

YEAR-END REPORT 1 JANUARY-31 DECEMBER 2020

This is a translation of the Swedish original of Addnode Group's year-end report for the period 1 January-31 December 2020. In the event of any discrepancies between the two versions, the original Swedish version shall apply.

FOURTH QUARTER SUMMARY, OCTOBER - DECEMBER 2020

- Net sales decreased by 1 per cent to SEK 921 m (933), of which -12 per cent was organic. Currency-adjusted organic growth was -9 per cent.
 - EBITA increased to SEK 108 m (100), for an EBITA margin of 11.7 per cent (10.7).
 - Operating profit increased to SEK 76 m (73), for an operating margin of 8.3 per cent (7.8).
 - Profit after tax increased to SEK 55 m (50).
 - Earnings per share increased to SEK 1.65 (1.50).
 - Cash flow from operating activities increased to SEK 181 m (173).
 - The Board of Directors proposes a dividend of SEK 2.50 per share.
- Acquisition of the simulation company Scanscot Technology, with SEK 38 m in net sales.
 - Magnus Falkman appointed as new CEO of Technia and President of the Product Lifecycle Management division, effective 1 January 2021.

SUMMARY OF SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- No significant events have occurred after the end of the reporting period.

62%

Share of recurring revenue Q4 2020

-1%

Net sales growth Q4 2020 compared with Q4 2019

3,807 SEK m

Net sales full-year 2020

KEY FIGURES

	2020 Full year	2019 Full year
Net sales, SEK m	3,807	3,434
EBITA, SEK m	356*	327
EBITA margin, %	9.4*	9.5
Operating profit, SEK m	229	218
Operating margin, %	6.0	6.3
Profit for the period, SEK m	163	129
Earnings per share, SEK	4.88	3.86
Cash flow from operating activities, SEK m	579	413
Return on shareholders' equity, %	11.2	9.4
Return on capital employed, %	10.6	10.0
Shareholders' equity per share, SEK	45.23	42.18

* EBITA for 2020 was charged with one-off costs of SEK 28 m attributable to adaptation of the organisation and cost structure of the Product Lifecycle Management division. Excluding these restructuring costs, EBITA for the Group would have been SEK 384 m, for an EBITA margin of 10.1 per cent.

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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.



“During the last ten-year period, average growth in net sales has been 14 per cent, and earnings per share have grown by an average of 9 per cent per year. We intend to continue creating sustainable growth in value over time by investing in our employees, developing our offerings and acquiring companies.”

DIGITALISATION DRIVING BUSINESS AND STRENGTHENING MARGINS

2020 – Swift adaptation to new conditions

Our employees have done a fantastic job during a year in which we swiftly adapted the organisation to the new conditions created by the Covid-19 situation. We had sales growth of 11 per cent, and EBITA increased to SEK 384 m (327), excluding one-off costs of SEK 28 m related to the restructuring programme in the PLM division. Cash flow from operating activities increased to SEK 579 m (413) during the year. We have a business model in which a large share of maintenance contracts are paid in advance at the start of the year, and we have worked actively to reduce tied-up capital.

Digitalisation accelerated

2020 was a year in which we and our customers became even more digitalised in our work processes and in how we communicate internally as well as externally. Addnode Group is one of Europe’s largest providers of digital solutions for design and engineering activities, we have a global offering for facility management, and we are a leading supplier of case management systems to public administrations in Sweden. With our digital solutions customers can work remotely and be even more efficient when they design and manage infrastructure, properties, products and services for their customers. The positive digitalisation effects that we saw in 2020 will be sustainable both for us and our customers.

Fourth quarter – Improved margins and strong cash flow

Net sales decreased by 1 per cent, of which minus 9 percentage points was organic adjusted for currency effects. Recurring revenue accounted for 62 per cent of net sales.

Very strong earnings for the Process Management division, stable earnings for Design Management, execution of the cost-cutting programme in the PLM division and general cost restraint strengthened the EBITA margin to 11.7 per cent (10.7) compared with the same quarter a year ago. Cash flow from operating activities remained strong and increased to SEK 181 m (173).

Value-creating acquisitions

Acquiring companies is part of our business model, and we see continued favourable opportunities for value-creating acquisitions. During 2020 we acquired four companies, of which the acquisition of Scanscot in the PLM division was the latest. Scanscot has extensive knowledge and experience in advanced simulation services for a wide range of industries, including civil infrastructure, research and energy. The company is a reseller of SIMULIA, the simulation software portfolio from Dassault Systèmes, and has also developed BRIGADE, a product portfolio for simulation of infrastructure.

Sustainable growth in value

During the last ten-year period, average growth in net sales has been 14 per cent, and earnings per share have grown by an average of 9 per cent per year. We intend to continue creating sustainable growth in value over time by investing in our employees, developing our offerings and acquiring companies.

Johan Andersson
President and CEO

SIGNIFICANT EVENTS

DURING THE FOURTH QUARTER OF 2020

Acquisition of Scanscot Technology

On 2 November 2020 Addnode Group acquired all of the shares in Scanscot Technology. Scanscot is a Nordic leader in advanced simulation and had sales of SEK 38 m in 2019. The company is consolidated in the Product Lifecycle Management division (see also page 10).

Changes in Group Management

Magnus Falkman has been appointed as the new CEO of TECHNIA and President of the Product Lifecycle Management division, effective 1 January 2021, and will thereby be a member of Group Management. Magnus Falkman succeeds Jonas Gejer, one of TECHNIA's founders and its CEO since 2011. Jonas Gejer will transition to serving as a director on TECHNIA's board and will take on a new role as Vice President Business Development for Addnode Group and will thereby continue to be a member of Group Management.

AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred after the end of the reporting 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 3.8 bn in 2020.

FOR WHOM

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

TO WHAT BENEFIT

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

WHERE WE ARE ACTIVE

Addnode Group has 1,800 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

FOURTH QUARTER, OCTOBER–DECEMBER 2020

The Covid-19 pandemic continued to impact the Group's businesses during the fourth quarter of 2020. The Design Management and Product Lifecycle Management divisions continued to be affected by challenging market conditions and reduced new sales, but addressed this with short-term furloughs and other cost-cutting measures. The restructuring programme in the Product Lifecycle Management division to adapt the organisation and cost structure to the lower sales volume is progressing according to plan. Demand from the public sector for the Process Management division's solutions and services remained stable. The division posted growth and an increase in EBITA through high efficiency and continued cost restraint.

Net sales amounted to SEK 921 m (933), representing growth of -1 per cent, where organic growth was -12 per cent. Currency-adjusted organic growth was -9 per cent. Acquired growth pertained mainly to Excitech, which was acquired in January 2020.

Licence revenue increased to SEK 81 m (64), recurring revenue decreased to SEK 571 m (589), service revenue decreased to SEK 258 m (270), and other revenue amounted to SEK 11 m (10). The share of recurring revenue was 62 per cent (63).

EBITA increased to SEK 108 m (100), and the EBITA margin strengthened to 11.7 per cent (10.7). During the quarter the Group's personnel costs were reduced by SEK 12 m, mainly related to short-term furloughs.

Net financial items amounted to SEK -6 m (-8). Profit for the period after tax was SEK 55 m (50). Earnings per share were SEK 1.65 (1.50).

Cash flow from operating activities increased to SEK 181 m (173).

JANUARY–DECEMBER 2020

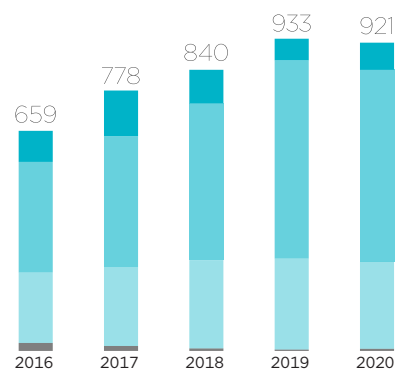
Net sales amounted to SEK 3,807 m (3,434), representing growth of 11 per cent, of which -6 per cent was organic. Currency-adjusted organic growth was -5 per cent. Licence revenue increased to SEK 221 m (207), recurring revenue increased to SEK 2,560 m (2,181), service revenue decreased to SEK 963 m (1,006), and other revenue amounted to SEK 63 m (40).

EBITA increased to SEK 356 m (327), for an EBITA margin of 9.4 per cent (9.5). Government assistance measures in the form of short-term furloughs, reduced social security taxes and compensation for sick pay resulted in temporarily reduced personnel costs of SEK 51 m. Costs for implementation of the restructuring programme in the Product Lifecycle Management division amounted to SEK 28 m.

Net financial items amounted to SEK -18 m (-43). The Group's net financial items for the same period a year ago were charged with remeasurements of contingent consideration, with a net effect of SEK -26 m. Reported tax on profit for the period was SEK -48 m (-46). Profit for the year increased to SEK 163 m (129). Excluding the remeasurements of contingent consideration, profit after tax was SEK 163 m (155). Earnings per share were SEK 4.88 (3.86) and SEK 4.88 (4.64) excluding remeasurements of the contingent consideration.

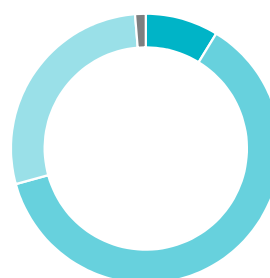
Cash flow from operating activities increased to SEK 579 m (413). Cash flow was positively affected by active work on reducing tied-up capital and focus on collecting customer payments in time.

BREAKDOWN OF REVENUE, Q4 2016–2020



■ Licences
■ Recurring revenue
■ Services
■ Other

BREAKDOWN OF REVENUE, Q4 2020



■ Licences, 9%
■ Recurring revenue, 62%
■ Services, 28%
■ Other, 1%

DEVELOPMENT PER DIVISION

NET SALES AND EBITA, Q4

SEK m	Net sales			EBITA		
	2020 Q4	2019 Q4	Change %	2020 Q4	2019 Q4	Change %
Design Management	384	382	1	36	38	-5
Product Lifecycle Management	312	334	-7	39	33	18
Process Management	231	223	4	45	38	18
Eliminations/central costs	-6	-6	-	-12	-9	-
Addnode Group	921	933	-1	108	100	8

NET SALES AND EBITA, FULL-YEAR

SEK m	Net sales			EBITA		
	2020 Full-year	2019 Full-year	Change %	2020 Full-year	2019 Full-year	Change %
Design Management	1,860	1,387	34	190	146	30
Product Lifecycle Management	1,141	1,272	-10	57	104	-45
Process Management	827	797	4	151	115	31
Eliminations/central costs	-21	-22	-	-42	-38	-
Addnode Group	3,807	3,434	11	356	327	9

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 marine industry. The division also has a strong offering for project collaborations and facility management.

QUARTERLY DEVELOPMENT

Net sales during the fourth quarter amounted to SEK 384 m (382). Organic growth was negative, at -24 per cent. Adjusted for currency effects, organic growth was -19 per cent. New sales of Autodesk solutions and services have been negatively impacted by the Covid-19 pandemic. However, during the fourth quarter demand was good for proprietary solutions, and recurring revenue showed continued stability in a challenging market. The division's offerings, based on proprietary software surrounding BIM and collaboration portals for the construction and infrastructure sectors as well as facility management, showed continued stable development.

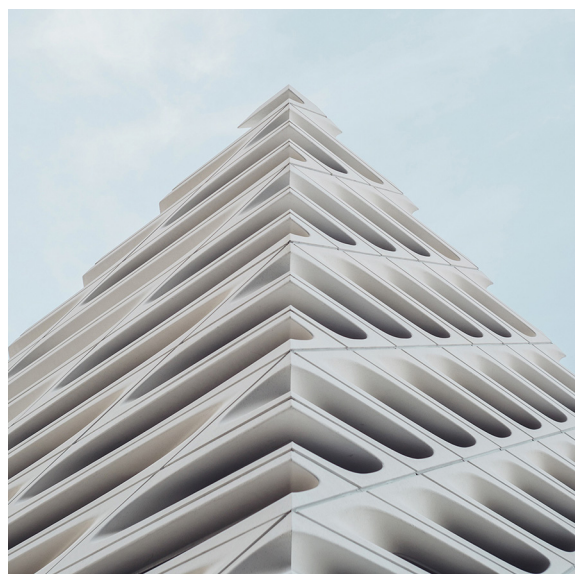
EBITA was SEK 36 m (38), and the EBITA margin narrowed to 9.4 per cent (9.9). Short-term employee furloughs gradually decreased during the fourth quarter.

NEW BUSINESS

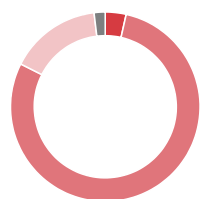
During the quarter the division secured agreements with customers such as the Centre for Hydrology & Ecology, Isle of Wight NHS Trust, Jernhusen, Morgan Sindall Group, SCA Forest Products, Sunnhordaland Kraftlag, Vestfold og Telemark fylkeskommune and Willerby.

MARKET

The division is one of Europe's leading suppliers of design and BIM software to the construction and manufacturing industries and has a strong offering in the areas of project collaboration and facility management. Customers' willingness to invest is driven by the need to design, build and manage products, facilities and infrastructure.



NET SALES Q4 2020 BY TYPE OF REVENUE



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

NET SALES GROWTH Q4 2020 COMPARED WITH Q4 2019

+1%

EBITA Q4 2020 COMPARED WITH Q4 2019

-5%

KEY FIGURES

SEK m	Q4 2020	Q4 2019	Change %
Net sales	384	382	1
EBITA	36	38	-5
EBITA margin, %	9.4	9.9	-
Operating profit	22	27	-19
Operating margin, %	5.7	7.1	-
Average no. employees	566	405	40

PRODUCT LIFECYCLE MANAGEMENT DIVISION

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

QUARTERLY DEVELOPMENT

Net sales decreased by 7 per cent during the fourth quarter of 2020 to SEK 312 m (334). Organic growth was negative, at -8 per cent. Adjusted for currency effects, organic growth was -4 per cent. The division has been negatively impacted by challenging market conditions during the Covid-19 pandemic. However, during the fourth quarter the division's operations in the UK and Germany showed a slight rise in demand. The Nordic and Benelux countries showed stable performance also during the fourth quarter, while the market conditions for operations in the USA remained challenging.

EBITA increased to SEK 39 m (33), and the EBITA margin strengthened to 12.5 per cent (9.9). To counter the effects of lower sales volumes, employees have remained on short-term furloughs in certain countries. Restraint in general also contributed to lower costs. The work on adapting the organisation and cost structure is progressing according to plan and gradually yielding effects in the form of cost savings. Costs for conducting the restructuring programme were SEK 28 m, of which SEK 20 m were recognised during the second quarter and SEK 8 m during the third quarter of 2020.

NEW BUSINESS

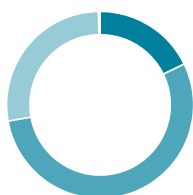
During the quarter the division secured agreements with customers such as Autoliv, EDAG, Elomatic, Fairline Yachts, Gordon Murray Design, KLA, Koenigsegg, Stadler Rail, Trütschler, Vanderlande and Volta Trucks.

MARKET

The division's operations are conducted through the company TECHNIA, 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 life cycle and comply with authorities' requirements.



NET SALES Q4 2020 BY TYPE OF REVENUE



- Licences, 18%
- Recurring revenue, 54%
- Services, 28%
- Other, 0%

NET SALES GROWTH Q4 2020 COMPARED WITH Q4 2019

-7%

EBITA Q4 2020 COMPARED WITH Q4 2019

+18%

KEY FIGURES

SEK m	Q4 2020	Q4 2019	Change %
Net sales	312	334	-7
EBITA	39	33	18
EBITA margin, %	12.5	9.9	-
Operating profit	30	25	20
Operating margin, %	9.6	7.5	-
Average no. employees	628	680	-8

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 4 per cent during the fourth quarter of 2020 to SEK 231 m (223). Organic growth was 3 per cent. Adjusted for currency effects, organic growth was 3 per cent. EBITA improved to SEK 45 m (38), and the EBITA margin improved to 19.5 per cent (17.0). Demand for the division's solutions for document and case management, citizen services and municipal technical systems and peripheral services remained good during the quarter. Newly acquired Netpublicator performed well and made a positive earnings contribution. High efficiency in the division's operations together with cost restraint also contributed to the earnings improvement.

NEW BUSINESS

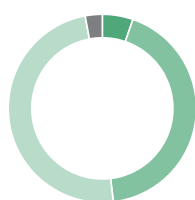
During the quarter the division secured agreements with customers such as the Delegation against Segregation (Delmos), the Swedish Energy Agency, the Swedish Environmental Protection Agency, Forensic Medicine Institute of Denmark, Östergötland County Council, Stockholm Cooperative Tenant Owner Association 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 2020 BY TYPE OF REVENUE



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

NET SALES GROWTH Q4 2020 COMPARED WITH Q4 2019

+4%

EBITA Q4 2020 COMPARED WITH Q4 2019

+18%

KEY FIGURES

SEK m	Q4 2020	Q4 2019	Change %
Net sales	231	223	4
EBITA	45	38	18
EBITA margin, %	19.5	17.0	-
Operating profit	35	30	17
Operating margin, %	15.2	13.5	-
Average no. employees	539	539	-

CONSOLIDATED BALANCE SHEET AND CASH FLOW

LIQUIDITY AND FINANCIAL POSITION

The Group's available liquidity amounted to SEK 744 m (394). This includes, in addition to cash and cash equivalents of SEK 644 m (294), 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 (750) to finance acquisitions, of which SEK 302 m (258) was unutilised as per 31 December 2020. Liabilities pertaining to promissory notes and other liabilities for completed acquisitions amounted to SEK 3 m (8), and estimated contingent consideration for completed company acquisitions amounted to SEK 111 m (8). The Group's interest-bearing liabilities amounted to SEK 827 m (615) on 31 December 2020, of which lease liabilities amounted to SEK 125 m (123). Net debt amounted to SEK 182 m (321), and the equity/assets ratio was 40 per cent (44) on 31 December 2020.

CASH FLOW

Cash flow from operating activities increased to SEK 579 m (413) during the year, mainly owing to a change in working capital. Active work on reducing tied-up capital, including a focus on collecting customer payments, freed up liquid funds. A large share of maintenance contracts are paid in advance at the start of the year.

Investments in subsidiaries and businesses resulted in a negative cash flow of SEK 271 m (248), of which SEK 11 m pertains to company acquisitions carried out in previous years. Cash flow from investing activities also includes outgoing payments of SEK 80 m (57) for proprietary software.

New bank borrowing of SEK 263 m (116) was taken out within the framework of existing credit facilities. Cash flow from financing activities was negatively affected by SEK 70 m (67) in amortisation of lease liabilities. No dividend was paid out for 2019, in accordance with a resolution by the Annual General Meeting on 7 May 2020. The dividend paid out in the preceding year (for 2018) was SEK 84 m.

INVESTMENTS

Investments in intangible non-current assets and in property, plant and equipment amounted to SEK 181 m (137), of which SEK 80 m (57) pertained to proprietary software.

GOODWILL AND OTHER INTANGIBLE ASSETS

The Group's carrying amount of goodwill on 31 December 2020 was SEK 1,763 m (1,588). Other intangible assets amounted to SEK 380 m (306) and pertain mainly to customer contracts and software.

DEFERRED TAX ASSETS

Deferred tax assets amounted to SEK 18 m (12) on 31 December 2020, of which SEK 12 m (6) pertains to tax loss carryforwards. As per 31 December 2020 the Group's accumulated tax loss carryforwards amounted to approximately SEK 80 m (70). 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 2020 amounted to SEK 1,512 m (1,410), corresponding to SEK 45.23 (42.18) per share outstanding. No share-savings, option or convertible programmes were outstanding as per 31 December 2020. No dividend was paid out for 2019, in accordance with a resolution by the 2020 Annual General Meeting.

EMPLOYEES

The average number of employees in the Group increased to 1,758 (1,590). The number of employees at the end of the period was 1,833 (1,714 as per 31/12/2019).

DISCLOSURES OF ACQUISITIONS

Completed acquisitions

During 2020 Addnode Group acquired four companies, Unizite AS ("Unizite"), Excitech Ltd ("Excitech"), Netpublicator Apps AB ("Netpublicator") and Scanscot Technology AB ("Scanscot"). The acquisitions carried out in 2020 contributed SEK 570 m to consolidated net sales and SEK 19 m to consolidated profit after tax for the year. If the acquisitions had been carried out as per 1 January 2020, consolidated net sales for the period January–December 2020 would have amounted to approximately SEK 3,850 m, and profit after tax would have amounted to SEK 167 m. Costs for carrying out the acquisitions, totalling SEK 4 m (2), are included in the Group's other external costs in 2020.

On 9 January 2020 all of the shares were acquired in the Norwegian company Unizite. Unizite, with a team of 10 people, has developed a cloud-based mobile field tool. Unizite is now part of Tribia, a company in the Design Management division, and is consolidated in the Group as from January 2020. According to the purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising in connection with the acquisition amount to approximately NOK 32 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. Contingent consideration is estimated to amount to NOK 10 m, which is recognised on the consolidated balance sheet as per 31 December 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 269 m, of which approximately GBP 19 m (approximately SEK 230 m) was paid through the publication date of this year-end report. The contracted purchase price of GBP 22 m includes a fixed cash payment of GBP 17 m, GBP 2 m payable the form of a promissory note (for which the nominal amount may increase or decrease depending on the net proceeds of a planned sale/leaseback deal for

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

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>	2
<i>Current assets</i>	8
<i>Cash and cash equivalents</i>	4
<i>Liabilities</i>	-9
Net identifiable assets	10
<i>Goodwill</i>	12
Calculated purchase price	22

On 1 July 2020 Addnode Group acquired 50.1 per cent of the shares in Netpublicator Apps AB ("Netpublicator"), which develops SaaS solutions for digital document and meeting management in conjunction with public administration meetings. The company's net sales in 2019 amounted to approximately SEK 16 m, with good profitability. The remaining 49.9 per cent will be acquired incrementally in 2021, 2022 and 2023, where the final purchase price will be determined based on Netpublicator's financial results. According to the preliminary purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising in connection with the acquisition amount to approximately SEK 102 m, entailing a deferred tax liability of approximately SEK 7 m. Other acquired assets and liabilities were negligible. Depending on the actual outcome for the acquired company's financial performance in 2020, 2021 and 2022, a contingent cash payment ranging from SEK 0 to a maximum, undiscounted amount of SEK 57 m may be payable for the remaining shares. A provision for contingent consideration has been calculated at SEK 57 m, which is recognised on the consolidated balance sheet as per 31 December 2020. Netpublicator is consolidated in Addnode Group as from July 2020 as part of the Process Management division.

On 2 November 2020 Addnode Group acquired all of the shares in Scanscot Technology AB ("Scanscot"), the leading Nordic reseller of SIMULIA, the simulation software portfolio from Dassault Systèmes. The company has also developed its own software for simulation of bridges and other infrastructure. Scanscot had net sales of approximately SEK 38 m in 2019. According to the preliminary purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising in connection with the acquisition amount to approximately SEK 40 m, entailing a deferred tax liability of approximately SEK 3 m. Other acquired assets and liabilities were negligible.

Scanscot is consolidated in Addnode Group as from November 2020 as part of the Product Lifecycle 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 2020.

RELATED PARTY TRANSACTIONS

During 2020 the Chairman of the Board, Staffan Hanstorp, via a company, 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.

PARENT COMPANY

Net sales in 2020 amounted to SEK 18 m (16) and pertained mainly to invoicing to subsidiaries for rents of premises and performed services. Profit after financial items totalled SEK 44 m (285) including SEK 30 m (250) in dividends from subsidiaries, Group contributions of SEK 151 m (146) received from subsidiaries, write-downs of shares in subsidiaries by SEK 125 m (52), and reversal of write-down of shares in subsidiaries of SEK 40 m (-). Cash and cash equivalents amounted to SEK 518 m (235) on 31 December 2020. Investments pertaining to shares in subsidiaries amounted to SEK 450 m (85). No significant investments have been made in intangible non-current assets or in property, plant and equipment.

SEASONAL VARIATIONS

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

ACCOUNTING POLICIES

General

This 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. Amendments and interpretations of existing standards that became effective in 2020 have not had any impact on the Group's financial position or the financial statements. The accounting policies and calculation methods are unchanged compared with the description in the 2019 Annual Report.

Government assistance

During 2020 the Group has received access to government assistance as part of the measures taken by the authorities in several countries in Europe in which the Group's companies are active. The government assistance pertains to short-term furloughs, reductions in social security taxes and compensation for sick pay. In certain countries the government assistance has not been paid out to the companies, but directly to the employees. In either case it has resulted in lower costs for the Group. In accordance with IAS 20, government assistance measures have been reported net in personnel costs.

The government assistance, which reduced the Group's personnel costs during the second, third and fourth quarters of 2020, amounted to SEK 29 m, SEK 10 m and SEK 12 m, respectively, for a total of SEK 51 m. Of this total, SEK 14 m is conditional, but the conditions are deemed to have been met.

Approximately 130 employees (corresponding to approximately 30 full-time equivalents) were covered by short-term furloughs during the fourth quarter of 2020.

SIGNIFICANT RISKS AND UNCERTAINTIES

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

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

FUTURE OUTLOOK

The Board has not changed its assessment of the long-term future outlook compared with the preceding quarter. In the interim report for the third quarter of 2020 the Board communicated the following outlook: In the long-term, the areas in which Addnode Group is active are deemed to have strong underlying potential. Addnode Group's growth strategy is to grow organically and through acquisitions of new businesses in the aim of adding new, complementary offerings and additional expertise.

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

PROPOSED DIVIDEND

The Board of Directors recommends that the Annual General Meeting resolve in favour of a dividend of SEK 2.50 (-) per share for the 2020 financial year, which corresponds to a total dividend of SEK 84 m (-). 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, 10 May 2021 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 Friday, 14 May 2021.

ANNUAL GENERAL MEETING 2021

The Annual General Meeting will be held on 6 May 2021.

ANNUAL REPORT

The 2020 Annual Report will be published and available at www.addnodegroup.com during the first week of April 2021.

Stockholm, 3 February 2021

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	2020 Oct-Dec	2019 Oct-Dec	2020 Full year	2019 Full year
Net sales	921	933	3,807	3,434
Purchases of goods and services	-380	-389	-1,715	-1,425
Other external costs	-73	-83	-270	-299
Personnel costs	-361	-356	-1,461	-1,355
Capitalised work performed by the company for its own use	22	17	80	57
Depreciation/amortisation and impairment of				
- tangible non-current assets	-21	-22	-88	-85
- intangible non-current assets	-32	-27	-127	-109
Profit/loss on sale of business	-	-	3	-
Operating profit	76	73	229	218
Financial income	0	0	3	4
Financial expenses	-6	-6	-21	-21
Remeasurements of contingent earn-out payments	-	-2	-	-26
Profit before taxes	70	65	211	175
Current tax	-2	-17	-47	-53
Deferred tax	-13	2	-1	7
Net profit for the period	55	50	163	129
<i>Attributable to:</i>				
Owners of the Parent Company	55	50	163	129
Share data				
Earnings per share before and after dilution, SEK	1.65	1.50	4.88	3.86
Average number of shares outstanding:				
Before and after dilution	33,427,256	33,427,256	33,427,256	33,427,256

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	2020 Oct-Dec	2019 Oct-Dec	2020 Full year	2019 Full year
Net profit for the period	55	50	163	129
<i>Other comprehensive income, items that will not be reclassified to profit or loss:</i>				
Actuarial gains and losses on pension obligations	0	-1	0	-1
Capital gain on long-term securities holding	-	4	-	4
<i>Other comprehensive income, items that may be reclassified to profit or loss:</i>				
Exchange rate difference upon translation of foreign operations	-51	-10	-124	67
Hedge of net investments in foreign operations	24	-5	63	-44
Total other comprehensive income after tax for the period	-27	-12	-61	26
Comprehensive income for the period	28	38	102	155
<i>Attributable to:</i>				
Owners of the Parent Company	28	38	102	155

CONSOLIDATED BALANCE SHEETS

SEK m	2020 31 Dec	2019 31 Dec
Assets		
Goodwill	1,763	1,588
Other intangible non-current assets	380	306
Property, plant and equipment	187	169
Financial assets	40	30
Total non-current assets	2,370	2,093
Inventories	1	1
Current receivables	803	781
Cash and cash equivalents	644	294
Total current assets	1,448	1,076
Total assets	3,818	3,169
Shareholders' equity and liabilities		
Shareholders' equity	1,512	1,410
Non-current liabilities	235	155
Current liabilities	2,071	1,604
Total shareholders' equity and liabilities	3,818	3,169
Interest-bearing receivables amount to	1	0
Interest-bearing liabilities amount to	827	615
Pledged assets	8	9
Contingent liabilities	18	2

SHAREHOLDERS' EQUITY AND NUMBER OF SHARES

Specification of changes in shareholders' equity, SEK m	2020 Oct-Dec	2019 Oct-Dec	2020 Full year	2019 Full year
Shareholders' equity, opening balance	1,484	1,372	1,410	1,339
Dividend	-	-	-	-84
Comprehensive income for the period	28	38	102	155
Shareholders' equity, closing balance	1,512	1,410	1,512	1,410
Shareholders' equity attributable to:				
Owners of the Parent Company	1,512	1,410	1,512	1,410
Number of shares outstanding, opening and 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 2020 nor 31 December 2019.

CONSOLIDATED STATEMENTS OF CASH FLOWS

SEK m	2020 Oct-Dec	2019 Oct-Dec	2020 Full year	2019 Full year
Operating activities				
Operating profit	76	73	229	218
Adjustment for non-cash items	56	53	242	195
Total	132	126	471	413
Net financial items	-6	-2	-18	-16
Tax paid, etc.	6	0	-38	-48
Cash flow from operating activities before changes in working capital	132	124	415	349
Total change in working capital	49	49	164	64
Cash flow from operating activities	181	173	579	413
Investing activities				
Purchases and sales of intangible assets and property, plant and equipment	-29	-24	-104	-79
Sales of financial assets	-	6	-	6
Acquisitions of subsidiaries and operations	-47	-16	-343	-255
Cash and cash equivalents in acquired companies	15	0	72	7
Cash flow from investing activities	-61	-34	-375	-321
Financing activities				
Paid dividend	-	-	-	-84
Borrowings	-	-	263	116
Repayment of loans	-19	-19	-70	-236
Cash flow from financing activities	-19	-19	193	-204
Change in cash and cash equivalents	101	120	397	-112
Cash and cash equivalents at start of period	563	178	294	387
Exchange rate difference in cash and cash equivalents	-20	-4	-47	19
Cash and cash equivalents at end of period	644	294	644	294

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENTS

SEK m	2020 Oct-Dec	2019 Oct-Dec	2020 Full year	2019 Full year
Net sales	6	3	18	16
Operating expenses	-18	-13	-59	-54
Operating profit	-12	-10	-41	-38
Profit/loss from participations in Group companies	152	133	97	343
Other financial income	0	0	5	4
Financial expenses	-4	-4	-17	-24
Profit after financial items	136	119	44	285
Provision to tax allocation reserve	-25	-22	-25	-22
Profit before taxes	111	97	19	263
Tax	-16	-14	-16	-14
Net profit for the period	95	83	3	249

PARENT COMPANY BALANCE SHEETS

SEK m	2020 31 Dec	2019 31 Dec
Assets		
Intangible non-current assets	0	0
Financial assets	2,438	2,073
Current receivables	50	90
Cash and cash equivalents	518	235
Total assets	3,006	2,398
Shareholders' equity and liabilities		
Shareholders' equity	1,281	1,278
Untaxed reserves	96	72
Provisions	117	8
Current liabilities	1,512	1,040
Total shareholders' equity and liabilities	3,006	2,398

OPERATING SEGMENTS

The figures below refer to the respective full 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
Revenue												
External sales	1,855	1,382	1,135	1,267	816	784	1	1	-	-	3,807	3,434
Transactions between segments	5	5	6	5	11	13	13	12	-35	-35	0	0
Total revenue	1,860	1,387	1,141	1,272	827	797	14	13	-35	-35	3,807	3,434
EBITA	190	146	57	104	151	115	-42	-38	-	-	356	327
EBITA margin, %	10.2	10.5	5.0	8.2	18.3	14.4	-	-	-	-	9.4	9.5
Operating profit	133	101	23	73	115	82	-42	-38	-	-	229	218
Operating margin, %	7.2	7.3	2.0	5.7	13.9	10.3	-	-	-	-	6.0	6.3
Average number of employees	565	415	654	644	532	524	7	7	-	-	1,758	1,590

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	64	30	126	144	31	33	-	-	0	0	221	207
Recurring revenue	1,520	1,133	680	715	363	340	-	-	-3	-7	2,560	2,181
Services	232	214	327	399	410	398	-	-	-6	-5	963	1,006
Other	44	10	8	14	23	26	14	13	-26	-23	63	40
Total revenue	1,860	1,387	1,141	1,272	827	797	14	13	-35	-35	3,807	3,434

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

No changes have been made in the segment breakdown since the most recently published annual report. The difference between the sum of the segments' operat-

ing profits and consolidated profit before tax pertains to financial income of SEK 3 m (4), financial expenses of SEK -21 m (-21), and remeasurements of contingent consideration totalling SEK 0 m (-26).

As a result of completed company acquisitions, operating capital in the Design Management division increased by approximately SEK 207 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			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales, SEK m	921	806	846	1 234	933	779	864	858
<i>Design Management</i>	384	375	379	722	382	299	336	370
<i>Product Lifecycle Management</i>	312	258	267	304	334	311	335	292
<i>Process Management</i>	231	177	205	214	223	174	199	201
EBITA, SEK m	108	84 ¹	56 ¹	108	100	71	74	82
<i>Design Management</i>	36	42	36	76	38	30	35	43
<i>Product Lifecycle Management</i>	39	17 ¹	-9 ¹	10	33	23	29	19
<i>Process Management</i>	45	33	37	36	38	25	22	30
EBITA margin, %	11.7	10.4 ¹	6.6 ¹	8.8	10.7	9.1	8.6	9.6
<i>Design Management</i>	9.4	11.2	9.5	10.5	9.9	10.0	10.4	11.6
<i>Product Lifecycle Management</i>	12.5	6.6 ¹	-3.4 ¹	3.3	9.9	7.4	8.7	6.5
<i>Process Management</i>	19.5	18.6	18.0	16.9	17.0	14.4	11.1	14.9
Average number of employees	1,740	1,756	1,789	1,788	1,629	1,607	1,596	1,524
<i>Design Management</i>	566	580	569	562	405	406	416	419
<i>Product Lifecycle Management</i>	628	646	682	685	680	662	642	596
<i>Process Management</i>	539	523	531	534	539	533	530	501
Net sales per employee, SEK 000s	529	459	473	690	573	485	541	563
Change in net sales, %	-1	3	-2	44	11	20	21	16
EBITA margin, %	8.3	6.5	2.8	6.2	7.8	5.5	5.3	6.5
Equity, SEK m	1,512	1,484	1,447	1,471	1,410	1,372	1,332	1,378
Return on shareholders' equity, % ²	11.2	11.1	10.9	12.0	9.4	11.0	11.0	11.4
Equity/assets ratio, %	40	41	40	38	44	46	43	40
Return on capital employed, % ²	10.6	10.6	10.6	11.2	10.0	11.2	11.0	10.5
Net debt, SEK m	182	271	117	175	321	427	429	195
Investments in equipment, SEK m	4	3	2	5	8	7	5	6

¹ In Q2 and Q3 2020, EBITA was charged with one-off costs of SEK 20 m and SEK 8 m, respectively, attributable to adaptation of the organisation and cost structure in the Product Lifecycle Management division. Excluding these restructuring costs, consolidated EBITA would have amounted to SEK 76 m and SEK 92 m, respectively, for an EBITA margin of 9.0 per cent and 11.4 per cent, respectively. EBITA for the Product Lifecycle Management division in Q2 and Q3 2020 would have amounted to SEK 11 m and SEK 25 m, respectively, for an EBITA margin of 4.1 per cent and 9.7 per cent, respectively.

² Key ratios are adjusted to reflect returns on a yearly basis.

SHARE DATA

	2020				2019			
	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	33,4
Total number of shares outstanding, millions	33,4	33,4	33,4	33,4	33,4	33,4	33,4	33,4
Total number of registered shares, millions	33,4	33,4	33,4	33,4	33,4	33,4	33,4	33,4
Earnings per share before and after dilution, SEK	1.65	1.11	0.42	1.71	1.50	0.93	0.99	0.45
Cash flow from operating activities per share, SEK	5.41	-1.97	5.62	8.26	5.18	0.96	-0.60	6.76
Shareholders' equity per share, SEK	45.23	44.39	43.29	44.01	42.18	41.04	39.85	41.22
Share price at end of period, SEK	286.00	206.50	178.00	146.00	178.50	158.50	154.00	132.00
Share price/shareholders' equity	6.32	4.65	4.11	3.32	4.23	3.86	3.86	3.20

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 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 Oct-Dec	2019 Oct-Dec	2020 Full year	2019 Full year
Operating profit	76	73	229	218
Amortisation and impairment of intangible non-current assets	32	27	127	109
EBITA	108	100	356	327

RECONCILIATION OF NET DEBT

	2020 31 Dec	2019 31 Dec
Non-current liabilities	235	155
Current liabilities	2,071	1,604
Noninterest-bearing non-current and current liabilities	-1,479	-1,144
Total interest-bearing liabilities	827	615
Cash and cash equivalents	-644	-294
Other interest-bearing receivables	-1	0
Net debt (+)/receivable (-)	182	321

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.

ADTOLLO

ADDNODE GROUP

ARKIVA

ADDNODE GROUP

CANELLA

ADDNODE GROUP

DECERNO

ADDNODE GROUP

EVITBE

ADDNODE GROUP

EXCITECH

ADDNODE GROUP

FORSLER STJERNA

ADDNODE GROUP

IDA INFRONT

ADDNODE GROUP

INPORT

ADDNODE GROUP

INTRAPHONE

ADDNODE GROUP

KOMPANION

ADDNODE GROUP

MITTBYGGE

ADDNODE GROUP

NETPUBLICATOR

ADDNODE GROUP

SERVICE WORKS GLOBAL

ADDNODE GROUP

SOKIGO

ADDNODE GROUP

STAMFORD

ADDNODE GROUP

SYMETRI

ADDNODE GROUP

TECHNIA

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