

YEAR-END REPORT 1 JANUARY-31 DECEMBER 2019

This is a translation of the Swedish original of Addnode Group's year-end report for the period 1 January-31 December 2019. In the event of any discrepancies between the two versions, the original Swedish version shall apply.

FOURTH QUARTER SUMMARY, OCTOBER-DECEMBER 2019

- Net sales increased by 11 per cent to SEK 933 m (840), of which 6 per cent was organic. Currency-adjusted organic growth was 4 per cent.
- EBITA was SEK 100 m (105), for an EBITA margin of 10.7 per cent (12.5).
- Operating profit was SEK 73 m (80), for an operating margin of 7.8 per cent (9.5).
- Profit after tax was SEK 50 m (67).
- Earnings per share were SEK 1.50 (2.00).
- Cash flow from operating activities increased to SEK 173 m (114).
- The Board of Directors proposes an unchanged dividend of SEK 2.50 per share.
- Agreement with B. Braun on PLM solution for 13,000 users.
- Agreement with Skånnetrafiken with total value of approximately SEK 120 m over four years.
- Expanded Group Management with addition of Adam Nilsson, Head of M&A and Corporate Development.

SUMMARY OF SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- Strategic acquisition of British company Excitech, with GBP 50 m in net sales.
- Acquisition of Norwegian software company Unizite.
- Expansion of acquisition credit facility by SEK 250 m.

63%

Share of recurring revenue Q4 2019

11%

Net sales growth Q4 2019 compared with Q4 2018

3,434 SEK m

Net sales full-year 2019

KEY FIGURES

	2019 Full-year	2018 Full-year
Net sales, SEK m	3,434	2,942
EBITA, SEK m	327	298
EBITA margin, %	9.5	10.1
Operating profit, SEK m	218	203
Operating margin, %	6.3	6.9
Profit for the period, SEK m	129	152
Earnings per share, SEK	3.86	4.75
Cash flow from operating activities, SEK m	413	285
Return on shareholders' equity,* %	9.4	13.1
Return on capital employed,* %	10.0	12.3
Shareholders' equity per share, SEK	42.18	40.06

**Profit for the period and earnings per share in 2019 were charged with a net effect of SEK -26 m (6) pertaining to remeasurements of contingent consideration. Excluding these remeasurements, earnings per share should have been SEK 4.64 (4.56).*

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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 acquisitions of Excitech and Unizite in January 2020 consolidate Addnode Group’s position as a leading European supplier of digital solutions for designing, building and managing properties and infrastructure.”

17% GROWTH IN 2019 AND STRATEGIC ACQUISITIONS 2020

2019 was a strong year for Addnode Group, with good organic growth and improved EBITA. Growth in 2019 was 17 per cent, of which 8 per cent was organic. Recurring revenue increased by 28 per cent, accounting for 63 per cent of net sales. The trend is clear: We continue to grow our recurring revenue, which gives us a more even revenue flow throughout the year. EBITA was SEK 327 m (298).

We have continued to deliver in line with our strategy – to create sustainable growth in value over time by continuously acquiring new companies and actively supporting our subsidiaries to drive organic growth, both in net sales and in earnings.

Fourth quarter

Growth during the fourth quarter was 11 per cent, of which 6 per cent was organic. EBITA totalled SEK 100 m (105).

Design Management had continued strong organic growth of 24 per cent during the fourth quarter. Growth was driven mainly by strong sales of the Autodesk offering both in the Nordic countries and UK. We have brought in a number of large customers where the margin on the business is initially lower, but where we over time can increase the service portion and sales of complementary, proprietary products with higher margins.

Product Lifecycle Management did not reach the same good close to the fourth quarter as a year ago. Licence sales were affected by lower demand, especially in Germany, where the automotive industry continues to hold back on investment. We are reviewing the organisation at the same time that we are developing new verticals such as life sciences.

Process Management ended the year with growth and improved profitability during the fourth quarter. We have topped up the orderbook, among other things with a deal with Skånnetrafiken on development of a new search engine for travel and a new service platform. The agree-

ment has a total value of approximately SEK 120 m over four years.

Digital Solutions for the construction and property sectors

The acquisitions of Excitech and Unizite in January 2020 consolidate Addnode Group’s position as a leading European supplier of digital solutions for designing, building and managing properties and infrastructure. Excitech is the largest Autodesk partner in the UK market and the leading provider of CAD and BIM solutions to the architecture, engineering and construction sectors.

The Addnode companies Symetri and Excitech, with 400 employees, now make up the largest and market-leading Autodesk partner in both the Nordic countries and the UK, delivering digital solutions to more than 10,000 customers and 150,000 users. We are already beginning to realise the synergies and advantages provided by combining these two companies in the form of knowledge-sharing and cross-selling.

We are constantly developing our product portfolio. The cornerstones of our BIM Collaboration solution are Interaxo and BIMEYE. The acquisition of Unizite entails an expansion of the portfolio with a mobile field tool for both presenting and gathering digital information at construction sites.

Sustainable growth in value

We have a financial position that makes it possible for us to continue to invest in new companies, products and digital solutions. Together with my colleagues I look forward to continuing to develop Addnode Group in 2020.

Johan Andersson

President and CEO

SIGNIFICANT EVENTS

DURING THE FOURTH QUARTER OF 2019

Agreement with B. Braun

In December 2019 Technia, an Addnode Group company, signed an agreement with B. Braun on delivery of a Product Lifecycle Management solution to more than 13,000 users. B. Braun is an international life sciences leader with medical devices, systems and services for the global healthcare market.

Agreement with Skånetrafiken

In November 2019 Addnode Group's subsidiary Decerno signed an agreement with Skånetrafiken on development of a new search engine for travel and a new service platform. The agreement covers four years with an option for and additional extension of two plus two years. The agreement has a total value of approximately SEK 120 m over four years.

Expanded Group Management for Addnode Group

In October 2019 Adam Nilsson was named as a new member of Addnode Group's Group Management with responsibility for M&A and Corporate Development.

AFTER THE END OF THE REPORTING PERIOD

Acquisition of Excitech Ltd

On 16 January 2020 Addnode Group signed an agreement to acquire Excitech Ltd ("Excitech"), the UK's leading provider of BIM, design software and services with 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 (see also page 10).

Acquisition of Unizite

On 9 January 2020 Addnode Group signed an agreement to acquire the Norwegian company Unizite, which has developed a mobile field tool for BIM information. With a team of ten people, Unizite will be part of Tribia, a company in the Design Management division (see also page 10).

Expanded credit facility

In January 2020 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.

ADDNODE GROUP IN BRIEF

Addnode Group is an international information technology company with 1,850 employees in 19 countries. In close collaboration with our customers we create digital solutions that make use of software and services to build a more sustainable society. Our customers use our digital solutions to design, build and manage products, properties and infrastructure. In the public sector our digital solutions enable efficient administration and communication with citizens.

VISION

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

MISSION

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

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

BUSINESS MODEL

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

FINANCIAL TARGETS

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

FINANCIAL CALENDAR



CONSOLIDATED NET SALES AND EARNINGS

FOURTH QUARTER, OCTOBER–DECEMBER 2019

Net sales increased by 11 per cent to SEK 933 m (840), of which 6 per cent was organic growth. Currency-adjusted organic growth was 4 per cent. Licence revenue amounted to SEK 64 m (99), recurring revenue increased to SEK 589 m (465), service revenue increased to SEK 270 m (263), and other revenue totalled SEK 10 m (13). Compared with the corresponding quarter a year ago, the share of recurring revenue increased from 55 per cent to 63 per cent.

EBITA was SEK 100 m (105), for an EBITA margin of 10.7 per cent (12.5). Higher personnel costs and a revenue mix with lower licence sales had a negative impact on EBITA.

Cash flow from operating activities amounted to SEK 173 m (114). Cash flow was positively affected by a lower level of working capital, by SEK 49 m (10), and by adoption of IFRS 16 Leasing, by SEK 18 m.

Net financial items of SEK -8 m (5) was negatively affected by adoption of IFRS 16 Leases, by SEK -1 m, and by remeasurement of contingent consideration, by SEK -2 m (6). Reported tax on profit for the period was SEK -15 m (-18), and profit after tax amounted to SEK 50 m (67). Earnings per share decreased to SEK 1.50 (2.00).

JANUARY–DECEMBER 2019

Net sales amounted to SEK 3,434 m (2,942), representing growth of 17 per cent, of which 8 per cent was organic growth. Currency-adjusted organic growth was 6 per cent. Sales of three-year licence contracts for third-party products had a significant impact on organic growth. Licence revenue amounted to SEK 207 m (252), recurring revenue increased to SEK 2,181 m (1,699), service revenue increased to SEK 1,006 m (947), and other revenue totalled SEK 40 m (44).

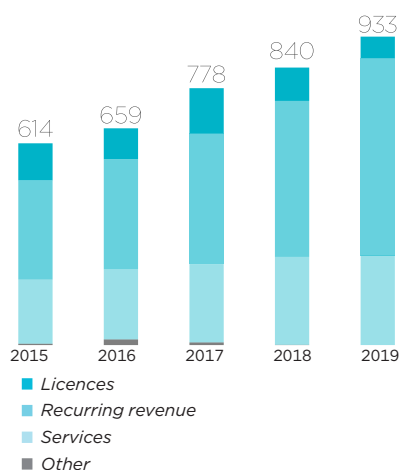
EBITA increased to SEK 327 m (298), for an EBITA margin of 9.5 per cent (10.1). The higher share of third-party products in the revenue mix and costs for more employees had a negative effect on the EBITA margin compared with the preceding year.

Cash flow from operating activities amounted to SEK 413 m (285). Of the SEK 128 m increase over the preceding year, SEK 67 m is attributable to the adoption of IFRS 16 Leasing.

Net financial items amounted to SEK -43 m (-6). Several acquired companies performed better than expected in 2018, entailing that provisions for contingent earn-out payments were too low. The Group's net financial items during 2019 were charged with a net effect of SEK -26 m (6) pertaining to remeasurement of contingent earn-out payments mainly for companies in the UK.

Reported tax on profit for the period was SEK -46 m (-45), and profit after tax was SEK 129 m (152). Excluding the remeasurement of contingent earn-out payments, profit after tax increased to SEK 155 m (146). Earnings per share were SEK 3.86 (4.75).

BREAKDOWN OF REVENUE, Q4 2015–2019



BREAKDOWN OF REVENUE, Q4 2019



DEVELOPMENT PER DIVISION

NET SALES AND EBITA, Q4

SEK m	Net sales			EBITA		
	2019 Q4	2018 Q4	Change %	2019 Q4	2018 Q4	Change %
Design Management	382	303	26	38	44	-14
Product Lifecycle Management	334	331	1	33	39	-15
Process Management	223	211	6	38	33	15
Eliminations/central costs	-6	-5	-	-9*	-11	-
Addnode Group	933	840	11	100	105	-5%

NET SALES AND EBITA, FULL-YEAR

SEK m	Net sales			EBITA		
	2019 Full-year	2018 Full-year	Change %	2019 Full-year	2018 Full-year	Change %
Design Management	1,387	1,053	32	146	114	28
Product Lifecycle Management	1,272	1,132	12	104	104	0
Process Management	797	773	3	115	116	-1
Eliminations/central costs	-22	-16	-	-38*	-36	-
Addnode Group	3,434	2,942	17	327	298	10

*The effect of IFRS 16 has not been allocated to the divisions in the table above, but is included on the line "Eliminations/central costs".

DIVISIONS

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

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

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

The effect of IFRS 16 has not been allocated to the divisions in the table above, but is included on the line "Eliminations/central costs". In other respects, the segments are reported in accordance with the same accounting policies as the Group.

The difference between the sum of the segments' EBITA and consolidated operating profit for the full-year 2019 pertains to amortisation and impairment of intangible non-current assets, totalling SEK -109 m (-95).

There have been no significant changes in the segments' assets compared to the information in the most recent annual report.

SEASONAL VARIATIONS

Historically net sales and EBITA are highest during the fourth quarter.

DESIGN MANAGEMENT DIVISION

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

QUARTERLY DEVELOPMENT

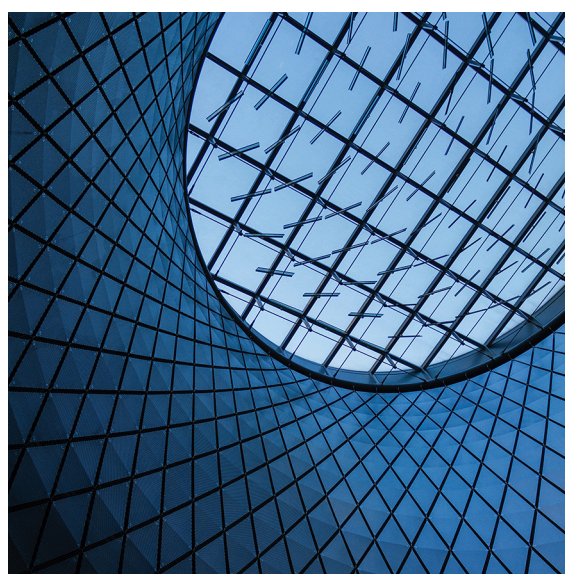
Net sales increased by 26 per cent during the fourth quarter, to SEK 382 m (303). Organic growth was strong, at 24 per cent. Adjusted for currency effects, organic growth was 22 per cent. EBITA was SEK 38 m (44), for an EBITA margin of 9.9 per cent (14.5). Demand for the Autodesk offering with the Group's own complementary products remained favourable. Sales of three-year contracts for third-party products accounted to a significant share of growth in recurring revenue. Demand for collaborative solutions for projects in the areas of construction, civil engineering, energy and technology also developed well in Sweden and Norway. Sales of property management systems remained weak, however. A higher share of third-party products in the revenue mix resulted in a lower EBITA margin for the division.

NEW BUSINESS

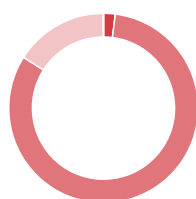
During the quarter the division secured agreements with customers such as Alfa Laval, Consto Nord, Etteplan, Fylkeskommunene, LeoPharma, Multiconsult, Peab, Spotless NRAH (New Royal Adelaide Hospital) and Viking Life Saving Equipment.

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 Q4 2019 BY TYPE OF REVENUE



- Licences, 3%
- Recurring revenue, 81%
- Services, 15%
- Other, 1%

NET SALES GROWTH Q4 2019 COMPARED WITH Q4 2018

+26%

EBITA Q4 2019 COMPARED WITH Q4 2018

-14%

KEY FIGURES

SEK m	Q4 2019	Q4 2018	Change %
Net sales	382	303	26
EBITA	38	44	-14
EBITA margin, %	9.9	14.5	-
Operating profit	27	33	-18
Operating margin, %	7.1	10.9	-
Average no. employees	405	417	-3

PRODUCT LIFECYCLE MANAGEMENT DIVISION

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

QUARTERLY DEVELOPMENT

Net sales increased by 1 per cent during the fourth quarter, to SEK 334 m (331). Organic growth was -7 per cent. Adjusted for currency effects, organic growth was -10 per cent. EBITA decreased to SEK 33 m (39), for an EBITA margin of 9.9 per cent (11.8). Licence sales were lower than a year ago, and development in the automotive industry in Germany is affecting customers' willingness to invest. Together with lower capacity utilisation in the delivery organisation, this resulted in a decrease in EBITA. The focus on new verticals continues, and under the agreement with life sciences company B. Braun, Technia will be delivering a Product Lifecycle Management solution to more than 13,000 users over a several-year period.

NEW BUSINESS

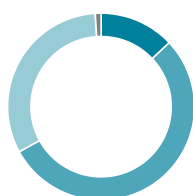
During the quarter the division secured agreements with customers such as ArcelorMittal, B. Braun, CERATIZIT, Etteplan, Goodix Technology, Guess Inc., Julius Blum, Gordon Murray Design, Kiekert, Safran, Vinfast and Tomra.

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 in a growing global market. 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 Q4 2019 BY TYPE OF REVENUE



- Licences, 12%
- Recurring revenue, 54%
- Services, 32%
- Other, 2%

NET SALES GROWTH Q4 2019 COMPARED WITH Q4 2018

+1%

EBITA Q4 2019 COMPARED WITH Q4 2018

-15%

KEY FIGURES

SEK m	Q4 2019	Q4 2018	Change %
Net sales	334	331	1
EBITA	33	39	-15
EBITA margin, %	9.9	11.8	-
Operating profit	25	32	-22
Operating margin, %	7.5	9.7	-
Average no. employees	680	570	19

PROCESS MANAGEMENT DIVISION

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

QUARTERLY DEVELOPMENT

Net sales increased by 6 per cent during the fourth quarter to SEK 223 m (211). Organic growth was 1 per cent. Adjusted for currency effects, organic growth was 1 per cent. EBITA increased to SEK 38 m (33), for an EBITA margin of 17.0 per cent (15.6). Demand for citizen service solutions and municipal technical systems was good during the quarter. Operating efficiency improved further, and together with completed acquisitions this contributed to positive earnings performance.

NEW BUSINESS

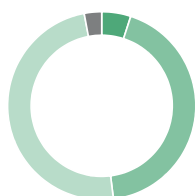
During the quarter the division secured agreements with customers such as Ellevio, the Swedish Energy Agency, Kungsbacka Municipality, Norrköping Municipality, the Swedish Police Authority, Skånetrafiken and the Swedish Prosecution Authority.

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 Q4 2019 BY TYPE OF REVENUE



- Licences, 6%
- Recurring revenue, 44%
- Services, 47%
- Other, 3%

NET SALES GROWTH Q4 2019 COMPARED WITH Q4 2018

+6%

EBITA Q4 2019 COMPARED WITH Q4 2018

+15%

KEY FIGURES

SEK m	Q4 2019	Q4 2018	Change %
Net sales	223	211	6
EBITA	38	33	15
EBITA margin, %	17.0	15.6	-
Operating profit	30	25	20
Operating margin, %	13.5	11.8	-
Average no. employees	539	501	8

CONSOLIDATED BALANCE SHEET AND CASH FLOW

LIQUIDITY AND FINANCIAL POSITION

The Group's available liquidity amounted to SEK 394 m (487). This includes, in addition to cash and cash equivalents of SEK 294 m (387), an unutilised bank overdraft facility of SEK 100 m. In addition, the Group has a multi-currency revolving credit facility of up to SEK 750 m to finance acquisitions, of which SEK 269 m (252) was unutilised as per 31 December 2019. Liabilities pertaining to promissory notes for completed acquisitions amounted to SEK 8 m (34), and estimated contingent earn-out payments for completed company acquisitions amounted to SEK 8 m (108). The Group's interest-bearing liabilities amounted to SEK 615 m (545) as per 31 December 2019, of which lease liabilities according to IFRS 16 amounted to SEK 123 m. Net debt amounted to SEK 321 m (158). The equity/assets ratio was 44 per cent (44) on 31 December 2019.

After the end of the reporting period the Parent Company expanded its acquisition credit facility by SEK 250 m to SEK 1,000 m. The new credit has not been utilised.

CASH FLOW

Cash flow from operating activities increased to SEK 413 m (285). The positive effect of adoption of IFRS 16 Leases was SEK 67 m. Investments in subsidiaries and businesses resulted in a negative cash flow of SEK 248 m, of which SEK 176 m pertains to company acquisitions carried out in previous years. Cash flow from investing activities also includes outgoing payments of SEK 57 m (52) for proprietary software. New bank borrowing of SEK 116 m was taken out within the framework of existing credit facilities, and a total of SEK 169 m in bank loans was amortised. In addition, in May 2019, SEK 84 m was paid out in share dividends. Cash flow from financing activities was negatively affected by SEK 67 m in amortisation of lease liabilities.

INVESTMENTS

Investments in intangible non-current assets and in property, plant and equipment amounted to SEK 137 m (71), of which SEK 57 m (52) pertains to proprietary software, SEK 27 m (14) to equipment and SEK 50 m to leases for office premises. Investments in 2019 included SEK 57 m attributable to application of IFRS 16 Leases.

GOODWILL AND OTHER INTANGIBLE ASSETS

The Group's carrying amount of goodwill on 31 December 2019 was SEK 1,588 m (1,495). Other intangible assets amounted to SEK 306 m (308) and pertain mainly to customer contracts and software.

DEFERRED TAX ASSETS

Total reported deferred tax assets amounted to SEK 12 m (10) on 31 December 2019, of which SEK 6 m pertains to tax loss carryforwards. The Group's accumulated tax loss carryforwards amounted to approximately SEK 70 m on 31 December 2019. Deferred tax assets attributable to tax loss carryforwards are reported as assets to the extent it is likely that the loss carryforwards can be offset against surpluses in future taxation.

SHAREHOLDERS' EQUITY

Shareholders' equity on 31 December 2019 amounted to SEK 1,410 m (1,339), corresponding to SEK 42.18 (40.06) per share outstanding. No share-savings, option or convertible programmes were outstanding as per 31 December 2019.

EMPLOYEES

The average number of employees in the Group was 1,590 (1,471). The number of employees at the end of the period was 1,714 (1,583 as per 31/12/2018).

DISCLOSURES OF ACQUISITIONS

Completed acquisitions

During 2019 Addnode Group acquired two companies and made one asset/liability acquisition.

On 1 April all of the shares were acquired in the software company IntraPhone Solutions AB. The business is focused on mobile IT solutions for planning and monitoring home care services, which are used by more than 45 municipalities across Sweden. The acquisition strengthens the Group's offering in the Swedish care and public assistance market. The company has annual net sales of approximately SEK 35 m and is consolidated in the Process Management division as from April 2019. According to the purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising in connection with the acquisition amount to approximately SEK 47 m, entailing a deferred tax liability of approximately SEK 3 m. Other acquired assets and liabilities pertain mainly to intangible assets and other liabilities.

On 4 April all of the shares were acquired in the company KPASS IT, a French PLM specialist with annual net sales of approximately SEK 39 m. KPASS IT has 35 employees and is consolidated in the Product Lifecycle Management division as from April 2019. The acquisition further strengthens the division's offering to customers in the PLM area by establishing operations in France and Japan. According to the purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising in connection with the acquisition amount to approximately SEK 22 m, entailing a deferred tax liability of approximately SEK 1 m. Other acquired assets and liabilities pertain mainly to trade receivables, cash and cash equivalents, and accrued expenses.

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

The acquisitions carried out in 2019 contributed approximately SEK 83 m to consolidated net sales and SEK 5 m to consolidated profit after tax. If the acquisitions had been carried out as per 1 January 2019, consolidated net sales for the the full year 2019 would have totalled approximately SEK 3,462 m, and profit after tax would have totalled approximately SEK 131 m. Costs associated with the acquisitions are recognised in the Group in 2019 as other external costs of SEK 2 m (2).

Acquisitions after the reporting period

Addnode Group acquired two companies after the end of the reporting period.

On 9 January 2020 all of the shares were acquired in the Norwegian company Unizite AS (“Unizite”). Unizite has developed a cloud-based mobile field tool, and through its mobile solutions has streamlined change management, inspection, checklists, work environment and safety processes. Unizite has ten employees and will be part of Tribia, a company in the Design Management division, and will be consolidated in the Group starting in January 2020.

On 16 January 2020 Addnode Group signed an agreement to acquire and take possession of Excitech Ltd (“Excitech”), with net sales of approximately GBP 50 m (last 12 months). Excitech, with more than 3,500 customers and 150 employees, is the largest Autodesk Platinum Partner in the UK market. The agreed purchase price for 100 per cent of the shares amounts to approximately GBP 22 m. This amount includes GBP 17 m as a fixed cash payment, GBP 2 m payable in the form of a promissory note (for which the nominal amount can increase/decrease depending on the net proceeds from Excitech’s office building, which is planned to be sold in a sale/leaseback transaction), and approximately GBP 2 m in cash in respect of net cash and working capital. The purchase price corresponds to 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, 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 first half of 2020. Excitech will be consolidated as from January 2020 as part of Addnode Group’s Design Management division.

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 December 2019.

RELATED PARTY TRANSACTIONS

The Chairman of the Board, Staffan Hanstorp, has via companies invoiced the Parent Company SEK 3 m (3) in fees for consulting services associated with the Group’s acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters in 2019.

PARENT COMPANY

Net sales amounted to SEK 16 m (15) and pertain mainly to invoicing to subsidiaries for rents of premises and performed services. Profit after financial items totalled SEK 285 m (106) including SEK 250 m (57) in dividends from subsidiaries, SEK 146 m (130) in Group contributions from subsidiaries, and SEK 52 m (33) in impairment losses on shares in subsidiaries. Cash and cash equivalents amounted to SEK 235 m (188) on 31 December 2019. Investments pertaining to shares in subsidiaries amounted to SEK 85 m. No significant investments have been made in intangible non-current assets or in property, plant and equipment.

ACCOUNTING POLICIES

This year-end 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.

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

IFRIC 23 “Uncertainty over Income Tax Treatments” is applied as from 1 January 2019. IFRIC 23 has no material effect on the consolidated financial statements.

The other new standards, amendments and interpretations of existing standards that became effective in 2019 have not had any impact on the Group’s financial position or the financial statements. Apart from implementation of IFRS 16 and IFRIC 23, the accounting policies and calculation methods are unchanged compared with the description in the 2018 Annual Report.

SIGNIFICANT RISKS AND UNCERTAINTIES

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

FUTURE OUTLOOK

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

PROPOSED DIVIDEND

The Board of Directors recommends that the Annual General Meeting resolve in favour of an unchanged dividend of SEK 2.50 (2.50) per share for the 2019 financial year, which corresponds to a total dividend of SEK 84 m (84). The Board's assessment is that after the proposed dividend, the Company will have sufficient funds to be able to achieve its financial targets. Monday, 11 May 2020 has been proposed as the record date for payment of dividends. If the Annual General Meeting resolves in favour of the recommendation, dividends will be paid out on Thursday, 14 May 2020.

ANNUAL GENERAL MEETING 2020

The Annual General Meeting will be held at 6 p.m. on 7 May 2020 at Westmanska Palatset, Holländargatan 17, Stockholm.

ANNUAL REPORT

The 2019 Annual Report will be published and available at www.addnodegroup.com during the first week of April 2020.

Stockholm, 4 February 2020

The Board of Directors

This year-end report has not been reviewed by the company's auditors.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS

SEK m	2019 Oct-Dec	2018 Oct-Dec	2019 Full-year	2018 Full-year
Net sales	933	840	3,434	2,942
Purchases of goods and services	-389	-312	-1,425	-1,112
Other external costs	-83*	-99	-299*	-339
Personnel costs	-356	-332	-1,355	-1,229
Capitalised work performed by the company for its own use	17	12	57	52
Depreciation/amortisation and impairment of				
- tangible fixed assets	-22*	-4	-85*	-16
- intangible fixed assets	-27	-25	-109	-95
Operating profit	73	80	218	203
Financial income	0	2	4	5
Financial expenses	-6*	-3	-21*	-17
Remeasurements of contingent earn-out payments	-2	6	-26	6
Profit before taxes	65	85	175	197
Current tax	-17	-17	-53	-50
Deferred tax	2	-1	7	5
Net profit for the period	50	67	129	152
<i>Attributable to:</i>				
Owners of the Parent Company	50	67	129	152
Share data				
Earnings per share before and after dilution, SEK	1,50	2,00	3,86	4,75
Average number of shares outstanding:				
Before and after dilution	33,427,256	33,427,256	33,427,256	32,018,923

*For 2019 other external costs decrease by SEK 70 m, depreciation of property, plant and equipment increase by SEK 69 m, and financial expenses increase by SEK 3 m due to application of IFRS 16 Leases. The corresponding amounts for October-December 2019 are SEK 19 m, SEK 18 m and SEK 1 m, respectively.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	2019 Oct-Dec	2018 Oct-Dec	2019 Full-year	2018 Full-year
Net profit for the period	50	67	129	152
<i>Other comprehensive income, items that will not be reclassified to the consolidated income statement:</i>				
Actuarial gains and losses on pension obligations	-1	0	-1	0
Capital gain on long-term securities holding	4	-	4	-
<i>Other comprehensive income, items that may be reclassified to the consolidated income statement:</i>				
Exchange rate difference upon translation of foreign operations	-10	-29	67	25
Hedge of net investments in foreign operations	-5	13	-44	-6
Total other comprehensive income after tax for the period	-12	-16	26	19
Comprehensive income for the period	38	51	155	171
<i>Attributable to:</i>				
Owners of the Parent Company	38	51	155	171

CONSOLIDATED BALANCE SHEETS

SEK m	2019 31 Dec	2018 31 Dec
Assets		
Goodwill	1,588	1,495
Other intangible fixed assets	306	308
Tangible fixed assets	169*	37
Financial assets	30	28
Total non-current assets	2,093	1,868
Inventories	1	1
Current receivables	781	819
Cash and cash equivalents	294	387
Total current assets	1,076	1,207
Total assets	3,169	3,075
Shareholders' equity and liabilities		
Shareholders' equity	1,410	1,339
Non-current liabilities	155	93
Current liabilities	1,604	1,643
Total shareholders' equity and liabilities	3,169	3,075
Interest-bearing receivables amount to	0	0
Interest-bearing liabilities amount to	615*	545
Pledged assets	9	6
Contingent liabilities	2	1

*Property, plant and equipment increase by SEK 129 m and interest-bearing debt increases by SEK 123 m due to application of IFRS 16 Leases.

SHAREHOLDERS' EQUITY AND NUMBER OF SHARES

Specification of changes in shareholders' equity	2019 Oct-Dec	2018 Oct-Dec	2019 Full-year	2018 Full-year
Shareholders' equity, opening balance	1,372	1,288	1,339	982
New share issue	-	-	-	258
Issue expenses	-	-	-	-4
Dividend	-	-	-84	-69
Comprehensive income for the period	38	51	155	171
Shareholders' equity, closing balance	1,410	1,339	1,410	1,339
Shareholders' equity attributable to:				
Owners of the Parent Company	1,410	1,339	1,410	1,339
Specification of number of shares outstanding				
Number of shares outstanding, opening balance	33,427,256	33,427,256	33,427,256	30,427,256
New share issue	-	-	-	3,000,000
Number of shares outstanding, closing balance	33,427,256	33,427,256	33,427,256	33,427,256

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

CONSOLIDATED CASH FLOW STATEMENTS

SEK m	2019 Oct-Dec	2018 Oct-Dec	2019 Full-year	2018 Full-year
Operating activities				
Operating profit	73	80	218	203
Adjustment for non-cash items	53*	34	195*	109
Total	126	114	413	312
Net financial items	-2	0	-16	-13
Tax paid, etc.	0	-10	-48	-56
Cash flow from operating activities before changes in working capital	124	104	349	243
Total change in working capital	49	10	64	42
Cash flow from operating activities	173	114	413	285
Investing activities				
Purchases and sales of intangible and tangible fixed assets	-24	-18	-79	-65
Acquisition of financial fixed assets	-	-3	-	-3
Sales of financial fixed assets	6	-	6	-
Acquisition of subsidiaries and operations	-16	-67	-255	-212
Cash and cash equivalents in acquired companies	0	46	7	114
Repayment of receivables	-	0	-	0
Cash flow from investing activities	-34	-42	-321	-166
Financing activities				
Paid dividend	-	-	-84	-68
New share issue	-	-	-	254
Borrowings	-	-	116	117
Repayment of loans	-19*	-1	-236*	-213
Cash flow from financing activities	-19	-1	-204	90
Change in cash and cash equivalents	120	71	-112	209
Cash and cash equivalents at start of period	178	323	387	173
Exchange rate difference in cash and cash equivalents	-4	-7	19	5
Cash and cash equivalents at end of period	294	387	294	387

*For 2019, adjustments for items not included in the cash flow include a positive effect of SEK 69 m from depreciation of property, plant and equipment, and amortisation of debt increases by SEK 67 m due to application of IFRS 16 Leases. The corresponding amounts for October-December 2019 are SEK 18 m and SEK 18 m, respectively.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENTS

SEK m	2019 Oct-Dec	2018 Oct-Dec	2019 Full-year	2018 Full-year
Net sales	3	5	16	15
Operating expenses	-13	-14	-54	-49
Operating profit	-10	-9	-38	-34
Financial income	133	131	347	158
Financial expenses	-4	-1	-24	-18
Profit after financial items	119	121	285	106
Transfer to tax allocation reserve	-22	-19	-22	-19
Profit before taxes	97	102	263	87
Tax	-14	-14	-14	-14
Net profit for the period	83	88	249	73

PARENT COMPANY BALANCE SHEETS

SEK m	2019 31 Dec	2018 31 Dec
Assets		
Intangible fixed assets	0	1
Financial fixed assets	2,073	1,994
Current receivables	90	74
Cash and cash equivalents	235	188
Total assets	2,398	2,257
Shareholders' equity and liabilities		
Shareholders' equity	1,278	1,113
Untaxed reserves	72	50
Provisions	8	102
Non-current liabilities	-	-
Current liabilities	1,040	992
Total shareholders' equity and liabilities	2,398	2,257

OPERATING SEGMENTS

The figures below refer to the respective full years.

SEK m	Design Management		PLM		Process Management		Central		Eliminations		Addnode Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue												
External sales	1,382	1,048	1,267	1,130	784	763	1	1	-	-	3,434	2,942
Transactions between segments	5	5	5	2	13	10	12	12	-35	-29	0	0
Total revenue	1,387	1,053	1,272	1,132	797	773	13	13	-35	-29	3,434	2,942
EBITA	146	114	104	104	115	116	-38	-36	-	-	327	298
EBITA margin, %	10.5	10.8	8.2	9.2	14.4	15.0	-	-	-	-	9.5	10.1
Operating profit	101	74	73	78	82	87	-38	-36	-	-	218	203
Operating margin, %	7.3	7.0	5.7	6.9	10.3	11.3	-	-	-	-	6.3	6.9
Average number of employees	415	412	644	555	524	497	7	7	-	-	1,590	1,471

SEK m	Design Management		PLM		Process Management		Central		Eliminations		Addnode Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Licences	30	62	144	154	33	36	-	-	0	0	207	252
Recurring revenue	1,133	771	715	624	340	311	-	-	-7	-7	2,181	1,699
Services	214	204	399	340	398	407	-	-	-5	-4	1,006	947
Other	10	16	14	14	26	19	13	13	-23	-18	40	44
Total revenue	1,387	1 053	1,272	1,132	797	773	13	13	-35	-29	3,434	2,942

KEY FIGURES – QUARTERLY

SEK m	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales, SEK m	933	779	864	858	840	648	717	737
<i>Design Management</i>	382	299	336	370	303	218	245	287
<i>Product Lifecycle Management</i>	334	311	335	292	331	264	285	252
<i>Process Management</i>	223	174	199	201	211	169	192	201
EBITA, SEK m	100	71	74	82	105	65	62	66
<i>Design Management</i>	38	30	35	43	44	24	20	26
<i>Product Lifecycle Management</i>	33	23	29	19	39	25	25	15
<i>Process Management</i>	38	25	22	30	33	24	24	35
EBITA margin, %	10.7	9.1	8.6	9.6	12.5	10.0	8.6	9.0
<i>Design Management</i>	9.9	10.0	10.4	11.6	14.5	11.0	8.2	9.1
<i>Product Lifecycle Management</i>	9.9	7.4	8.7	6.5	11.8	9.5	8.8	6.0
<i>Process Management</i>	17.0	14.4	11.1	14.9	15.6	14.2	12.5	17.4
Average number of employees	1,629	1,607	1,596	1,524	1,496	1,467	1,447	1,453
<i>Design Management</i>	405	406	416	419	417	407	407	412
<i>Product Lifecycle Management</i>	680	662	642	596	570	555	538	543
<i>Process Management</i>	539	533	530	501	501	498	495	491
Net sales per employee, SEK 000s	573	485	541	563	561	442	496	507
Change in net sales, %	11	20	21	16	8	21	22	19
EBITA margin, %	7.8	5.5	5.3	6.5	9.5	6.2	5.4	6.0
Equity, SEK m	1,410	1,372	1,332	1,378	1,339	1,288	1,270	1,041
Return on shareholders' equity, % *	9.4	11.0	11.0	11.4	13.1	12.7	10.3	9.2
Equity/assets ratio, %	44	46	43	40	44	45	42	36
Return on capital employed, %*	10.0	11.2	11.0	10.5	12.3	12.2	10.8	9.6
Net debt, SEK m	321	427	429	195	158	242	118	316
Investments in equipment, SEK m	8	7	5	6	4	2	5	3

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

SHARE DATA

	2019				2018			
	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	30,8	30,4
Total number of shares outstanding, millions	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	30,4
Earnings per share before and after dilution, SEK	1.50	0.93	0.99	0.45	2.00	0.84	0.91	0.95
Cash flow from operating activities per share, SEK	5.18	0.96	-0.60	6.76	3.41	-1.82	0.88	6.74
Shareholders' equity per share, SEK	42.18	41.04	39.85	41.22	40.06	38.53	38.02	34.24
Share price at end of period, SEK	178.50	158.50	154.00	132.00	103.50	116.00	89.40	77.60
Share price/shareholders' equity	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 year-end report, certain performance measures are used that are not defined in IFRS, with the purpose to give investors, analysts and other interested parties clear and relevant information about the company's operations and development. The use of these performance measures and reconciliation to the financial statements are presented below.

Definitions are provided on page 19.

EBITA

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

NET DEBT

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

RECONCILIATION OF EBITA

	2019 Oct-Dec	2018 Oct-Dec	2019 Full-year	2018 Full-year
Operating profit	73	80	218	203
Amortisation and impairment of intangible fixed assets	27	25	109	95
EBITA	100	105	327	298

RECONCILIATION OF NET DEBT

	2019 31 Dec	2018 31 Dec
Non-current liabilities	155	93
Current liabilities	1,604	1,643
Non interest-bearing non-current and current liabilities	-1,144	-1,191
Total interest-bearing liabilities	615	545
Cash and cash equivalents	-294	-387
Other interest-bearing receivables	0	0
Net debt (+)/receivable (-)	321	158

DEFINITIONS

Average number of employees

Average number of full-time employees during the period.

Capital employed

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

Cash flow per share

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

Currency-adjusted organic growth

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

Earnings per share

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

EBITA

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

EBITA margin

EBITA as a percentage of net sales.

Equity/assets ratio

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

Net debt

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

Net sales per employee

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

Operating margin

Operating profit as a percentage of net sales.

Organic growth

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

Recurring revenue

Revenue of an annually recurring character, such as revenue from support and maintenance contracts and revenue from subscription agreements, rental contracts and SaaS solutions.

Return on capital employed

Profit before tax plus financial expenses as a percentage of average capital employed. It is based on the profit for the last 12 months and the average of opening and closing balance of capital employed.

Return on shareholder's equity

Net profit for the period as a

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

Share price/shareholders' equity

Share price in relation to shareholders' equity per share.

Shareholders' equity

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

Shareholders' equity per share

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

ADTOLLO

ADDNODE GROUP

ARKIVA

ADDNODE GROUP

CANELLA

ADDNODE GROUP

DECERNO

ADDNODE GROUP

ESSVISION

ADDNODE GROUP

EVITBE

ADDNODE GROUP

FORSLER STJERNA

ADDNODE GROUP

IDA INFRONT

ADDNODE GROUP

INPORT

ADDNODE GROUP

INTRAPHONE

ADDNODE GROUP

KOMPANION

ADDNODE GROUP

LANDBORGEN

ADDNODE GROUP

MITTBYGGE

ADDNODE GROUP

SERVICE WORKS GLOBAL

ADDNODE GROUP

SOKIGO

ADDNODE GROUP

STAMFORD

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SYMETRI

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TECHNIA

ADDNODE GROUP

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