

# INTERIM REPORT 1 JANUARY–31 MARCH 2020

*This is a translation of the Swedish original of Addnode Group's interim report for the period 1 January–31 March 2020. In the event of any discrepancies between the two versions, the original Swedish version shall apply.*

## FIRST QUARTER SUMMARY, JANUARY–MARCH 2020

- Net sales increased to SEK 1,234 m (858), representing growth of 44 per cent, of which 10 percentage points was organic. Currency-adjusted organic growth was 9 per cent.
- EBITA increased to SEK 108 m (82), for an EBITA margin of 8.8 per cent (9.6).
- Operating profit increased to SEK 77 m (56), for an operating margin of 6.2 per cent (6.5).
- Profit after tax increased to SEK 57 m (15). Profit for the preceding year was charged with SEK 24 m in remeasurements of contingent consideration.
- Earnings per share increased to SEK 1.71 (0.45).
- Cash flow from operating activities increased to SEK 276 m (226).
- Strategic acquisition of the British company Excitech, with GBP 50 m in annual net sales.
- Expansion of acquisition credit facility by SEK 250 m.
- Lotta Jarleryd appointed CFO of Addnode Group.
- Uncertainty surrounding the impact of the COVID-19 pandemic resulted in the Board's withdrawal of its dividend proposal.
- Measures initiated to capacity customize operations to the prevailing conditions caused by the coronavirus crisis.

# 71%

Share of recurring revenue Q1 2020

# 44%

Net sales growth Q1 2020 compared with Q1 2019

# 3,810 SEK m

Net sales, April 2019 – March 2020

## KEY FIGURES

	2020 Jan–March	2019 Jan–March	2019 Full-year
Net sales, SEK m	1,234	858	3,434
EBITA, SEK m	108	82	327
EBITA margin, %	8.8	9.6	9.5
Operating profit, SEK m	77	56	218
Operating margin, %	6.2	6.5	6.3
Profit for the period*, SEK m	57	15	129
Earnings per share*, SEK	1.71	0.45	3.86
Cash flow from operating activities, SEK m	276	226	413
Return on shareholders' equity, %	12.0	11.4	9.4
Return on capital employed, %	11.2	10.5	10.0
Shareholders' equity per share, SEK	44.01	41.22	42.18

\* Profit for the period January–March 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 1.71 (1.17).

For more information, please contact:

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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.



“We started out 2020 with a record quarter. Although we are facing challenges in the immediate future, we are well-positioned for continued profitable growth in a world where digital solutions are of decisive importance for our customers’ competitiveness.”

## VERY STRONG START TO A CHALLENGING YEAR

### First quarter 2020

We started out 2020 with a record quarter. Never before have we had higher net sales or EBITA. Growth was 44 per cent, of which 10 percentage points was organic. Recurring revenue accounted for 71 per cent of net sales. EBITA increased to SEK 108 m (82), and cash flow from operating activities increased to SEK 276 m (226). Cash flow is strong, as a large share of our annual maintenance contracts are paid in advance. The COVID-19 pandemic had a negligible effect on Addnode Group’s first quarter results in 2020, but it will impact coming quarters.

Design Management posted a near doubling of net sales, with growth of 95 per cent, of which 24 percentage points was organic. Growth was driven mainly by strong sales by the Group companies Symetri and newly acquired Excitech, which together form the largest, market-leading Autodesk partner in the Nordic countries and the UK. More and more customers are discovering the value of our broad and deep competence in design and BIM as well as of the digital solutions and services we offer.

Product Lifecycle Management’s growth was 4 per cent, of which -1 percentage point was organic. We have not been able to fully adapt the organisation’s size to a lower rate of growth. This has affected profitability, and measures will be taken to scale down the organisation.

Process Management delivered growth of 6 per cent, of which 2 percentage points was organic. The EBITA margin improved to 16.9 per cent (14.9). Our digital solutions for case management for authorities and for planning and follow-up of elderly care activities and pharmacy management contributed to an improved margin.

### Measures being taken to address the COVID-19 pandemic

We are well equipped, both operationally and financially, to take on the challenges awaiting us. From experience we know that the inherent diversification of our business is a strength in tougher times. During the initial stages of the pandemic our focus has been our employees’ health and successfully changing over to home work routines.

Like everyone else, we are dependent on the course of the pandemic and are affected by various measures to slow the spread. In our scenario planning we assume that demand will be relatively stable in the Process Management division, with an overwhelming majority of customers in the public sector, while new sales will be negatively impacted in the Design Management and PLM divisions, as many customers are in industries that are being significantly impacted by the COVID-19 pandemic, including the auto industry, manufacturing, and the oil & gas sector.

We are actively optimising what we can influence ourselves and are cutting costs with a focus on being able to retain our competent employees during a time of weaker demand. Unfortunately, employees will be given notice. However, above all furloughs, reductions in working time, salary cuts, fewer hired-in consultants and general cost-cutting will generate an effect starting in the second quarter. We are continuously analysing the situation and are prepared to take additional measures if needed.

### Digitalisation for more and more customers in more and more industries

Even though we face challenges in the immediate future, we are well-positioned for continued profitable growth in a world in which digital solutions are of decisive importance for our customers’ competitiveness. In order for our customers in both the private and public sectors to be able to develop new products and services, and be efficient and sustainable, digital solutions are needed to simulate, design, build and produce, but also to process large volumes of information in a smart and secure way. We are providing these solutions to more and more customers in more and more industries.

**Johan Andersson**  
President and CEO

## SIGNIFICANT EVENTS

### DURING THE FIRST QUARTER OF 2020

#### Acquisition of Excitech Ltd

On 16 January Addnode Group signed an agreement to acquire Excitech Ltd (“Excitech”), the UK’s leading provider of BIM, design software and services with annual sales of approximately GBP 50 m and more than 3,500 customers and 150 employees. Excitech is the largest Autodesk Platinum Partner in the UK market. The purchase price was GBP 22 m, and the transaction will be finalised in two steps. The purchase price represents an Enterprise Value of approximately GBP 15 m (on a cash and debt-free basis, excluding the value of the company’s office building). See also page 9.

#### Expansion of acquisition credit facility

In January Addnode Group AB expanded its existing acquisition credit facility by SEK 250 m to a total of SEK 1,000 m. The new credit has not been utilised.

#### CFO appointed

In February 2020 Lotta Jarleryd was appointed CFO after serving as interim CFO since September 2019.

#### COVID-19 pandemic and dividend proposal

In response to the COVID-19 outbreak, Addnode Group worked intensively towards the end of the quarter on analysing and assessing the pandemic’s impact on opera-

tions. Action plans were drawn up, and a number of measures were taken to safeguard the employees’ health, ensure deliveries to customers and balance capacity and costs. As a consequence of the uncertainty regarding the pandemic’s progression, on 30 March the Board of Directors decided to withdraw its previously communicated proposal for a dividend of SEK 2.50 per share and to instead propose that no dividend be paid for 2019.

#### Adaptation of operations

Since March 2020 Addnode Group has been implementing measures to adjust the operations’ capacity to the prevailing conditions caused by corona crisis. The government support measures that have been offered in various countries, including flexible solutions for being able to retain valuable competence over the long term, are being continuously evaluated. Cost-cutting measures are mainly affecting certain companies in the Design Management and PLM divisions, with focus on shorter work hours, fewer hired-in consultants and general cost-cutting. Staff reductions are also being made to adapt operations to the changed market conditions.

#### AFTER THE END OF THE REPORTING PERIOD

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

### 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 makes 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.

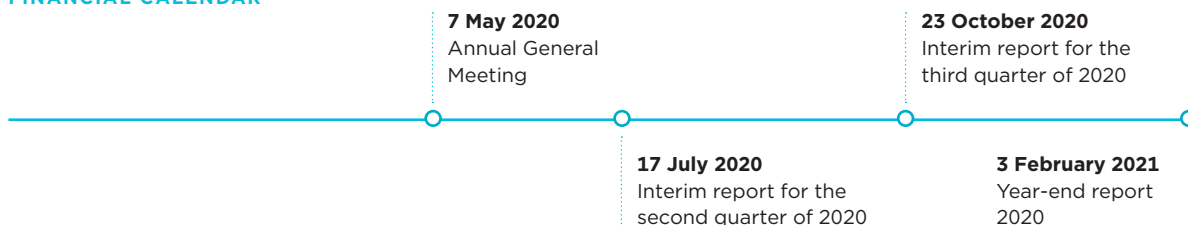
#### WHERE WE ARE ACTIVE

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.

### FINANCIAL CALENDAR



## CONSOLIDATED NET SALES, EARNINGS AND CASH FLOW

### FIRST QUARTER, JANUARY–MARCH 2020

The impact of the corona crisis on the Group's earnings and financial position was limited during the first quarter of 2020. The Design Management and Process Management divisions showed good growth and earnings improvement, while the Product Lifecycle Management division was hurt by challenging marketing conditions and excessively high costs in relation to revenue.

Net sales amounted to SEK 1,234 m (858), representing growth of 44 per cent, of which 10 percentage points was organic. Currency-adjusted organic growth was 9 per cent. Acquired growth pertained mainly to Excitech, which was acquired in January 2020 and performed well during the first quarter.

Licence revenue increased to SEK 60 m (50), recurring revenue increased to SEK 882 m (545), service revenue increased to SEK 273 m (254), and other revenue increased to SEK 19 m (9). The share of recurring revenue increased from 64 to 71 per cent, mainly attributable to the Design Management division. Both newly acquired

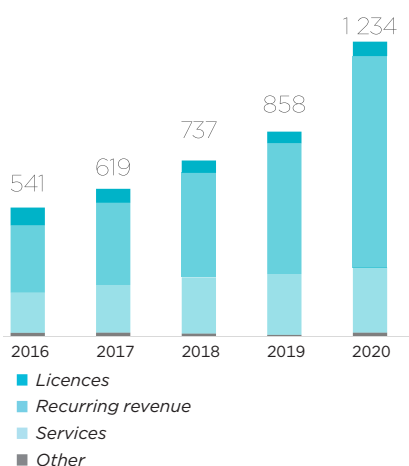
Excitech and sales of three-year licence agreements contributed to the increase in recurring revenue during the quarter. EBITA increased to SEK 108 m (82), for an EBITA margin of 8.8 per cent (9.6).

Cash flow from operating activities increased to SEK 276 m (226), which is attributable to the favourable earnings performance and to the fact that a large share of maintenance contracts are paid in advance at the start of the year.

Net financial items amounted to SEK -2 m (-30). The Group's net financial items were weighed down in the preceding year by remeasurements of contingent consideration, with a net effect of SEK -24 m.

Reported tax on profit for the period was SEK -18 m (-11), and profit after tax increased to SEK 57 m (15). Excluding the remeasurement of contingent consideration, profit after tax increased to SEK 57 m (39). Earnings per share increased to SEK 1.71 (0.45) and to SEK 1.71 (1.17) excluding remeasurements of contingent consideration.

BREAKDOWN OF REVENUE, Q1 2016–2020



BREAKDOWN OF REVENUE, Q1 2020



## DEVELOPMENT PER DIVISION

### NET SALES AND EBITA, Q1

SEK m	Net sales			EBITA		
	2020 Q1	2019 Q1	Change %	2020 Q1	2019 Q1	Change %
Design Management	722	370	95	76	43	77
Product Lifecycle Management	304	292	4	10	19	-47
Process Management	214	201	6	36	30	20
Eliminations/central costs	-6	-5		-14	-10	
<b>Addnode Group</b>	<b>1,234</b>	<b>858</b>	<b>44</b>	<b>108</b>	<b>82</b>	<b>32</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

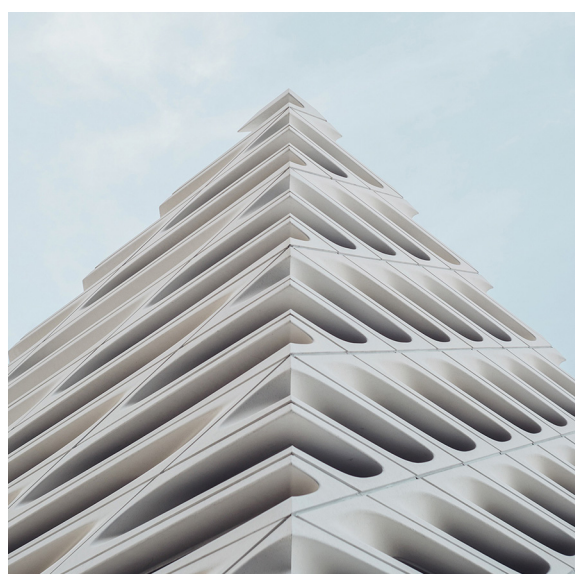
Net sales increased by 95 per cent during the first quarter of 2020, to SEK 722 m (370). Organic growth was strong, at 24 per cent. Adjusted for currency effects, organic growth was 23 per cent. EBITA was SEK 76 m (43), for an EBITA margin of 10.5 per cent (11.6). Demand for the Autodesk offering with the Group's own complementary products remained favourable, especially in the UK and in the AEC segment. Excitech, acquired in January 2020, performed well. The division's offering, based on proprietary software surrounding BIM and collaboration portals for the construction and infrastructure sectors as well as property management, had a stable quarter. The share of recurring revenue increased further, from 81 to 86 per cent.

### NEW BUSINESS

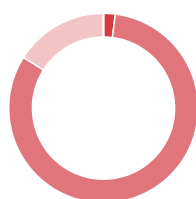
During the quarter the division secured agreements with customers such as Atos, Clancy Consulting, Flexlink, Greenwich University, Heathrow Airport, ISG and the Gävleborg and Kronoberg regions.

### 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' willingness to invest is driven by the need to design, build and manage products, facilities and infrastructure.



### NET SALES Q1 2020 BY TYPE OF REVENUE



- Licences, 3%
- Recurring revenue, 86%
- Services, 10%
- Other, 1%

### NET SALES GROWTH Q1 2020 COMPARED WITH Q1 2019

**+95%**

### EBITA Q1 2020 COMPARED WITH Q1 2019

**+77%**

### KEY FIGURES

SEK m	Q1 2020	Q1 2019	Change %
Net sales	722	370	95
EBITA	76	43	77
EBITA margin, %	10.5	11.6	
Operating profit	61	32	91
Operating margin, %	8.4	8.6	
Average no. employees	562	419	34

## 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

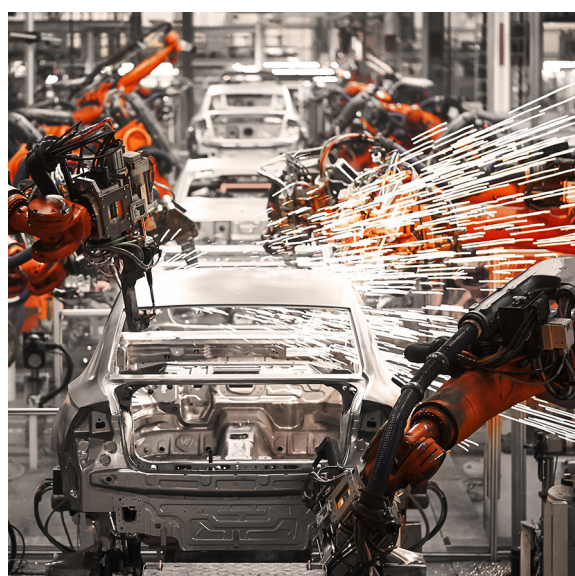
Net sales increased by 4 per cent during the first quarter of 2020, to SEK 304 m (292). Organic growth was -1 per cent. Adjusted for currency effects, organic growth was -3 per cent. EBITA decreased to SEK 10 m (19), for an EBITA margin of 3.3 per cent (6.5). The recession in Germany and cutbacks in the automotive and manufacturing industries reduced customers' willingness to invest. In the Nordic countries and Benelux, demand for consulting services and simulation solutions was good. Measures have been initiated to adapt the cost structure in the division.

### NEW BUSINESS

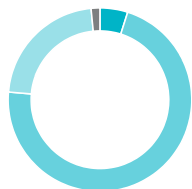
During the quarter the division secured agreements with customers such as 3CON, Arla Foods, B. Braun, EDAG, Gordon Murray Design, Koenigsegg Automotive, Husqvarna, Lehto Group, Stadler Rail and Vanderlande Industries.

### 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 Q1 2020 BY TYPE OF REVENUE



- Licences, 11%
- Recurring revenue, 58%
- Services, 30%
- Other, 1%

### NET SALES GROWTH Q1 2020 COMPARED WITH Q1 2019

+4%

### EBITA Q1 2020 COMPARED WITH Q1 2019

-47%

### KEY FIGURES

SEK m	Q1 2020	Q1 2019	Change %
Net sales	304	292	4
EBITA	10	19	-47
EBITA margin, %	3.3	6.5	
Operating profit	2	12	-83
Operating margin, %	0.7	4.1	
Average no. employees	685	596	15

## 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 6 per cent during the first quarter of 2020 to SEK 214 m (201). Organic growth was 2 per cent. Adjusted for currency effects, organic growth was 2 per cent. EBITA increased to SEK 36 m (30), for an EBITA margin of 16.9 per cent (14.9). Demand for the division's citizen service solutions and municipal technical systems and peripheral services remained good during the quarter. The division's businesses are well-positioned for public sector tenders owing to attractive digital solutions, extensive experience and good references.

### NEW BUSINESS

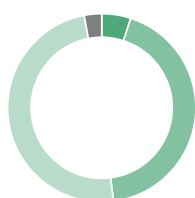
During the quarter the division secured agreements with customers such as the Swedish Energy Agency, Höglandsförbundet, the City of Mölndal, the Swedish Environmental Protection Agency, SAAB, SCA Skog and the Swedish National Board of Health and Welfare.

### 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 Q1 2020 BY TYPE OF REVENUE



- Licences, 2%
- Recurring revenue, 41%
- Services, 54%
- Other, 3%

### NET SALES GROWTH Q1 2020 COMPARED WITH Q1 2019

+6%

### EBITA Q1 2020 COMPARED WITH Q1 2019

+20%

### KEY FIGURES

SEK m	Q1 2020	Q1 2019	Change %
Net sales	214	201	6
EBITA	36	30	20
EBITA margin, %	16.9	14.9	
Operating profit	28	22	27
Operating margin, %	13.1	10.9	
Average no. employees	534	501	7



## CONSOLIDATED BALANCE SHEET AND CASH FLOW

### LIQUIDITY AND FINANCIAL POSITION

The Group's available liquidity amounted to SEK 659 m (653). This includes, in addition to cash and cash equivalents of SEK 559 m (553), 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 410 m (177) was unutilised as per 31 March 2020. Liabilities pertaining to promissory notes and other liabilities for completed acquisitions amounted to SEK 173 m (30), and estimated contingent consideration for completed company acquisitions amounted to SEK 25 m (58). The Group's interest-bearing liabilities amounted to SEK 734 m (748) as per 31 March 2020, of which lease liabilities amounted to SEK 132 m (130). Net debt amounted to SEK 175 m (195), and the equity/assets ratio was 38 per cent (40) on 31 March 2020.

### CASH FLOW

Cash flow from operating activities to date in 2020 increased to SEK 276 m (226), which is attributable to the favourable earnings performance and to the fact that a large share of maintenance contracts are paid for in advance. Investments in subsidiaries and businesses resulted in a negative cash flow of SEK 79 m (90), of which SEK 2 m pertains to company acquisitions carried out in previous years. Cash flow from investing activities also includes outgoing payments of SEK 20 m (12) for proprietary software. New bank borrowing of SEK 101 m was taken out within the framework of existing credit facilities. Cash flow from financing activities was negatively affected by SEK 17 m in amortisation of lease liabilities.

### INVESTMENTS

Investments in intangible non-current assets and in property, plant and equipment amounted to SEK 51 m (19), of which SEK 20 m (12) pertains to proprietary software, SEK 5 m (6) to equipment and SEK 25 m to leases for office premises.

### GOODWILL AND OTHER INTANGIBLE ASSETS

The Group's carrying amount of goodwill on 31 March 2020 was SEK 1,751 m (1,531). Other intangible assets amounted to SEK 368 m (304) and pertain mainly to customer contracts and software.

### DEFERRED TAX ASSETS

Deferred tax assets amounted to SEK 30 m (10) on 31 March 2020, of which SEK 6 m (7) pertains to tax loss carryforwards. The Group's accumulated tax loss carryforwards amounted to approximately SEK 70 m on 31 March 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 31 March 2020 amounted to SEK 1,471 m (1,378), corresponding to SEK 44.01 (41.22) per share outstanding. No share-savings, option or converti-

ble programmes were outstanding as per 31 March 2020. The Board has proposed to the Annual General Meeting that no dividend be paid out for 2019.

### EMPLOYEES

The average number of employees in the Group increased to 1,788 (1,524). The number of employees at the end of the period was 1,907 (1,714 as per 31/12/2019).

### DISCLOSURES OF ACQUISITIONS

During the first quarter of 2020 Addnode Group acquired two companies, Unizite AS ("Unizite") and Excitech Ltd ("Excitech"). During the first quarter the acquisitions contributed SEK 257 m to consolidated net sales and SEK 13 m to consolidated profit after tax. Costs for carrying out the acquisitions, totalling SEK 3 m (-), 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 31 March 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 273 m at the exchange rate on the date of possession, of which approximately GBP 9 m (approximately SEK 109 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 will be finalised in two steps. On 16 January 2020, 55 per cent of the shares in Excitech were acquired. The agreement includes a binding obligation for Addnode Group to acquire, and for the sellers to sell, the remaining 45 per cent through combined call and put options. These options will be exercised during the second quarter of 2020. 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>

#### 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 31 March 2020.

#### RELATED PARTY TRANSACTIONS

The Chairman of the Board, Staffan Hanstorp, has via a company invoiced the Parent Company SEK 0.7 m (0.8) in fees for consulting services associated with the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters.

#### PARENT COMPANY

Net sales amounted to SEK 1 m (2) and pertain mainly to invoicing to subsidiaries for rents of premises and performed services. Profit after financial items totalled SEK -15 m (14) including SEK 0 m (33) in dividends from subsidiaries. Cash and cash equivalents amounted to SEK 421 m (370) on 31 March 2020. Investments pertaining to shares in subsidiaries amounted to SEK 155 m. No significant investments have been made in intangible non-current assets or in property, plant and equipment.

#### SEASONAL VARIATIONS

The fourth quarter has historically had 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

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.

#### 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.

The COVID-19 pandemic has given rise to a need to update the Group's risk assessment. It is highly uncertain regarding to what extent the ongoing pandemic's impact will be on society in general and on the global economy. It is also hard to estimate the pandemic's duration. 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 offering, customer segments and geography, 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 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 2019 year-end report 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 impact of the COVID-19 pandemic on Addnode Group's earnings for the first quarter of 2020 was limited, and the Group has a strong financial position. However, the Board notes that there is a significant risk that the ongoing pandemic may have a financial impact for Addnode Group for the rest of 2020. 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.

Stockholm, 24 April 2020

*The Board of Directors*

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

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENTS

SEK m	2020 Jan-March	2019 Jan-March	2019 Full-year
Net sales	1,234	858	3,434
Purchases of goods and services	-631	-367	-1,425
Other external costs	-81	-70	-299
Personnel costs	-411	-331	-1,355
Capitalised work performed by the company for its own use	19	12	57
Depreciation/amortisation and impairment of			
- property, plant and equipment	-22	-20	-85
- intangible non-current assets	-31	-26	-109
<b>Operating profit</b>	<b>77</b>	<b>56</b>	<b>218</b>
Financial income	3	1	4
Financial expenses	-5	-7	-21
Remeasurements of contingent earn-out payments	0	-24	-26
<b>Profit before taxes</b>	<b>75</b>	<b>26</b>	<b>175</b>
Current tax	-21	-13	-53
Deferred tax	3	2	7
<b>Net profit for the period</b>	<b>57</b>	<b>15</b>	<b>129</b>
<i>Attributable to:</i>			
Owners of the Parent Company	57	15	129
<b>Share data</b>			
Earnings per share before and after dilution, SEK	1.71	0.45	3.86
Average number of shares outstanding:			
Before and after dilution	33,427,256	33,427,256	33,427,256

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	2020 Jan-March	2019 Jan-March	2019 Full-year
Net profit for the period	57	15	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	9	62	67
Hedge of net investments in foreign operations	-5	-38	-44
<b>Total other comprehensive income after tax for the period</b>	<b>4</b>	<b>24</b>	<b>26</b>
<b>Comprehensive income for the period</b>	<b>61</b>	<b>39</b>	<b>155</b>
<i>Attributable to:</i>			
Owners of the Parent Company	61	39	155

## CONSOLIDATED BALANCE SHEETS

SEK m	2020 31 March	2019 31 March	2019 31 Dec
<b>Assets</b>			
Goodwill	1,751	1,531	1,588
Other intangible non-current assets	368	304	306
Property, plant and equipment	229	176	169
Financial assets	52	29	30
<b>Total non-current assets</b>	<b>2,400</b>	<b>2,040</b>	<b>2,093</b>
Inventories	2	1	1
Current receivables	881	811	781
Cash and cash equivalents	559	553	294
<b>Total current assets</b>	<b>1,442</b>	<b>1,365</b>	<b>1,076</b>
<b>Total assets</b>	<b>3,842</b>	<b>3,405</b>	<b>3,169</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	1,471	1,378	1,410
Non-current liabilities	192	163	155
Current liabilities	2,179	1,864	1,604
<b>Total shareholders' equity and liabilities</b>	<b>3,842</b>	<b>3,405</b>	<b>3,169</b>
Interest-bearing receivables amount to	0	0	0
Interest-bearing liabilities amount to	734	748	615
Pledged assets	10	6	9
Contingent liabilities	2	1	2

## SHAREHOLDERS' EQUITY AND NUMBER OF SHARES

Specification of changes in shareholders' equity	2020 Jan–March	2019 Jan–March	2019 Full-year
<b>Shareholders' equity, opening balance</b>	<b>1,410</b>	<b>1,339</b>	<b>1,339</b>
Dividend	-	-	-84
Comprehensive income for the period	61	39	155
<b>Shareholders' equity, closing balance</b>	<b>1,471</b>	<b>1,378</b>	<b>1,410</b>
<b>Shareholders' equity attributable to:</b>			
Owners of the Parent Company	1,471	1,378	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>

Addnode Group had no holdings of treasury shares on 31 March 2020 nor 31 December 2019.

## CONSOLIDATED CASH FLOW STATEMENTS

SEK m	2020 Jan-March	2019 Jan-March	2019 Full-year
<b>Operating activities</b>			
Operating profit	77	56	218
Adjustment for non-cash items	52	43	195
<b>Total</b>	<b>129</b>	<b>99</b>	<b>413</b>
Net financial items	-2	-6	-16
Tax paid	-13	-20	-48
<b>Cash flow from operating activities before changes in working capital</b>	<b>114</b>	<b>73</b>	<b>349</b>
Total change in working capital	162	153	64
<b>Cash flow from operating activities</b>	<b>276</b>	<b>226</b>	<b>413</b>
<b>Investing activities</b>			
Purchases and sales of intangible assets and property, plant and equipment	-25	-18	-79
Sales of financial assets	-	-	6
Acquisitions of subsidiaries and operations	-133	-90	-255
Cash and cash equivalents in acquired companies	54	-	7
<b>Cash flow from investing activities</b>	<b>-104</b>	<b>-108</b>	<b>-321</b>
<b>Financing activities</b>			
Paid dividend	-	-	-84
Borrowings	101	68	116
Repayment of loans	-17	-36	-236
<b>Cash flow from financing activities</b>	<b>84</b>	<b>32</b>	<b>-204</b>
Change in cash and cash equivalents	256	150	-112
Cash and cash equivalents at start of period	294	387	387
Exchange rate difference in cash and cash equivalents	9	16	19
<b>Cash and cash equivalents at end of period</b>	<b>559</b>	<b>553</b>	<b>294</b>



## PARENT COMPANY FINANCIAL STATEMENTS

### PARENT COMPANY INCOME STATEMENTS

SEK m	2020 Jan-March	2019 Jan-March	2019 Full-year
Net sales	1	2	16
Operating expenses	-15	-14	-54
<b>Operating profit</b>	<b>-14</b>	<b>-12</b>	<b>-38</b>
Financial income	4	33	347
Financial expenses	-5	-7	-24
<b>Profit after financial items</b>	<b>-15</b>	<b>14</b>	<b>285</b>
Transfer to tax allocation reserve	-	-	-22
<b>Profit before taxes</b>	<b>-15</b>	<b>14</b>	<b>263</b>
Tax	-	-	-14
<b>Net profit for the period</b>	<b>-15</b>	<b>14</b>	<b>249</b>

### PARENT COMPANY BALANCE SHEETS

SEK m	2020 31 March	2019 31 March	2019 31 Dec
<b>Assets</b>			
Intangible non-current assets	0	1	0
Financial assets	2,223	2,022	2,073
Current receivables	43	84	90
Cash and cash equivalents	421	370	235
<b>Total assets</b>	<b>2,687</b>	<b>2,477</b>	<b>2,398</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	1,264	1,127	1,278
Untaxed reserves	72	50	72
Non-current liabilities	24	5	3
Current liabilities	1,327	1,295	1,045
<b>Total shareholders' equity and liabilities</b>	<b>2,687</b>	<b>2,477</b>	<b>2,398</b>

## OPERATING SEGMENTS

The figures below refer to the first quarter of the respective years:

### REVENUE AND PROFIT

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	721	369	303	292	210	197	0	0	-	-	1,234	858
Transactions between segments	1	1	1	0	4	4	1	1	-7	-6	0	0
<b>Total revenue</b>	<b>722</b>	<b>370</b>	<b>304</b>	<b>292</b>	<b>214</b>	<b>201</b>	<b>1</b>	<b>1</b>	<b>-7</b>	<b>-6</b>	<b>1,234</b>	<b>858</b>
EBITA	76	43	10	19	36	30	-14	-10			108	82
EBITA margin, %	10.5	11.6	3.3	6.5	16.9	14.9					8.8	9.6
Operating profit	61	32	2	12	28	22	-14	-10			77	56
Operating margin, %	8.4	8.6	0.7	4.1	13.1	10.9					6.2	6.5
Average number of employees	562	419	685	596	534	501	7	8			1,788	1,524

### REVENUE DISTRIBUTION

SEK m	Design Management		PLM		Process Management		Central		Eliminations		Addnode Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Licences	21	7	34	34	5	9	-	-	-	-	60	50
Recurring revenue	620	302	176	169	88	76	-	-	-2	-2	882	545
Services	70	58	90	87	115	110	-	-	-2	-1	273	254
Other	11	3	4	2	6	6	1	1	-3	-3	19	9
<b>Total revenue</b>	<b>722</b>	<b>370</b>	<b>304</b>	<b>292</b>	<b>214</b>	<b>201</b>	<b>1</b>	<b>1</b>	<b>-7</b>	<b>-6</b>	<b>1,234</b>	<b>858</b>

Addnode Group's operations are organised and governed 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 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 help companies and authorities improve their efficiency in everything from case management and citizen dialogue to design, construction and management of product data over a product's entire lifecycle. 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 (1), financial expenses of SEK -5 m (-7), 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 29 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	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Net sales, SEK m	1,234	933	779	864	858	840	648	717	737	
<i>Design Management</i>	722	382	299	336	370	303	218	245	287	
<i>Product Lifecycle Management</i>	304	334	311	335	292	331	264	285	252	
<i>Process Management</i>	214	223	174	199	201	211	169	192	201	
EBITA, SEK m	108	100	71	74	82	105	65	62	66	
<i>Design Management</i>	76	38	30	35	43	44	24	20	26	
<i>Product Lifecycle Management</i>	10	33	23	29	19	39	25	25	15	
<i>Process Management</i>	36	38	25	22	30	33	24	24	35	
EBITA margin, %	8.8	10.7	9.1	8.6	9.6	12.5	10.0	8.6	9.0	
<i>Design Management</i>	10.5	9.9	10.0	10.4	11.6	14.5	11.0	8.2	9.1	
<i>Product Lifecycle Management</i>	3.3	9.9	7.4	8.7	6.5	11.8	9.5	8.8	6.0	
<i>Process Management</i>	16.9	17.0	14.4	11.1	14.9	15.6	14.2	12.5	17.4	
Average number of employees	1,788	1,629	1,607	1,596	1,524	1,496	1,467	1,447	1,453	
<i>Design Management</i>	562	405	406	416	419	417	407	407	412	
<i>Product Lifecycle Management</i>	685	680	662	642	596	570	555	538	543	
<i>Process Management</i>	534	539	533	530	501	501	498	495	491	
Net sales per employee, SEK 000s	690	573	485	541	563	561	442	496	507	
Change in net sales, %	44	11	20	21	16	8	21	22	19	
Operating margin, %	6.2	7.8	5.5	5.3	6.5	9.5	6.2	5.4	6.0	
Equity, SEK m	1,471	1,410	1,372	1,332	1,378	1,339	1,288	1,270	1,041	
Return on shareholders' equity, % *	12.0	9.4	11.0	11.0	11.4	13.1	12.7	10.3	9.2	
Equity/assets ratio, %	38	44	46	43	40	44	45	42	36	
Return on capital employed, %*	11.2	10.0	11.2	11.0	10.5	12.3	12.2	10.8	9.6	
Net debt, SEK m	175	321	427	429	195	158	242	118	316	
Investments in equipment, SEK m	5	8	7	5	6	4	2	5	3	

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

## SHARE DATA

	2020				2019				2018	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Average number of shares outstanding before and after dilution, millions	33.4	33.4	33.4	33.4	33.4	33.4	33.4	30.8	30.4	
Total number of shares outstanding, millions	33.4	33.4	33.4	33.4	33.4	33.4	33.4	33.4	30.4	
Total number of registered shares, millions	33.4	33.4	33.4	33.4	33.4	33.4	33.4	33.4	30.4	
Earnings per share before and after dilution, SEK	1.71	1.50	0.93	0.99	0.45	2.00	0.84	0.91	0.95	
Cash flow from operating activities per share, SEK	8.26	5.18	0.96	-0.60	6.76	3.41	-1.82	0.88	6.74	
Shareholders' equity per share, SEK	44.01	42.18	41.04	39.85	41.22	40.06	38.53	38.02	34.24	
Share price at end of period, SEK	146.00	178.50	158.50	154.00	132.00	103.50	116.00	89.40	77.60	
Share price/shareholders' equity	3.32	4.23	3.86	3.86	3.20	2.58	3.01	2.35	2.27	

## 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 18.*

### 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 Jan-March	2019 Jan-March	2019 Full-year
Operating profit	77	56	218
Amortisation and impairment of intangible non-current assets	31	26	109
<b>EBITA</b>	<b>108</b>	<b>82</b>	<b>327</b>

#### RECONCILIATION OF NET DEBT

	2020 31 March	2019 31 March	2019 31 Dec
Non-current liabilities	192	163	155
Current liabilities	2,179	1,864	1,604
Noninterest-bearing non-current and current liabilities	-1,637	-1,279	-1,144
<b>Total interest-bearing liabilities</b>	<b>734</b>	<b>748</b>	<b>615</b>
Cash and cash equivalents	-559	-553	-294
Other interest-bearing receivables	0	0	0
<b>Net debt (+)/receivable (-)</b>	<b>175</b>	<b>195</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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**SYMETRI**

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