	-131
EBITA margin, %	-3.4*	8.7	
Operating profit	-17	22	-177
Operating margin, %	-6.4	6.6	
Average no. employees	682	642	6

\* EBITA for Q2 2020 was charged with one-off costs of SEK 20 m associated with adaptation of the organisation and cost structure. Excluding these restructuring costs, EBITA would have amounted to SEK 11 m, for an EBITA margin of 4.1.  
The change in EBITA in a comparison between Q2 2020 and Q2 2019 would have amounted to -62 per cent.

## PROCESS MANAGEMENT DIVISION

Software and digital solutions for the public sector. Through automation and digital administrator support, the division's solutions contribute to smoother case management, simplified administration and quality-assured processes in contacts between authorities and citizens.

### QUARTERLY DEVELOPMENT

Net sales increased by 3 per cent during the second quarter of 2020 to SEK 205 m (199). Organic growth was 3 per cent. Adjusted for currency effects, organic growth was 3 per cent. EBITA improved to SEK 37 m (22), and the EBITA margin strengthened to 18.0 per cent (11.1). Demand for the division's solutions for document and case management, citizen services and municipal technical systems and peripheral services remained good during the quarter. Efficiency in the organisation increased further and contributed to the favourable earnings. Personnel costs were reduced through government support measures, mainly a reduction in social security taxes. During the quarter, a non-strategic telecom business with five employees was divested.

### NEW BUSINESS

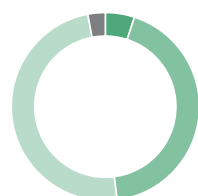
In June 2020, Addnode Group's company Ida Infront won a tender for a new case and decision support system for the Swedish National Board of Housing, Building and Planning. The system is based on the proprietary case management solution iipax case and the e-services platform Abou from the sister company Sokigo. The business value of the deal is estimated to be approximately SEK 25 m over a four-year period. During the quarter the division secured agreements with customers such as the AFA Insurance, Borlänge Municipality, the Swedish Energy Agency, the Swedish Environmental Protection Agency, Region Halland and the Swedish Transport Administration.

### MARKET

The division is a leading provider of software and digital solutions to the public sector in Sweden. Customers' willingness to invest is driven by automation, simplification of administration and more effective communication with citizens. More and more authorities and municipalities are looking for a long-term partner in their work on developing innovative operations that are in conformity with the rule of law.



### NET SALES Q2 2020 BY TYPE OF REVENUE



- Licences, 4%
- Recurring revenue, 43%
- Services, 51%
- Other, 2%

### NET SALES GROWTH Q2 2020 COMPARED WITH Q2 2019

+3%

### EBITA Q2 2020 COMPARED WITH Q2 2019

+68%

### KEY FIGURES

SEK m	2020 Q2	2019 Q2	Change %
Net sales	205	199	3
EBITA	37	22	68
EBITA margin, %	18.0	11.1	
Operating profit	29	14	107
Operating margin, %	14.1	7.0	
Average no. employees	531	530	0



## CONSOLIDATED BALANCE SHEET AND CASH FLOW

### LIQUIDITY AND FINANCIAL POSITION

The Group's available liquidity amounted to SEK 775 m (253). This includes, in addition to cash and cash equivalents of SEK 675 m (153), an unutilised bank overdraft facility of SEK 100 m. In addition, the Group has a multi-currency revolving credit facility of up to SEK 1,000 m to finance acquisitions, of which SEK 324 m (313) was unutilised as per 30 June 2020. Liabilities pertaining to promissory notes and other liabilities for completed acquisitions amounted to SEK 5 m (31), and estimated contingent consideration for completed company acquisitions amounted to SEK 67 m (13). The Group's interest-bearing liabilities amounted to SEK 793 m (582) as per 30 June 2020, of which lease liabilities amounted to SEK 117 m (118). Net debt amounted to SEK 117 m (429), and the equity/assets ratio was 40 per cent (43) on 30 June 2020.

### CASH FLOW

During the first half of the year, cash flow from operating activities increased to SEK 464 m (207), which was mainly attributable to a change in working capital. A large share of maintenance contracts are paid in advance at the start of the year. Together with active work on bringing in customer payments and temporarily improved terms of payment from certain vendors and customers, tied-up working capital decreased, which in turn freed up liquid funds.

Investments in subsidiaries and businesses resulted in a negative cash flow of SEK 195 m (213), of which SEK 6 m pertains to company acquisitions carried out in previous years. Cash flow from investing activities also includes outgoing payments of SEK 40 m (28) for proprietary software.

New bank borrowing of SEK 220 m was taken out within the framework of existing credit facilities. Cash flow from financing activities was negatively affected by SEK 34 m in amortisation of lease liabilities. No dividend was paid out for 2019, in accordance with a resolution by the Annual General Meeting on 7 May 2020. The dividend paid out in the preceding year (for 2018) amounted to SEK 84 m.

### INVESTMENTS

Investments in intangible non-current assets and in property, plant and equipment amounted to SEK 77 m (74), of which SEK 40 m (28) pertains to proprietary software.

### GOODWILL AND OTHER INTANGIBLE ASSETS

The Group's carrying amount of goodwill on 30 June 2020 was SEK 1,694 m (1,582).

Other intangible assets amounted to SEK 346 m (328) and pertain mainly to customer contracts and software.

### DEFERRED TAX ASSETS

Deferred tax assets amounted to SEK 28 m (7) on 30 June 2020, of which SEK 6 m (4) pertains to tax loss carryforwards. The Group's accumulated tax loss carryforwards amounted to approximately SEK 75 m on 30 June 2020. 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 2020 amounted to SEK 1,447 m (1,332), corresponding to SEK 43.29 (39.85) per share outstanding. No share-savings, option or convertible programmes were outstanding as per 30 June 2020. No dividend was paid out for 2019, in accordance with a resolution by the 2020 Annual General Meeting.

### EMPLOYEES

The average number of employees in the Group increased to 1,838 (1,562). The number of employees at the end of the period was 1,884 (1,714 as per 31/12/2019).

### DISCLOSURES OF ACQUISITIONS

#### Completed acquisitions

During the first quarter of 2020 Addnode Group acquired two companies, Unizite AS ("Unizite") and Excitech Ltd ("Excitech"). During the first half of 2020 the acquisitions contributed SEK 354 m to consolidated net sales and SEK 12 m to consolidated profit after tax. Costs for carrying out the acquisitions, totalling SEK 3 m (2), are included in the Group's other external costs in 2020.

On 9 January 2020 all of the shares were acquired in the Norwegian company Unizite. Unizite, with a team of 10 people, has developed a cloud-based mobile field tool. Unizite is now part of Tribia, a company in the Design Management division, and is consolidated in the Group as from January 2020. According to the purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising in connection with the acquisition amount to approximately NOK 42 m, entailing a deferred tax liability of approximately NOK 3 m. Other acquired assets and liabilities were negligible. Depending on the actual outcome for the acquired company's recurring SaaS revenue in 2022, a contingent cash earn-out payment ranging from NOK 0 to a maximum, undiscounted amount of NOK 35 m may be payable. A provision for contingent consideration has been preliminarily calculated at NOK 20 m, which is recognised on the consolidated balance sheet as per 30 June 2020.

On 16 January 2020 Addnode Group signed an agreement to acquire and take possession of Excitech, with net sales of approximately GBP 50 m. Excitech, with more than 3,500 customers and 150 employees, is the largest Autodesk Platinum Partner in the UK market. The contracted purchase price for all of the shares was approximately GBP 22 m, corresponding to approximately SEK 267 m, of which approximately GBP 18 m (approximately SEK 221 m) was paid through the publication date of this interim report. The contracted purchase price of GBP 22 m includes a fixed cash payment of GBP 17 m, GBP 2 m

payable the form of a promissory note (for which the nominal amount may increase or decrease depending on the net proceeds of a planned sale/leaseback deal for Excitech's office building), and approximately GBP 3 m in cash in respect of net cash and working capital. The purchase price represents an Enterprise Value of approximately GBP 15 m (cash and debt-free basis, excluding the value of the office building). The transaction was carried out in two steps. On 16 January 2020, 55 per cent of the shares in Excitech were acquired, and the remaining 45 per cent of the shares were acquired in early June 2020, at which the contracted, combined call and put options were exercised. The sales price for the office building is hard to assess and will depend on the length of future leases and the market development, among other things. Excitech is consolidated as from January 2020 as part of Addnode Group's Design Management division.

*Preliminary purchase price allocation analysis for Excitech Ltd (GBP m):*

<i>Acquired net assets at the acquisition date</i>	
<i>Intangible assets</i>	5
<i>Other non-current assets</i>	4
<i>Current assets</i>	8
<i>Cash and cash equivalents</i>	4
<i>Liabilities</i>	-9
<b>Net identifiable assets</b>	<b>12</b>
<i>Goodwill</i>	10
<b>Calculated purchase price</b>	<b>22</b>

#### Acquisition after the end of the reporting period

On 1 July 2020 Addnode Group acquired 50.1 per cent of the shares in Netpublicator Apps AB ("Netpublicator"), which develops SaaS solutions for digital document and meeting management in conjunction with public administration meetings. The company's net sales in 2019 amounted to approximately SEK 16 m, with good profitability. The remaining 49.9 per cent will be acquired incrementally in 2021, 2022 and 2023, where the final purchase price will be determined based on Netpublicator's financial results. Netpublicator will be consolidated in Addnode Group as from July 2020 as part of the Process Management division. The acquisition was financed through Addnode's existing credit facilities.

#### 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 2020.

#### RELATED PARTY TRANSACTIONS

During the first six months of the year, the Chairman of the Board, Staffan Hanstorp, via company, invoiced the Parent Company SEK 1.4 m (1.5) in fees for consulting services associated with the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters.

#### PARENT COMPANY

During the first half of 2020 net sales amounted to SEK 3 m (8) pertaining mainly to invoicing to subsidiaries for rents of premises and performed services. Profit after financial items totalled SEK -99 m (130) including SEK 17 m (164) in dividends from subsidiaries and write-downs of shares in subsidiaries by SEK 85 m (-). Cash and cash equivalents amounted to SEK 533 m (61) on 30 June 2020. Investments pertaining to shares in subsidiaries amounted to SEK 312 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 2020, Jan Andersson, Kristofer Arwin, Johanna Frelin, Staffan Hanstorp, Sigrun Hjelmquist and Thord Wilkne were re-elected as board members. Kristina Willgård was elected as a new board member. Staffan Hanstorp was re-elected as Chairman of the Board. 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. Against the background of the uncertainty surrounding the COVID-19 pandemic's course and impact on operations, the AGM on 7 May 2020 resolved in accordance with the Board's recommendation that no dividend shall be paid for 2019.

#### SEASONAL VARIATIONS

The fourth quarter historically has the highest level of revenue and EBITA, but in pace with growth in the share of recurring revenue, the Group's seasonal variations are levelling out.

#### ACCOUNTING POLICIES

##### General

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated accounts have been prepared in accordance with 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. Amendments and interpretations of existing standards that became effective in 2020 have not had any impact on the Group's financial position or the financial statements. The accounting policies and calculation methods are unchanged compared with the description in the 2019 Annual Report.

##### Government assistance

During 2020 the Group has received access to government assistance as part of the measures taken by the authorities in several of the countries in Europe in which

the Group's companies are active. The government assistance pertains to short-term furloughs, reductions in social security taxes and compensation for sick pay. In certain countries the government assistance has not been paid out to the companies, but directly to the employees. In either case it has resulted in lower costs for the Group. In accordance with IAS 20, the government assistance has been reported net in personnel costs.

The government assistance, which reduced the Group's personnel costs during the second quarter of 2020, amounted to SEK 29 m. Of this total, SEK 8 m is conditional upon the actual earnings performance. The condition is deemed to have been met.

Approximately 500 employees (corresponding to approximately 130 full-time equivalents) were covered by short-term furloughs during the second quarter of 2020.

#### **SIGNIFICANT RISKS AND UNCERTAINTIES**

Addnode Group's significant risks and uncertainties are described in the 2019 Annual Report on pages 52-53 and in the section "Risks and uncertainties" on page 66, as well as in notes 38 and 39 on pages 119-122. With the COVID-19 pandemic, a need has also arisen to update the Group's risk assessment.

There is great uncertainty regarding the extent to which the ongoing pandemic's impact will be on society in general and on the global economy. It is also hard to estimate how long the pandemic will last. It is therefore also challenging to assess the effects on Addnode Group's earnings and financial position. The Group's operations are diversified with respect to the offerings, customer segments and geographies, which by themselves entail a diversification of risk which in other challenging times has proved to be a strength. Measures have been taken to safeguard the employees' health at the same time that the delivery models have been adapted to ensure that the Group can continue to deliver to customers remotely. To counter the lower sales volumes, the level of costs has been reduced through short-term furloughs, employee layoffs and voluntary salary reductions. To be able to make further changes in operations when needed, scenario planning and action plans are being continuously updated to ensure operational and financial flexibility.

#### **FUTURE OUTLOOK**

The Board has not changed its assessment of the long-term future outlook compared with the preceding quarter. In the interim report for the first quarter of 2020 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.

During the second quarter of 2020 the COVID-19 pandemic impacted Addnode Group's business to varying degrees. In the Design Management and Product Lifecycle Management divisions, clear declines were noted in new sales of licences and services. In the public sector, which is where the Process Management division is active, demand remained stable. The Board notes that there is a significant risk that the ongoing pandemic may have a financial impact for Addnode Group also in coming quarters. As a result of the current uncertainty and the changing situation, it is not possible at present to foresee the duration or scope of the pandemic and its impacts. The decision to not issue 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, 17 July 2020

**Staffan Hanstorp**  
Chairman of the Board

**Jan Andersson**  
Director

**Kristofer Arwin**  
Director

**Johanna Frelin**  
Director

**Sigrun Hjelmquist**  
Director

**Thord Wilkne**  
Director

**Kristina Willgård**  
Director

**Johan Andersson**  
President and CEO

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

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENTS

SEK m	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Full year
Net sales	846	864	2,080	1,722	3,434
Purchases of goods and services	-358	-350	-989	-717	-1,425
Other external costs	-61	-76	-142	-146	-299
Personnel costs	-373	-358	-784	-689	-1,355
Capitalised work performed by the company for its own use	21	16	40	28	57
Depreciation/amortisation and impairment of					
- property, plant and equipment	-22	-22	-44	-42	-85
- intangible non-current assets	-32	-28	-63	-54	-109
Profit/loss on sale of business	3	-	3	-	-
<b>Operating profit</b>	<b>24</b>	<b>46</b>	<b>101</b>	<b>102</b>	<b>218</b>
Financial income	0	1	3	2	4
Financial expenses	-7	-3	-12	-10	-21
Remeasurements of contingent earn-out payments	0	-	0	-24	-26
<b>Profit before taxes</b>	<b>17</b>	<b>44</b>	<b>92</b>	<b>70</b>	<b>175</b>
Current tax	-8	-11	-29	-24	-53
Deferred tax	5	0	8	2	7
<b>Net profit for the period</b>	<b>14</b>	<b>33</b>	<b>71</b>	<b>48</b>	<b>129</b>
<i>Attributable to:</i>					
Owners of the Parent Company	14	33	71	48	129
<b>Share data</b>					
Earnings per share before and after dilution, SEK	0.42	0.99	2.12	1.44	3.86
Average number of shares outstanding:					
Before and after dilution	33,427,256	33,427,256	33,427,256	33,427,256	33,427,256

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Full year
Net profit for the period	14	33	71	48	129
<i>Other comprehensive income, items that will not be reclassified to profit or loss:</i>					
Actuarial gains and losses on pension obligations	-	-	-	-	-1
Capital gain on long-term securities holding	-	-	-	-	4
<i>Other comprehensive income, items that may be reclassified to profit or loss:</i>					
Exchange rate difference upon translation of foreign operations	-84	-7	-75	55	67
Hedge of net investments in foreign operations	46	12	41	-26	-44
<b>Total other comprehensive income after tax for the period</b>	<b>-38</b>	<b>5</b>	<b>-34</b>	<b>29</b>	<b>26</b>
<b>Comprehensive income for the period</b>	<b>-24</b>	<b>38</b>	<b>37</b>	<b>77</b>	<b>155</b>
<i>Attributable to:</i>					
Owners of the Parent Company	-24	38	37	77	155

## CONSOLIDATED BALANCE SHEETS

SEK m	2020 30 Jun	2019 30 Jun	2019 31 Dec
<b>Assets</b>			
Goodwill	1,694	1,582	1,588
Other intangible non-current assets	346	328	306
Property, plant and equipment	203	164	169
Financial assets	52	27	30
<b>Total non-current assets</b>	<b>2,295</b>	<b>2,101</b>	<b>2,093</b>
Inventories	2	1	1
Current receivables	652	822	781
Cash and cash equivalents	675	153	294
<b>Total current assets</b>	<b>1,329</b>	<b>976</b>	<b>1,076</b>
<b>Total assets</b>	<b>3,624</b>	<b>3,077</b>	<b>3,169</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	1,447	1,332	1,410
Non-current liabilities	187	155	155
Current liabilities	1,990	1,590	1,604
<b>Total shareholders' equity and liabilities</b>	<b>3,624</b>	<b>3,077</b>	<b>3,169</b>
Interest-bearing receivables amount to	1	0	0
Interest-bearing liabilities amount to	793	582	615
Pledged assets	9	6	9
Contingent liabilities	12	1	2

## SHAREHOLDERS' EQUITY AND NUMBER OF SHARES

Specification of changes in shareholders' equity, SEK m	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Full year
<b>Shareholders' equity, opening balance</b>	<b>1,471</b>	<b>1,378</b>	<b>1,410</b>	<b>1,339</b>	<b>1,339</b>
Dividend	-	-84	-	-84	-84
Comprehensive income for the period	-24	38	37	77	155
<b>Shareholders' equity, closing balance</b>	<b>1,447</b>	<b>1,332</b>	<b>1,447</b>	<b>1,332</b>	<b>1,410</b>
<b>Shareholders' equity attributable to:</b>					
Owners of the Parent Company	1,447	1,332	1,447	1,332	1,410
<b>Number of shares outstanding, opening balance and closing balance</b>	<b>33,427,256</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 30 June 2020 nor 31 December 2019.

## CONSOLIDATED CASH FLOW STATEMENTS

SEK m	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Full year
<b>Operating activities</b>					
Operating profit	24	46	101	102	218
Adjustment for non-cash items	73	50	126	93	195
<b>Total</b>	<b>97</b>	<b>96</b>	<b>227</b>	<b>195</b>	<b>413</b>
Net financial items	0	-2	-3	-8	-16
Tax paid	-12	-17	-25	-37	-48
<b>Cash flow from operating activities before changes in working capital</b>	<b>85</b>	<b>77</b>	<b>199</b>	<b>150</b>	<b>349</b>
Total change in working capital	103	-97	265	57	64
<b>Cash flow from operating activities</b>	<b>188</b>	<b>-20</b>	<b>464</b>	<b>207</b>	<b>413</b>
<b>Investing activities</b>					
Purchases and sales of intangible assets and property, plant and equipment	-22	-22	-47	-40	-79
Sales of financial assets	-	-	-	-	6
Acquisitions of subsidiaries and operations	-116	-130	-249	-220	-255
Cash and cash equivalents in acquired companies	-	7	54	7	7
<b>Cash flow from investing activities</b>	<b>-138</b>	<b>-145</b>	<b>-242</b>	<b>-253</b>	<b>-321</b>
<b>Financing activities</b>					
Paid dividend	-	-84	-	-84	-84
Borrowings	119	-	220	68	116
Repayment of loans	-17	-153	-34	-189	-236
<b>Cash flow from financing activities</b>	<b>102</b>	<b>-237</b>	<b>186</b>	<b>-205</b>	<b>-204</b>
Change in cash and cash equivalents	152	-402	408	-251	-112
Cash and cash equivalents at start of period	559	553	294	387	387
Exchange rate difference in cash and cash equivalents	-36	2	-27	17	19
<b>Cash and cash equivalents at end of period</b>	<b>675</b>	<b>153</b>	<b>675</b>	<b>153</b>	<b>294</b>

## PARENT COMPANY FINANCIAL STATEMENTS

### PARENT COMPANY INCOME STATEMENTS

SEK m	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Full year
Net sales	2	6	3	8	16
Operating expenses	-13	-14	-28	-28	-54
<b>Operating profit</b>	<b>-11</b>	<b>-8</b>	<b>-25</b>	<b>-20</b>	<b>-38</b>
Profit/loss from participations in Group companies	-68	131	-68	164	343
Other financial income	0	1	4	1	4
Financial expenses	-5	-8	-10	-15	-24
<b>Profit after financial items</b>	<b>-84</b>	<b>116</b>	<b>-99</b>	<b>130</b>	<b>285</b>
Transfer to tax allocation reserve	-	-	-	-	-22
<b>Profit before taxes</b>	<b>-84</b>	<b>116</b>	<b>-99</b>	<b>130</b>	<b>263</b>
Tax	-	-	-	-	-14
<b>Net profit for the period</b>	<b>-84</b>	<b>116</b>	<b>-99</b>	<b>130</b>	<b>249</b>

### PARENT COMPANY BALANCE SHEETS

SEK m	2020 30 Jun	2019 30 Jun	2019 31 Dec
<b>Assets</b>			
Intangible non-current assets	0	0	0
Financial assets	2,298	2,104	2,073
Current receivables	34	105	90
Cash and cash equivalents	533	61	235
<b>Total assets</b>	<b>2,865</b>	<b>2,270</b>	<b>2,398</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	1,178	1,160	1,278
Untaxed reserves	72	50	72
Provisions	72	13	8
Current liabilities	1,543	1,047	1,040
<b>Total shareholders' equity and liabilities</b>	<b>2,865</b>	<b>2,270</b>	<b>2,398</b>



## OPERATING SEGMENTS

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

SEK m	Design Management		PLM		Process Management		Central		Eliminations		Addnode Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Revenue</b>												
External sales	1,098	704	569	625	413	393	0	0	-	-	2,080	1,722
Transactions between segments	3	2	2	2	6	7	1	7	-12	-18	0	0
<b>Total revenue</b>	<b>1,101</b>	<b>706</b>	<b>571</b>	<b>627</b>	<b>419</b>	<b>400</b>	<b>1</b>	<b>7</b>	<b>-12</b>	<b>-18</b>	<b>2,080</b>	<b>1,722</b>
EBITA	112	78	1	48	73	51	-22	-21			164	156
EBITA margin, %	10.2	11.0	0.2	7.7	17.4	12.8					7.9	9.1
Operating profit	83	54	-15	33	56	36	-23	-21			101	102
Operating margin, %	7.5	7.6	-2.6	5.3	13.4	9.0					4.9	5.9
Average number of employees	600	423	709	617	522	514	7	8			1,838	1,562

SEK m	Design Management		PLM		Process Management		Central		Eliminations		Addnode Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Licences	37	13	52	76	14	17	-	-	-	-	103	106
Recurring revenue	917	576	345	350	175	162	-	-	-2	-4	1,435	1,084
Services	128	113	169	195	219	208	-	-	-4	-2	512	514
Other	19	4	5	6	11	13	1	7	-6	-12	30	18
<b>Total revenue</b>	<b>1,101</b>	<b>706</b>	<b>571</b>	<b>627</b>	<b>419</b>	<b>400</b>	<b>1</b>	<b>7</b>	<b>-12</b>	<b>-18</b>	<b>2,080</b>	<b>1,722</b>

Addnode Group's operations are organised and governed based on the Design Management, Product Life-cycle Management (PLM) and Process Management divisions, which make up the Group's operating segments. Within Addnode Group's three divisions the subsidiaries deliver software and digital solutions to customers in sectors such as construction and real estate, manufacturing, the auto industry, life sciences and the public sector. The solutions that Addnode Group provides make it possible for our customers, with the help of digital work methods, to quality-assure their production and communicate more effectively with customers and citizens. The segment breakdown is based on the Group's products and services.

No changes have been made in the segment breakdown since the most recently published annual report.

The difference between the sum of the segments' operating profits and consolidated profit before tax pertains to financial income of SEK 3 m (2), financial expenses of SEK -12 m (-10), and remeasurements of contingent consideration totalling SEK 0 m (-24).

As a result of completed company acquisitions, operating capital in the Design Management division has increased by approximately SEK 234 m compared with the information provided in the most recent annual report. Operating capital is defined as the sum of goodwill and other intangible non-current assets, property, plant and equipment excluding leases, financial assets, trade receivables and other operating assets less trade payables and other operating liabilities.

In other respects, no significant changes have taken place regarding the segments' operating capital compared with the information provided in the most recent annual report.

## KEY FIGURES - QUARTERLY

SEK m	2020		2019				2018		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales, SEK m	846	1,234	933	779	864	858	840	648	717
<i>Design Management</i>	379	722	382	299	336	370	303	218	245
<i>Product Lifecycle Management</i>	267	304	334	311	335	292	331	264	285
<i>Process Management</i>	205	214	223	174	199	201	211	169	192
EBITA, SEK m	56 <sup>1</sup>	108	100	71	74	82	105	65	62
<i>Design Management</i>	36	76	38	30	35	43	44	24	20
<i>Product Lifecycle Management</i>	-9 <sup>1</sup>	10	33	23	29	19	39	25	25
<i>Process Management</i>	37	36	38	25	22	30	33	24	24
EBITA margin, %	6.6 <sup>1</sup>	8.8	10.7	9.1	8.6	9.6	12.5	10.0	8.6
<i>Design Management</i>	9.5	10.5	9.9	10.0	10.4	11.6	14.5	11.0	8.2
<i>Product Lifecycle Management</i>	-3.4 <sup>1</sup>	3.3	9.9	7.4	8.7	6.5	11.8	9.5	8.8
<i>Process Management</i>	18.0	16.9	17.0	14.4	11.1	14.9	15.6	14.2	12.5
Average number of employees	1,789	1,788	1,629	1,607	1,596	1,524	1,496	1,467	1,447
<i>Design Management</i>	569	562	405	406	416	419	417	407	407
<i>Product Lifecycle Management</i>	682	685	680	662	642	596	570	555	538
<i>Process Management</i>	531	534	539	533	530	501	501	498	495
Net sales per employee, SEK 000s	473	690	573	485	541	563	561	442	496
Change in net sales, %	-2	44	11	20	21	16	8	21	22
Operating margin, %	2.8	6.2	7.8	5.5	5.3	6.5	9.5	6.2	5.4
Equity, SEK m	1,447	1,471	1,410	1,372	1,332	1,378	1,339	1,288	1,270
Return on shareholders' equity, % <sup>2</sup>	10.9	12.0	9.4	11.0	11.0	11.4	13.1	12.7	10.3
Equity/assets ratio, %	40	38	44	46	43	40	44	45	42
Return on capital employed, % <sup>2</sup>	10.6	11.2	10.0	11.2	11.0	10.5	12.3	12.2	10.8
Net debt, SEK m	117	175	321	427	429	195	158	242	118
Investments in equipment, SEK m	2	5	8	7	5	6	4	2	5

<sup>1</sup> In Q2 2020, EBITA was charged with one-off costs of SEK 20 m attributable to adaptation of the organisation and cost structure in the Product Lifecycle Management division. Excluding these restructuring costs, consolidated EBITA would have amounted to SEK 76 m, for an EBITA margin of 9.0 per cent. EBITA for Product Lifecycle Management division would have amounted to SEK 11 m, for an EBITA margin of 4.1 per cent.

<sup>2</sup> Key ratios are adjusted to reflect returns on a yearly basis.

## SHARE DATA

	2020		2019				2018		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Average number of shares outstanding before and after dilution, millions	33.4	33.4	33.4	33.4	33.4	33.4	33.4	33.4	30.8
Total number of shares outstanding, millions	33.4	33.4	33.4	33.4	33.4	33.4	33.4	33.4	33.4
Total number of registered shares, millions	33.4	33.4	33.4	33.4	33.4	33.4	33.4	33.4	33.4
Earnings per share before and after dilution, SEK	0.42	1.71	1.50	0.93	0.99	0.45	2.00	0.84	0.91
Cash flow from operating activities per share, SEK	5.62	8.26	5.18	0.96	-0.60	6.76	3.41	-1.82	0.88
Shareholders' equity per share, SEK	43.29	44.01	42.18	41.04	39.85	41.22	40.06	38.53	38.02
Share price at end of period, SEK	178.00	146.00	178.50	158.50	154.00	132.00	103.50	116.00	89.40
Share price/shareholders' equity	4.11	3.32	4.23	3.86	3.86	3.20	2.58	3.01	2.35

## 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 are to 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 20.*

### 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 non-current assets. The measure is an expression of operating profit before amortisation and impairment of intangible non-current 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 strategic investments and to assess the Group's possibilities to meet financial obligations. The key ratio is an expression of the level of financial borrowing in absolute amount after deducting cash and cash equivalents.

#### RECONCILIATION OF EBITA

	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Full year
Operating profit	24	46	101	102	218
Amortisation and impairment of intangible non-current assets	32	28	63	54	109
<b>EBITA</b>	<b>56</b>	<b>74</b>	<b>164</b>	<b>156</b>	<b>327</b>

#### RECONCILIATION OF NET DEBT

	2020 30 Jun	2019 30 Jun	2019 31 Dec
Non-current liabilities	187	155	155
Current liabilities	1,990	1,590	1,604
Noninterest-bearing non-current and current liabilities	-1,384	-1,163	-1,144
<b>Total interest-bearing liabilities</b>	<b>793</b>	<b>582</b>	<b>615</b>
Cash and cash equivalents	-675	-153	-294
Other interest-bearing receivables	-1	0	0
<b>Net debt (+)/receivable (-)</b>	<b>117</b>	<b>429</b>	<b>321</b>

## DEFINITIONS

### Average number of employees

Average number of employees during the period (full-time equivalents).

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

### Return on shareholders' equity

Net profit for the period as a percentage of average shareholders' equity. Based on profit for the last 12 months and the average of the 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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