

Interim Report 1 January 1-30 September 2018

THIRD QUARTER SUMMARY, JULY-SEPTEMBER 2018

- Net sales increased to SEK 648 m (535), up 21 per cent.
- EBITA increased to SEK 65 m (25), for an EBITA margin of 10.0 per cent (4.7).
- Operating profit increased to SEK 40 m (3), for an operating margin of 6.2 per cent (0.6).
- Profit after tax increased to SEK 28 m (1).
- Earnings per share increased to SEK 0.84 (0.03).
- Cash flow from operating activities was SEK -61 m (-78).

SUMMARY OF NINE-MONTH PERIOD, JANUARY-SEPTEMBER 2018

- Net sales increased to SEK 2,102 m (1,742), up 21 per cent.
- EBITA increased to SEK 193 m (110), for an EBITA margin of 9.2 per cent (6.3).
- Operating profit increased to SEK 123 m (53), for an operating margin of 5.9 per cent (3.0).
- Profit after tax increased to SEK 85 m (35).
- Earnings per share increased to SEK 2.70 (1.15).
- Cash flow from operating activities increased to SEK 171 m (81).

SUMMARY OF SIGNIFICANT EVENTS DURING THE THIRD QUARTER, JULY-SEPTEMBER 2018

- Acquisition of software company Landborgen, with SEK 10 m in net sales.
- Acquisition of British Autodesk-partner Cadassist, with SEK 110 m in net sales.

62%

SHARE OF RECURRING
REVENUE IN Q3 2018

21%

GROWTH Q3 2018
COMPARED WITH Q3 2017

SEK 2,880 m

NET SALES
LTM OCTOBER 17 -
SEPTEMBER 18

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GROWTH AND DOUBLING OF EBITA MARGIN

THIRD QUARTER

The positive trend continued during the third quarter with good organic growth, a doubling of the EBITA margin and strongly improved earnings per share. Compared with Q3 2017, growth was 21 per cent (12 per cent organic), the EBITA margin doubled to 10.0 per cent (4.7), and earnings per share increased to SEK 0.84 (0.03). The share of recurring revenue continues to rise and was 62 per cent (56) of net sales. All three divisions contributed during the third quarter both with growth and improved earnings. Design Management had growth of 26 per cent (13 per cent organic) and doubled its earnings, driven by new, innovative solutions and continued strong performance for our collaboration tools for construction projects and software for property management. Product Lifecycle Management had 24 per cent growth (17 per cent organic) and tripled its earnings as a result of better project execution and favourable demand for our software and services. In the Process Management division our software and services for Swedish municipalities and authorities contributed with growth of 12 per cent (6 per cent organic) and improved earnings.

SUCCESSFUL PRODUCTS AND SERVICES

We have a good financial position, which makes it possible for us to continue investing in new products, services and business models – both organically and through acquisitions. A few examples of our successful products are BIMeye, for gathering and sharing digital data in a building; Interaxo, a cloud-based solution for streamlining information and processes in construction projects; QFM, facility management software for control of assets, resources and service; iipax one, for case management and e-archives for the public sector; and CAVA, for ensuring that vehicle design is in compliance with international laws and norms

ACQUISITIONS

We carried out two acquisitions during the third quarter. The software company Landborggen, with SEK 10 m in net sales, strengthens our product portfolio for Swedish municipalities. Its products are used by more than 80 per cent of Sweden's municipalities for administration of liquor licences, among other things.

“The positive trend continued during the third quarter, with good organic growth, a doubling of the EBITA margin and strongly improved earnings per share.”

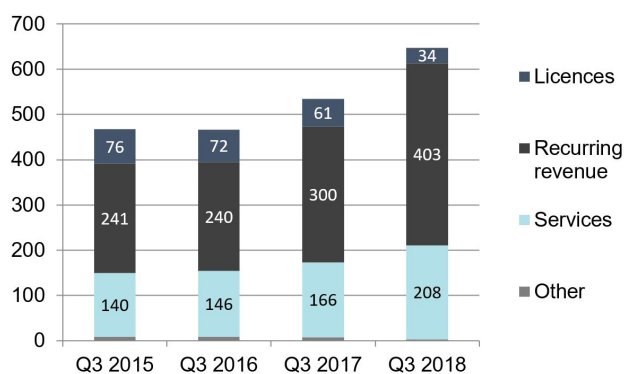
The acquisition of Cadassist, with sales of approximately SEK 110 m, is in line with our strategy to be an international, market-leading supplier of software and services for design and engineering operations. Cadassist will be part of our subsidiary Symetri, and together we can better serve our customers with more expertise, capacity and a broader product portfolio. Our acquisition opportunities remain good, and we are engaged in a number of acquisition talks.

SUSTAINABLE AND PROFITABLE GROWTH

The first nine months of 2018 have developed favourably for Addnode Group, with good growth, improved margins and higher earnings per share. We are an information technology company that works in close collaboration with our customers to create digital solutions that incorporate software and services. Digitalisation is creating great opportunities, and we are continuing our work for sustainable and profitable growth.

Johan Andersson, President and CEO

**Earnings distribution,
Q3 2015 - Q3 2018, SEK M**



SIGNIFICANT EVENTS DURING THE THIRD QUARTER OF 2018

Acquisition of Landborgen

Landborgen is a Swedish software company that provides case management systems for Swedish municipalities' licensing and supervisory activities. The company has sales of approximately SEK 10 m, and its products AlkT and OL2 are used by more than 80 per cent of Sweden's municipalities. The company is part of Addnode Group's Process Management division as from August 2018.

Acquisition of Cadassist

Cadassist, consisting of the companies Cadassist Ltd and d2m3 Ltd, is a leading British provider of software, training and consulting services for architects, engineering operations and the construction industry, and is an Autodesk partner with net sales of SEK 110 m. The company, with 23 employees based in Manchester, England, is part of Addnode Group's Design Management division as from September 2018.



CONSOLIDATED NET SALES AND EARNINGS

Third quarter, July–September 2018

Net sales amounted to SEK 648 m (535), an increase of 21 per cent, of which 12 per cent was organic growth. License revenue amounted to SEK 34 m (61), recurring revenue increased to SEK 403 m (300), service revenue increased to SEK 208 m (166), and other revenue totalled SEK 3 m (8). Compared with the corresponding quarter a year ago, recurring revenue increased mainly in the Product Lifecycle Management division, although it increased also in other divisions. EBITA amounted to SEK 65 m (25), corresponding to an EBITA margin of 10.0 per cent (4.7).

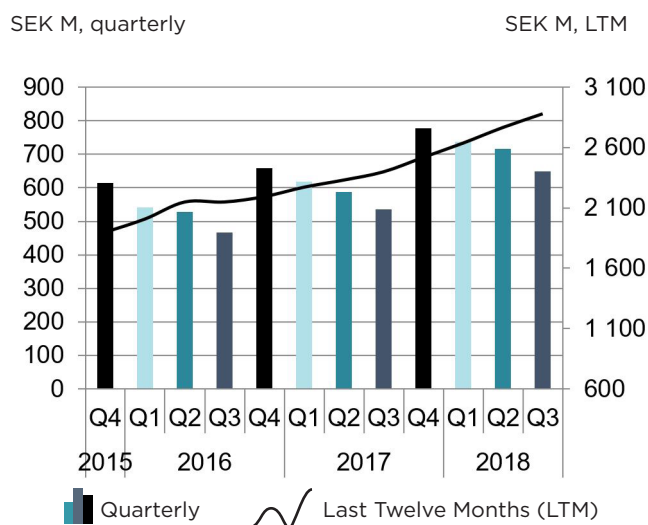
Design Management's growth of 26 per cent was driven both by higher sales of 3-part products and SaaS sales of proprietary systems. The improved earnings are attributable to a favourable revenue mix, with a larger share of sales of services and proprietary products. Organic growth was 13 per cent. Product Lifecycle Management noted continued good demand during the third quarter, with organic growth of 17 per cent. Including acquisitions, growth was 24 per cent. Earnings improved strongly compared with a year ago, when they were affected by lower sales and project write-downs. Process Management posted growth of 12 per cent compared with the same quarter a year ago. Organic growth was 6 per cent. The offering to the municipal market, in particular, contributed to the favourable sales and earnings growth. Cash flow from operating activities was SEK -61 m (-78).

Cash flow during the third quarter was negative, as incoming payments for support and maintenance agreements are made mainly in advance at the start of the year. Net financial items amounted to SEK -3 m (-2). Reported tax on profit for the period was SEK -9 m (0), and profit after tax was SEK 28 m (1). Earnings per share increased to SEK 0.84 (0.03).

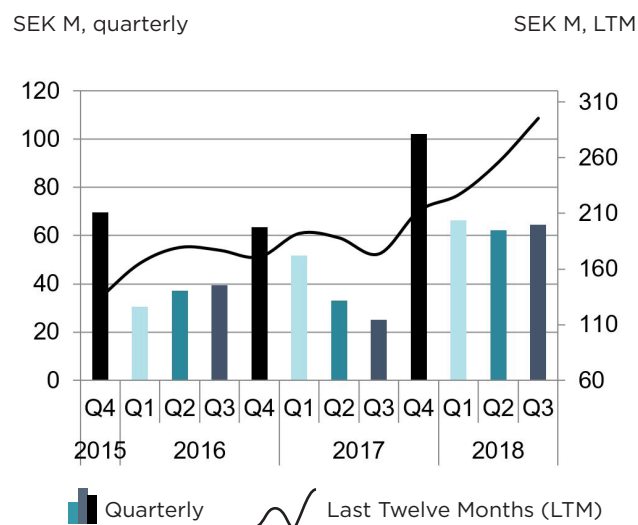
Nine-month period, January–September 2018

Net sales rose 21 per cent to SEK 2,102 m (1,742). Organic growth was 6 per cent. License revenue amounted to SEK 153 m (181), recurring revenue increased to SEK 1,234 m (952), service revenue increased to SEK 684 m (569), and other revenue totalled SEK 31 m (40). EBITA increased to SEK 193 m (110), for an EBITA margin of 9.2 per cent (6.3). Net financial items amounted to SEK -11 m (-7). Reported tax on profit for the period was SEK -27 m (-11), and profit after tax was SEK 85 m (35). Earnings per share were SEK 2.70 (1.15).

Net sales, quarterly trend, SEK M



EBITA, quarterly trend SEK M





DESIGN MANAGEMENT

IT solutions for design, construction and property management.

Quarterly development

Net sales increased to SEK 218 m (173) during the third quarter, representing growth of 26 per cent. Organic growth was 13 per cent. EBITA increased to SEK 24 m (12), for an EBITA margin of 11.0 per cent (7.1). Our cloud-based services for project management in the construction industry had continued strong growth in the Norwegian and Swedish markets. Demand for our property management systems was good primarily in the UK. In the Nordic countries our Autodesk-based offering to the construction and manufacturing industries had stable development. The acquisition of Cadassist has further strengthened our position in the UK market and our offering to the construction industry.

New business

The division secured agreements with customers such as the Aker Solutions, Ericsson, Familjbostäder, Metier OEC, Rejlers and Uponor.



PRODUCT LIFECYCLE MANAGEMENT

IT solutions for design and product data information.

Quarterly development

Net sales increased to SEK 264 m (213) during the third quarter, representing growth of 24 per cent. Organic growth was strong and amounted to 17 per cent. EBITA increased to SEK 25 m (8), for an EBITA margin of 9.5 per cent (3.7). Demand from customers in the UK, the Nordic countries and Germany remained stable for our broader PLM offering, and we were awarded a number of new orders. During the third quarter, capacity utilisation was high for the delivery organisation, and recurring revenue increased sharply compared with the same period a year ago as a result of the acquisition of Intrinsic in 2017 and a favourable market. Earnings for the third quarter a year ago were weighed down by project write-downs in Germany.

New business

The division secured agreements with customers such as Elekta, Gordon Murray Design, Mölnlycke Healthcare, Parker Hannifin, Radiometer, Raymond, Stadler Rail and Valmet.



PROCESS MANAGEMENT

IT solutions for document and case management.

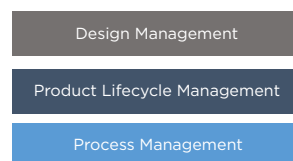
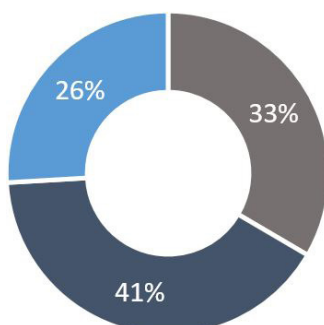
Quarterly development

Net sales increased to SEK 169 m (151) during the third quarter, representing growth of 12 per cent. Organic growth was 6 per cent. EBITA increased to SEK 24 m (18), for an EBITA margin of 14.2 per cent (11.7). We are a strong partner to our public sector customers in Sweden for digitalising their operations. A better utilisation rate, a more efficient organisation and completed acquisitions contributed to positive margin and earnings performance. We have built up our business with new assignments in case management, e-archives, system development and e-services for authorities, municipalities and private sector companies.

New business

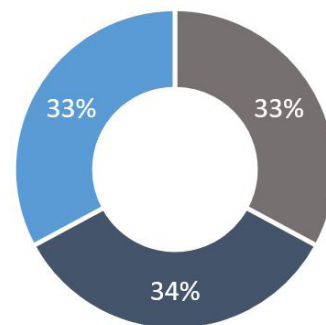
The division secured agreements with customers such as Holmen Skog, the City of Lidingö, Luleå University of Technology, Östersund municipality, Västra Götaland Regional Council and several municipalities in Dalarna.

Net sales by division, share during the quarter, % ¹⁾



1) Before elimination of invoicing between the business areas and central costs.

EBITA by division, share during the quarter, % ¹⁾



DEVELOPMENT OF DIVISIONS

	2016	2017	2017	2017	2017	2018	2018	2018	LTM	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Oct 2017	Full Year
Net sales, SEK M									Sept 2018	2017
Design Management	243	247	209	173	277	287	245	218	1,027	906
Product Lifecycle Management	237	198	205	213	304	252	285	264	1,105	920
Process Management	181	176	176	151	202	201	192	169	764	705
Elim/central	-2	-2	-2	-2	-4	-3	-5	-3	-15	-10
Addnode Group	659	619	588	535	778	737	717	648	2,880	2,520
	2016	2017	2017	2017	2017	2018	2018	2018	LTM	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Oct 2017	Full Year
EBITA, SEK M									Sept 2018	2017
Design Management	18	20	13	12	31	26	20	24	101	76
Product Lifecycle Management	25	12	11	8	41	15	25	25	106	72
Process Management	27	28	18	18	38	35	24	24	121	101
Elim/central	-7	-8	-9	-13	-8	-9	-7	-8	-32	-37
Addnode Group	63	52	33	25	102	66	62	65	296	212
	2016	2017	2017	2017	2017	2018	2018	2018	LTM	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Oct 2017	Full Year
EBITA margin, %									Sept 2018	2017
Design Management	7.5%	8.2%	6.1%	7.1%	11.1%	9.1%	8.2%	11.0%	9.8%	8.4%
Product Lifecycle Management	10.5%	6.1%	5.1%	3.7%	13.6%	6.0%	8.8%	9.5%	9.6%	7.8%
Process Management	15.2%	15.8%	10.4%	11.7%	18.8%	17.4%	12.5%	14.2%	15.8%	14.3%
Addnode Group	9.6%	8.4%	5.6%	4.7%	13.1%	9.0%	8.6%	10.0%	10.3%	8.4%
	2016	2017	2017	2017	2017	2018	2018	2018	Full Year	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	2017	
Average number of employees										
Design Management	322	309	317	367	391	412	407	407	345	
Product Lifecycle Management	443	460	498	526	544	543	538	555	508	
Process Management	424	445	443	458	477	491	495	498	457	
Central	9	8	8	7	8	7	7	7	7	
Addnode Group	1,198	1,222	1,266	1,358	1,420	1,453	1,447	1,467	1,317	

Seasonal variations

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

CONSOLIDATED BALANCE SHEET AND CASH FLOW

Liquidity, cash flow and financial position

The Group's cash and cash equivalents amounted to SEK 323 m on 30 September 2018, an increase of SEK 150 m compared with SEK 173 m on 31 December 2017. Cash flow from operating activities was SEK 171 m (81) during the nine-month period 2018. The good cash flow is attributable to higher earnings and to advance payments from customers for support and maintenance contracts. Cash flow from investing activities in 2018 includes payments of SEK 11 m in contracted and previously expensed earn-out payments for company acquisitions carried out in previous years. It also includes payments of SEK 40 m (33) for proprietary software. Cash flow from financing activities includes a directed new issue carried out during the second quarter, which raised SEK 254 m after issue costs. The new issue was carried out to finance continued acquisitions and growth, strengthen the institutional ownership base and increase the liquidity of outstanding Class B shares. During the second quarter SEK 68 m was paid out in share dividends, and payments of SEK 11 m were made for contracted and previously expensed earn-outs for company acquisitions carried out in previous years. Within the framework of existing credit facilities, new bank loans of SEK 117 m were taken out, and amortisation of bank loans totalled SEK 212 m during the period January–September 2018. The Group's interest-bearing liabilities amounted to SEK 565 m on 30 September 2018, compared with SEK 621 m at year-end 2017. Net debt was SEK 242 m, compared with SEK 448 m on 31 December 2017. The equity/assets ratio was 45 per cent (37) on 30 September 2018. The Parent Company has an existing bank overdraft facility of SEK 100 m. In addition, the Parent Company has an agreement for a credit facility of up to SEK 750 m to finance acquisitions, of which SEK 518 m has been utilised as per 30 September 2018.

Investments

Investments in intangible non-current assets and in property, plant and equipment amounted to SEK 51 m (45), of which SEK 40 m (33) pertains to proprietary software and SEK 10 m (9) to equipment.

Goodwill and other intangible assets

The Group's carrying amount of goodwill on 30 September 2018 was SEK 1,489 m, compared with SEK 1,358 m on 31 December 2017. Other intangible assets amounted to SEK 313 m (297) and pertain mainly to customer contracts and software.

Deferred tax assets

Total reported deferred tax assets amounted to SEK 13 m on 30 September 2018, of which SEK 10 m pertains to tax loss carryforwards. The Group's accumulated tax loss carryforwards amounted to approximately SEK 70 m on 30 September 2018. 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 and number of shares

Shareholders' equity on 30 September 2018 amounted to SEK 1,288 m, compared with SEK 982 m on 31 December 2017, corresponding

to SEK 38.56 (32.30) per share outstanding. The increase is attributable to the implementation of a directed new issue by Addnode Group at the end of June, raising slightly more than SEK 254 m after issue costs. In addition, SEK 68 m was paid out in share dividends during the second quarter. No share-savings, option or convertible programmes were outstanding as per 30 September 2018.

Provisions

Provisions, which are included in non-current and current liabilities on the consolidated balance sheet, amounted to SEK 126 m on 30 September 2018, of which SEK 116 m pertains to estimated contingent earn-out payments for completed company acquisitions. Provisions for estimated contingent earn-out payments increased by SEK 18 m in connection with company acquisitions carried out in 2018.

EMPLOYEES

The average number of employees in the Group during the nine-month period 2018 was 1,462 (1,282). The number of employees at the end of the period was 1,583 (1,511 as per 31/12/2017).

DISCLOSURES OF SUBSIDIARY ACQUISITIONS

In August 2018 all of the shares in the Swedish software company Landborgen AlKT AB were acquired. The company provides case management systems for Swedish municipalities' licensing and supervisory activities. The acquisition strengthens the Group's position as the leading provider of document and case management systems. Annual net sales amount to approximately SEK 10 m, and the company is consolidated as from August 2018 in the Process Management division. 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 22 m, entailing a deferred tax liability of approximately SEK 2 m. Other acquired assets and liabilities pertain mainly to cash and cash equivalents, and deferred income. A provision for contingent consideration has been preliminarily estimated in the maximum amount of SEK 10 m, which is reported on the consolidated balance sheet as per 30 September 2018. Depending on the actual outcome of the acquired company's operating profit during the period August 2018–July 2020, a contingent cash payment in the range of zero up to a maximum, discounted amount of SEK 10 m may be made.

In September 2018 all of the shares were acquired in the British companies Cadassist Ltd and d2m3 Ltd ("Cadassist"), with combined annual net sales of SEK 110 m and 23 employees. Cadassist is a leading British provider of software, training and consulting services for architects, engineering operations and the construction industry, and is an Autodesk partner. The acquisition gives Addnode Group an opportunity to grow further in the UK market. The company is based in Manchester, England, and is consolidated in the Design Management division as from September 2018. According to the preliminary purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising in connection with the acquisition amount to approximately SEK 45 m, entailing a deferred tax liability of approximately SEK 3 m. Other acquired assets and liabilities pertain mainly to trade receivables, cash and cash equivalents, and trade payables.

In earlier quarters in 2018 the companies MCAD Sverige AB and InPORT Intelligent PORT Systems AB were acquired, which have been described in previous interim reports in 2018.

Acquisitions carried out thus far in 2018 have contributed approximately SEK 44 m to consolidated net sales and have had a marginal effect on consolidated profit after tax. If the acquisitions had been carried out as per 1 January 2018, consolidated net sales for the period January–September 2018 would have amounted to approximately SEK 2,229 m, and profit after tax would have amounted to approximately SEK 94 m. Costs for completed acquisitions are included in the Group's other external costs in 2018 in the amount of SEK 1 m (6).

DISCLOSURES OF FINANCIAL INSTRUMENTS

Measurement of financial assets and liabilities shows that there is no significant difference between their carrying amounts and fair value. The Group had no outstanding currency forward contracts as per 30 September 2018.

RELATED PARTY TRANSACTIONS

The Chairman of the Board, Staffan Hanstorp, has invoiced the Parent Company for consulting fees of SEK 2 m (1) related to work with the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters during the period January–September 2018.

PARENT COMPANY

Net sales amounted to SEK 10 m (5), which pertains mainly to invoicing to subsidiaries for rents of premises and performed services. Profit after financial items totalled SEK -15 m (14), including dividends from subsidiaries totalling SEK 24 m (40). Cash and cash equivalents amounted to SEK 160 m on 30 September 2018 (0 as per 31/12/2017). A new issue was carried out during the second quarter, which increased shareholders' equity by SEK 254 m, and share dividends of SEK 68 m were paid out. The Parent Company has an existing bank overdraft facility of SEK 100 m, of which the amount utilised was SEK 0 m (42). In addition, the Parent Company has an agreement for a credit facility of up to SEK 750 m to finance acquisitions, of which SEK 518 m has been utilised as per the date of this interim report. Investments pertaining to shares in subsidiaries amounted to SEK 208 m, and transfers of shares in subsidiaries to other Group companies have amounted to SEK 10 m. No significant investments have been made in intangible non-current assets or in property, plant and equipment. New bank borrowing of SEK 117 m was taken out within the framework of existing credit facilities, and amortisation of bank loans totalled SEK 210 m during the period January–September 2018.

ACCOUNTING POLICIES

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

IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments are applied as from 1 January 2018. The transition to the new standards has not had any material impact on the Group's earnings or financial position. The Group applies IFRS 15 retrospectively, which entails that comparison figures for 2017 have been recalculated and that periods prior to 2017 have been recalculated through adjustment of the opening balance as per 1 January 2017. The significance of IFRS 15 and IFRS 9, their effects on Addnode Group, and transitional effects are described on page 54 of the 2017 Annual Report. The other new standards, amendments and interpretations of existing standards that have become effective in 2018 have not had any impact on the Group's financial position or the financial statements. Apart from implementation of IFRS 15 and IFRS 9, the accounting policies and calculation methods are unchanged compared with the description in the 2017 Annual Report.

IFRS 16 Leases will be applied starting in 2019. The purport of this standard is described on pages 54-55 of the 2017 Annual Report. Implementation of IFRS 16 will have effects on the Group's financial reporting, and the Group is currently evaluating the effects of adoption of this standard.

SIGNIFICANT RISKS AND UNCERTAINTIES

Addnode Group's significant risks and uncertainties are described in the 2017 Annual Report on pages 30-31 and in the section "Risks and uncertainties" on pages 43-44, as well as in notes 39 and 40 on pages 78-81. 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 the interim report for the period January–June 2018 the Board communicated the following outlook: In the long-term, the areas in which Addnode Group is active are deemed to have strong underlying potential. Addnode Group's growth strategy is to grow organically and through acquisitions of new businesses in the aim of adding new, complementary offerings and additional expertise. The policy of not issuing a forecast stands firm.

CERTIFICATION

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

Stockholm, 25 October 2018

Staffan Hanstorp
Chairman of the Board

Jan Andersson
Director

Kristofer Arwin
Director

Johanna Frelin
Director

Sigrun Hjelmquist
Director

Thord Wilkne
Director

Johan Andersson
President and CEO

AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION IN SUMMARY (INTERIM REPORT), PREPARED IN ACCORDANCE WITH IAS 34 AND CH. 9 OF THE SWEDISH ANNUAL ACCOUNTS ACT**INTRODUCTION**

We have reviewed the condensed interim financial information (interim report) of Addnode Group AB (publ.) as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

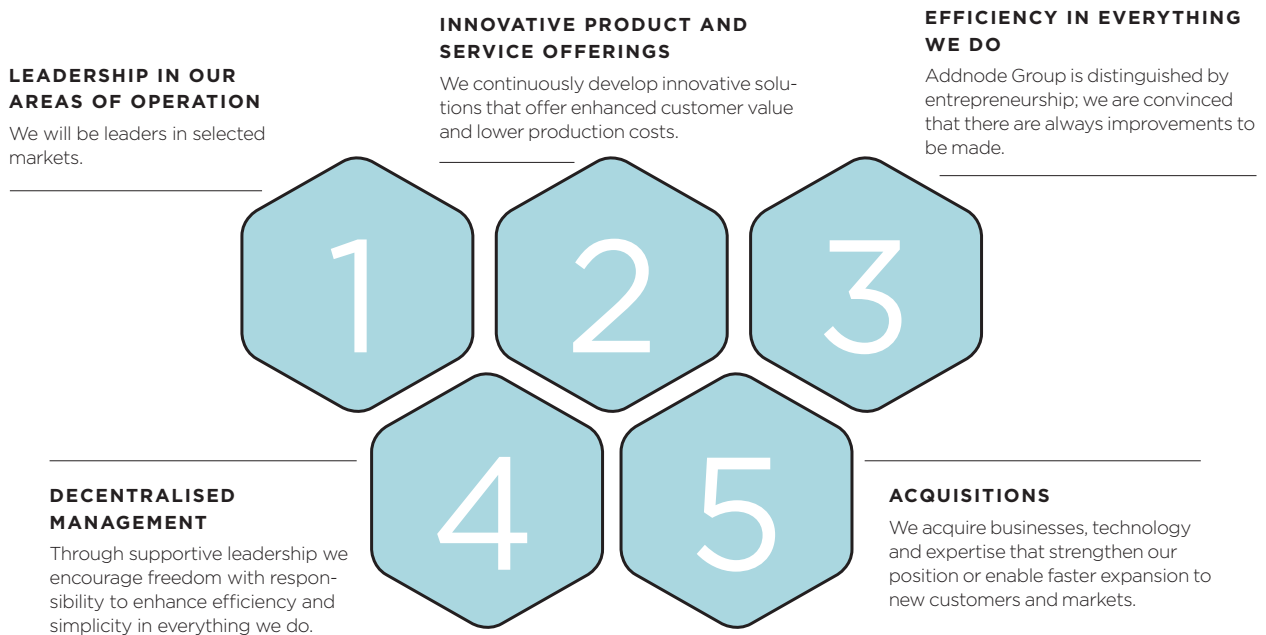
Stockholm, 25 October 2018

PricewaterhouseCoopers AB

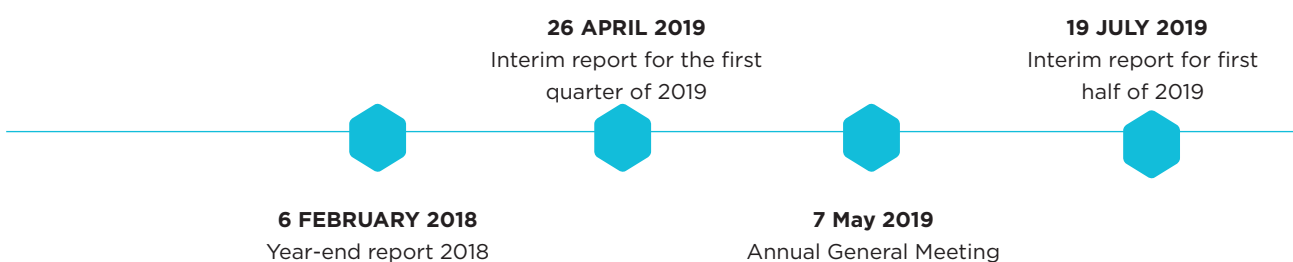
Anna Rosendal
Authorised Public Accountant

ADDNODE GROUP

Addnode Group is a listed group that acquires, operates and develops entrepreneur-driven IT companies that help digitalise society. Our strategies for value creation build upon leading positions in our business areas, innovative product and service offerings, efficiency in everything we do, decentralised management, and acquisitions.



FINANCIAL CALENDAR 2019



CONSOLIDATED INCOME STATEMENT

(SEK M)	July - Sept		Jan - Sept		Full-year
	2018	2017	2018	2017	2017
Net sales	648	535	2,102	1,742	2,520
Operating expenses:					
Purchases of goods and services	-246	-201	-800	-668	-968
Other external costs	-74	-77	-239	-224	-312
Personnel costs	-271	-238	-897	-761	-1 058
Capitalized work performed by the company for its own use	12	10	40	33	46
Depreciation/amortization and impairment of					
- tangible fixed assets	-4	-4	-13	-12	-16
- intangible fixed assets	-25	-22	-70	-57	-82
Total operating expenses	-608	-532	-1,979	-1,689	-2,390
Operating profit	40	3	123	53	130
Financial income	1	0	3	1	2
Financial expenses	-4	-2	-14	-8	-13
Profit before taxes	37	1	112	46	119
Current tax	-11	-3	-32	-15	-31
Deferred tax	2	3	5	4	1
NET PROFIT FOR THE PERIOD	28	1	85	35	90
Attributable to:					
Owners of the Parent Company	28	1	85	35	90
Non-controlling interests	-	0	-	0	0
Earnings per share before and after dilution, SEK	0.84	0.03	2.70	1.15	2.96
Average number of shares outstanding:					
Before and after dilution	33,427,256	30,427,256	31,538,367	30,427,256	30,427,256

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK M)	July - Sept		Jan - Sept		Full-year
	2018	2017	2018	2017	2017
Net profit for the period	28	1	85	35	90
<i>Other comprehensive income, items that will not be reclassified to the consolidated income statement:</i>					
Actuarial gains and losses on pension obligations	-	-	-	-	0
<i>Other comprehensive income, items that may be reclassified to the consolidated income statement:</i>					
Exchange rate difference upon translation of foreign operations	-19	6	54	-1	13
Hedge of net investments in foreign operations	9	-7	-19	-6	-16
Total other comprehensive income after tax for the period	-10	-1	35	-7	-3
COMPREHENSIVE INCOME FOR THE PERIOD	18	0	120	28	87
Attributable to:					
Owners of the Parent Company	18	0	120	28	87
Non-controlling interests	-	0	-	0	0

CONSOLIDATED BALANCE SHEET

(MSEK)	Sept 30, 2018	Sept 30, 2017	Dec 31, 2017
Goodwill	1,489	1,345	1,358
Other intangible fixed assets	313	297	297
Tangible fixed assets	37	35	40
Financcail assets assets	28	28	28
Inventories	1	1	1
Current recievables	677	576	729
Cash and cash equivalents	323	172	173
TOTAL ASSETS	2,868	2,454	2,626
Shareholders' equity	1,288	923	982
Non-current liabilites	101	206	193
Current liabilities	1,479	1,325	1,451
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,868	2,454	2,626
Interest-bearing receivables amount to	0	0	0
Interest-bearing liabilities amount to	565	581	621
Pledged assets	6	6	6
Contingent liabilities	1	1	1

SHAREHOLDERS' EQUITY AND NUMBER OF SHARES

Specification of changes in shareholders' equity	July - Sept		Jan - Sept		Full-year
	2018	2017	2018	2017	2017
Shareholders' equity, opening balance	1,270	924	982	965	965
Adjustment for changed accounting policy, IFRS 15	-	-	-	-1	-1
New share issue	-	-	258	-	-
Issue expenses	-	-	-4	-	-
Dividend	-	-	-68	-68	-69
Comprehensive income for the period	18	0	120	28	87
Shareholders' equity, closing balance	1,288	923	1,288	923	982
Shareholders' equity attributable to:					
Owners of the Parent Company	1,288	924	1,288	924	982
Non-controlling interests (minority interests)	-	0	-	0	0
Specification of number of shares outstanding, millions					
Number of shares outstanding, opening balance	33,4	30,4	30,4	30,4	30,4
New share issue	-	-	3,0	-	-
Number of shares outstanding, closing balance	33,4	30,4	33,4	30,4	30,4

The number of registered and outstanding shares on 31 December 2017 was 30,427,256. During the second quarter of 2018 a directed new issue of 3,000,000 Class B shares was carried out, entailing that the number of shares outstanding on 30 September 2018 was 33,427,256. Addnode Group had no holdings of treasury shares on 31 December 2017 nor 30 September 2018.

CONSOLIDATED CASH FLOW STATEMENT

(SEK M)	July - Sept		Jan - Sept		Full-year 2017
	2018	2017	2018	2017	
Operating activities					
Operating profit	40	3	123	53	130
Adjustment for non-cash items	30	26	75	70	104
Total	70	29	198	123	234
Net financial items	-5	-3	-13	-7	-10
Tax paid, etc.	-17	-7	-46	-21	-29
Cash flow from operating activities before changes in working capital					
	48	19	139	95	195
Total change in working capital	-109	-97	32	-14	-48
Cash flow from operating activities	-61	-78	171	81	147
Cash flow from investing activities ¹⁾	-48	-237	-124	-345	-439
Cash flow from financing activities ²⁾	-82	351	91	326	352
Change in cash and cash equivalents	-191	36	138	62	60
Cash and cash equivalents, opening balance	523	136	173	111	111
Exchange rate difference in cash and cash equivalents	-9	0	12	-1	2
Cash and cash equivalents, closing balance	323	172	323	172	173
1) Specification of investing activities:					
Purchases and sales of intangible and tangible fixed assets	-14	-12	-47	-42	-62
Acquisition of financial fixed assets	-	-	-	-2	-2
Acquisition of subsidiaries and operations	-89	-376	-145	-473	-550
Cash and cash equivalents in acquired companies	55	151	68	172	175
Repayment of receivables	-	-	-	-	0
Total	-48	-237	-124	-345	-439
2) Specification of financing activities:					
Paid dividend	-	-	-68	-68	-68
New share issue	-	-	254	-	-
Borrowings	75	352	117	396	423
Repayment of loans	-157	-1	-212	-2	-3
Total	-82	351	91	326	352

KEY FIGURES

	July - Sept		Jan - Sept		Full-year
	2018	2017	2018	2017	2017
Net sales, SEK M	648	535	2,102	1,742	2,520
Average number of employees	1,467	1,358	1,462	1,282	1,317
Net sales per employee, SEK 000s	442	394	1,438	1,359	1,913
Change in net sales, %	21	14	21	13	15
EBITA margin, %	10.0	4.7	9.2	6.3	8.4
Operating margin, %	6.2	0.6	5.9	3.0	5.2
Profit margin, %	5.7	0.2	5.3	2.6	4.7
Equity/assets ratio, %	45	38	45	38	37
Acid-test ratio, %	68	56	68	56	62
Shareholders' equity, SEK M	1,288	923	1,288	923	982
Return on shareholders' equity,% *	12.7	7.8	12.7	7.8	9.4
Return on capital employed, % *	12.2	7.8	12.2	7.8	10.0
Net debt, SEK M	242	409	242	409	448
Investments in equipment, SEK M	2	2	10	9	16

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

SHARE DATA

	July - Sept		Jan - Sept		Full-year
	2018	2017	2018	2017	2017
Average number of shares outstanding after dilution, millions	33,4	30,4	31,5	30,4	30,4
Total number of shares outstanding, millions	33,4	30,4	33,4	30,4	30,4
Total number of registered shares, millions	33,4	30,4	33,4	30,4	30,4
Earnings per share after dilution, SEK	0.84	0.03	2.70	1.15	2.96
Cash flow per share, SEK	-1.82	-2.59	5.42	2.66	4.83
Shareholders' equity per share, SEK	38.53	30.39	38.53	30.39	32.30
Dividend per share, SEK	-	-	-	-	2.25
Share price at end of period, SEK	116.00	80.50	116.00	80.50	75.75
P/E ratio	-	-	-	-	26
Share price/shareholders' equity	3.01	2.65	3.01	2.65	2.35

QUARTERLY FINANCIAL OVERVIEW

(SEK M)	2018				2017					2016				
	Total	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Net sales	2,102	648	717	737	2,520	778	535	588	619	2,195	659	467	528	541
EBITA	193	65	62	66	212	102	25	33	52	171	63	40	37	31
Operating profit	123	40	39	44	130	77	3	15	35	114	48	25	23	18
Profit before taxes	112	37	37	38	119	73	2	11	34	109	47	23	22	17
Profit after taxes	85	28	28	29	90	55	1	8	26	82	37	17	16	13
EBITA margin	9.2%	10.0%	8.6%	9.0%	8.4%	13.1%	4.7%	5.6%	8.4%	7.8%	9.6%	8.5%	7.0%	5.7%
Operating margin	5.9%	6.2%	5.4%	6.0%	5.2%	9.9%	0.6%	2.6%	5.8%	5.2%	7.2%	5.3%	4.4%	3.4%
Cash flow from operating activities	171	-61	27	205	147	65	-78	-19	180	158	73	-37	-28	150
Average number of employees	1,462	1,467	1,447	1,453	1,317	1,420	1,358	1,266	1,222	1,160	1,198	1,164	1,143	1,117

OPERATING SEGMENTS

The figures below refer to the nine-month period of the respective years.

(SEK M)	DESIGN MGT		PLM MGT		PROCESS MGT		CENTRAL		ELIMINATION		ADDNODE GROUP	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE												
External sales	747	626	799	615	555	500	1	1			2,102	1,742
Transactions between segments	3	2	2	1	7	3	8	7	-20	-13	0	0
Total revenue	750	628	801	616	562	503	9	8	-20	-13	2,102	1,742
EBITA	70	45	65	30	83	64	-25	-29			193	110
EBITA margin	9.3%	7.2%	8.1%	4.9%	14.8%	12.7%					9.2%	6.3%
Operating profit	41	23	46	19	61	41	-25	-30			123	53
Operating margin	5.5%	3.7%	5.7%	3.0%	10.9%	8.2%					5.9%	3.0%
Average number of employees	409	331	552	495	494	449	7	7			1,462	1,282

Comparison figures regarding division Process Management have been recalculated according to IFRS 15.

Addnode Group's operations are organized and managed based on the business areas Design Management, Product Lifecycle Management (PLM) and Process Management, which are the Group's operating segments. There have been no changes in the segment division or calculation of segment results since the most recently published Annual Report. Segments are reported according to the same accounting principles as the Group. The difference between the sum of the segments' operating income and consolidated income before tax is attributable to financial income of SEK 3 M (1) and financial expenses of SEK -14 M (-8). There have been no other significant changes in the segments' assets compared to the information in the most recent annual report.

REVENUE DISTRIBUTION

The figures below refer to the nine-month period of the respective years.

(SEK M)	DESIGN MGT		PLM MGT		PROCESS MGT		CENTRAL		ELIMINATION		ADDNODE GROUP	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Licences	37	26	91	131	26	24	0	0	-1	0	153	181
Recurring revenue	551	473	458	279	229	203	0	0	-4	-3	1,234	952
Services	150	114	243	197	293	260	0	0	-2	-2	684	569
Other	12	15	9	9	14	16	9	8	-13	-8	31	40
Total revenue	750	628	801	616	562	503	9	8	-20	-13	2,102	1,742

PARENT COMPANY INCOME STATEMENT

(SEK M)	July - Sept		Jan - Sept		Full-year
	2018	2017	2018	2017	2017
Net sales	4	1	10	5	10
Operating expenses	-11	-8	-35	-27	-37
Operating result	-7	-7	-25	-22	-27
Financial income	25	25	27	42	143
Financial expenses	-4	-2	-17	-6	-10
Profit after financial items	14	16	-15	14	106
Transfer to tax allocation reserve	-	-	-	-	-21
Profit before taxes	14	16	-15	14	85
Tax	-	-	-	-	-14
NET PROFIT FOR THE PERIOD	14	16	-15	14	71

PARENT COMPANY BALANCE SHEET

(SEK M)	Sept 30, 2018	Sept 30, 2017	Dec 31, 2017
Intangible fixed assets	1	1	1
Financial fixed assets	1,970	1,764	1,772
Current receivables	74	98	128
Cash and cash equivalents	160	0	0
TOTAL ASSETS	2,205	1,863	1,901
Shareholders' equity	1,024	797	854
Untaxed reserves	31	10	31
Provisions	108	115	91
Non-current liabilities	5	8	11
Current liabilities	1,037	933	914
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,205	1,863	1,901

USE AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Guidelines for information about Alternative Performance Measures (APM) for companies with securities listed on a regulated market within EU have been issued by the European Securities and Markets Authority (ESMA) and shall be applied for alternative performance measures in published compulsory information. Alternative performance measures refer to financial measures regarding historical or future development of result, financial position, financial result or cash-flow which are not defined or stated in applicable rules for financial reporting. In the interim-report, some performance measures are used, which are not defined in IFRS, with the purpose to give investors, analysts and other interested parties clear-out and relevant information about the company's operations and development. The use of these performance measures and reconciliation to the financial statements is presented below. Definitions are stated on page 1.

EBITA

EBITA is a measure which the group consider as relevant for investors, analysts and other interested parties in order to understand the development of the result before investments in intangible fixed assets. The measure is an expression for operating profit before amortization and impairment of intangible fixed assets.

Net debt

The group consider the key-ratio as useful for the users of the financial statements as a complement in order to evaluate the possibilities for dividend, to execute strategical investments and to evaluate the group's possibilities to comply with financial commitments. The key-ratio is an expression for the level of financial borrowing in absolute amount with deduction of cash and cash equivalents

Reconciliation of EBITA

(SEK M)	July - Sept		Jan - Sept		Full-year 2017
	2018	2017	2018	2017	
Operating profit	40	3	123	53	130
Amortization and impairment of intangible fixed assets	25	22	70	57	82
EBITA	65	25	193	110	212

Reconciliation of net debt

(SEK M)	Sept 30, 2018	Sept 30, 2017	Dec 31, 2017
Non-current liabilities	101	206	193
Current liabilities	1,480	1,325	1,451
Non interest-bearing non-current and current liabilities	-1,016	-950	-1,022
Total interest-bearing liabilities	565	581	621
Cash and cash equivalents	-323	-172	-173
Other interest-bearing receivables	0	0	0
Net debt(+)/receivables(-)	242	409	448

DEFINITIONS

Acid test ratio

Current assets excluding inventories as a percentage of current liabilities.

Average number of employees

Average number of full-time employees during the period.

Capital employed

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

Cash flow per share

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

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 as a percentage of total assets.

LTM (Last Twelve Month)

Outcome for the last twelve-month period.

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 (fulltime equivalents).

Operating margin

Operating profit as a percentage of net sales.

Organic growth

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

Profit margin

Profit before tax as a percentage of net sales.

P/E multiple

Share price in relation to earnings per share.

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 for software.

Return on capital employed

Profit before tax plus financial expenses as a percentage of the average capital employed. 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 attributable as a percentage of average shareholders' equity. Is based on the profit for the last 12-months and the average of opening and closing balance of shareholders' equity.

Share price/shareholder's equity

Share price in relation to shareholders' equity per share.

Shareholder's equity

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

Shareholder's 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

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ADDNODE GROUP

INPORT

ADDNODE GROUP

INTRINSYS

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KOMPANION

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SERVICE WORKS GLOBAL

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