

## Year-End Report 1 January – 31 December 2018

### FOURTH QUARTER SUMMARY, OCTOBER-DECEMBER 2018

- Net sales increased to SEK 840 m (778), up 8 per cent.
- EBITA increased to SEK 105 m (102), for an EBITA margin of 12.5 per cent (13.1).
- Operating profit increased to SEK 80 m (77), for an operating margin of 9.5 per cent (9.9).
- Profit after tax increased to SEK 67 m (55).
- Earnings per share increased to SEK 2.00 (1.81).
- Cash flow from operating activities increased to SEK 114 m (65).

### SUMMARY OF TWELVE-MONTH PERIOD, JANUARY-DECEMBER 2018

- Net sales increased to SEK 2,942 m (2,520), up 17 per cent.
- EBITA increased to SEK 298 m (212), for an EBITA margin of 10.1 per cent (8.4).
- Operating profit increased to SEK 203 m (130), for an operating margin of 6.9 per cent (5.2).
- Profit after tax increased to SEK 152 m (90).
- Earnings per share increased to SEK 4.75 (2.96).
- Cash flow from operating activities increased to SEK 285 m (147).

### SUMMARY OF SIGNIFICANT EVENTS DURING THE FOURTH QUARTER, OCTOBER-DECEMBER 2018

- Swedish Energy Agency and Swedish Police Authority choose system solutions from Ida Infront.
- Addnode Group acquires of Dassault Systèmes partners SSA and Simuleon, with SEK 55 m in net sales.

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

- The Board of Directors proposes an increase in the dividend to SEK 2.50 (2.25) per share.

**10.1%**

EBITA MARGIN

**17%**

GROWTH 2018  
COMPARED WITH 2017

**SEK 2,942 m**

NET SALES  
2018

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### 2018 - 60% INCREASE IN EARNINGS PER SHARE

Net sales increased by 17 per cent in 2018. This growth is the result of our success at winning even more business and tenders, attracting talented employees, launching new products and carrying out acquisitions. The share of recurring revenue rose to 58% (53%) and the EBITA margin improved from 8.4 to 10.1 per cent. All in all, 2018 was a record year in which we boosted earnings per share by 60 per cent to SEK 4.75.

### FOURTH QUARTER 2018 - GROWTH AND IMPROVED EARNINGS

We concluded 2018 with growth and improved earnings during the fourth quarter. Net sales increased by 8 per cent, and EBITA increased to SEK 105 m.

Design Management ended the year on a very strong note with favourable sales of property management systems in the UK, Australia, the Gulf States and Sweden. We noted weaker demand from architects in Sweden but continued good sales of SaaS solutions for construction projects in the Norwegian and Swedish markets.

Product Lifecycle Management has historically had strong performance during the fourth quarter, and this year was no exception. Demand remained stable in our large markets in the Nordic countries, Germany and the UK. To leverage the full potential from our position in the PLM market and better serve our customers globally, starting in 2019 all activities in the division are being conducted under the TECHNIA brand.

Process Management had continued favourable demand in the market, and we were not affected by the turbulence surrounding the formation of a government in Sweden. During the quarter we won new business, and existing customers chose to deepen their cooperation with us, however, we did not come all the way up to last year's very strong margin.

### VALUE-CREATING ACQUISITIONS

An important part of our ability to grow and improve our margins is our success at carrying value-creating acquisitions. During 2018 we welcomed five new companies to Addnode Group: Landborgen, Cadassist, d2m3, SSA and Simuleon. The majority of our acquisitions are of entrepreneurs who run complementary

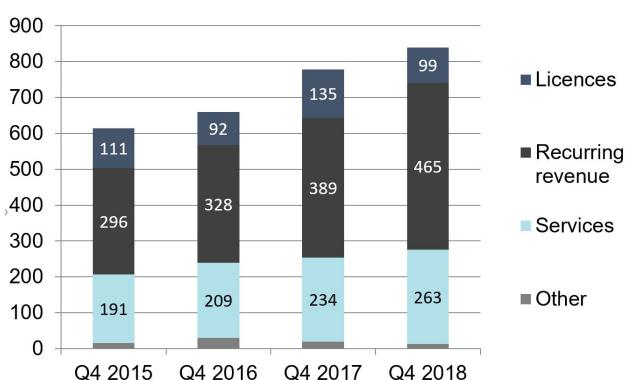
businesses and who want to remain active after the acquisition in their businesses. We are currently engaged in a number of acquisition talks that may lead to deals in 2019.

### 1,600 EMPLOYEES IN 17 COUNTRIES CREATE SUSTAINABLE AND PROFITABLE GROWTH

The Addnode Group is the sum of all of the employees and companies in the Group. For every year that passes we increase our international presence. We are 1,600 employees in 17 countries who provide digital solutions made up of software and services. Digitalisation, urbanisation and a sustainability mindset are giving rise to major opportunities for us and our customers. We work closely and long-term with our customers, which is a prerequisite for sustainable and profitable growth. With the help of our digital solutions, customers can make their businesses more efficient and strengthen their competitiveness. Being the CEO of Addnode Group, with all our great employees, is a privilege.

Johan Andersson, President and CEO

Earnings distribution,  
Q4 2015 - Q4 2018, SEK M



## SIGNIFICANT EVENTS DURING THE FOURTH QUARTER OF 2018

### Swedish Energy Agency and Swedish Police Authority chose system solutions from Ida Infront

Addnode Group's subsidiary Ida Infront gained renewed trust to manage and further develop the Swedish Police Authority's case management system based on its proprietary iipax one product. The contract has an order value of approximately SEK 45 m over three years and is in line with its existing commitment.

In addition, Ida Infront was awarded an assignment to deliver a case management system based on iipax one to the Swedish Energy Agency. The agreement spans four years and may be extended through an option. The business value is estimated at SEK 10 m.

### Acquisition of Dassault Systèmes partners SSA and Simuleon

On 30 November 2018 all of the shares were acquired in the British company Strategic Simulation & Analysis Limited ("SSA") and its Dutch sister company Simuleon B.V. ("Simuleon"), with combined annual net sales of SEK 55 m and 17 employees. The companies have specialist expertise in simulation and are partners to Dassault Systèmes. They are included in the Product Lifecycle Management division as from December 2018.

## SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

### Board of Directors proposes an increase in the dividend to SEK 2.50 per share

The Board of Directors proposes an increase in the dividend to SEK 2.50 per share (2.25). The Board is of the opinion that, after payment of the proposed dividend, the company will have sufficient funds to meet its financial targets.



**CONSOLIDATED NET SALES AND EARNINGS**

**Fourth quarter, October-December 2018**

Net sales amounted to SEK 840 m (778), representing growth of 8 per cent. Organic growth was 0 per cent. Licence revenue amounted to SEK 99 m (135), recurring revenue increased to SEK 465 m (389), service revenue increased to SEK 263 m (234), and other revenue totalled SEK 13 m (20). Compared with the corresponding quarter a year ago, recurring revenue increased mainly in the Product Lifecycle Management division. EBITA amounted to SEK 105 m (102), for an EBITA margin of 12.5 per cent (13.1).

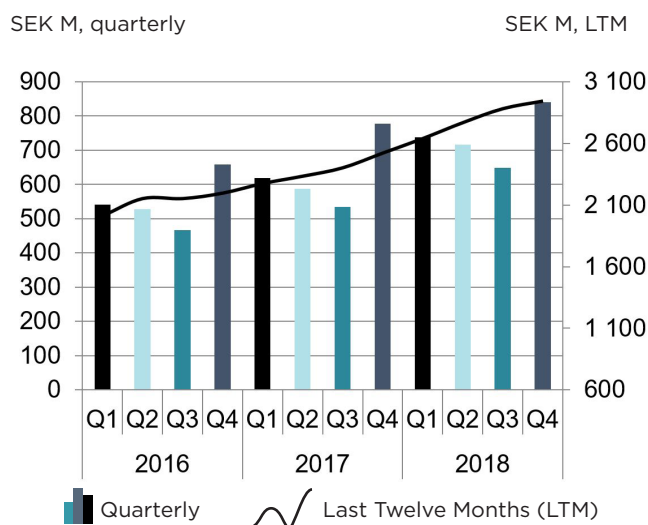
Design Management’s growth was 9 per cent, of which organic growth was -2 per cent. Product Lifecycle Management noted continued favourable demand during the fourth quarter, with organic growth of 3 per cent. Including acquisitions, growth was 9 per cent. Process Management had growth of 4 per cent, with organic growth of -2 per cent.

Cash flow from operating activities amounted to SEK 114 m (65). The good cash flow during the fourth quarter is largely attributable to advance payments for support and maintenance agreements. Net financial items amounted to SEK 5 m (-4). The Group’s net financial items were favourably affected by a net effect of SEK 6 m (-) pertaining to remeasurements of contingent earn-out payments. Reported tax on profit for the period was SEK -18 m (-18), and profit after tax increased to SEK 67 m (55). Earnings per share increased to SEK 2.00 (1.81).

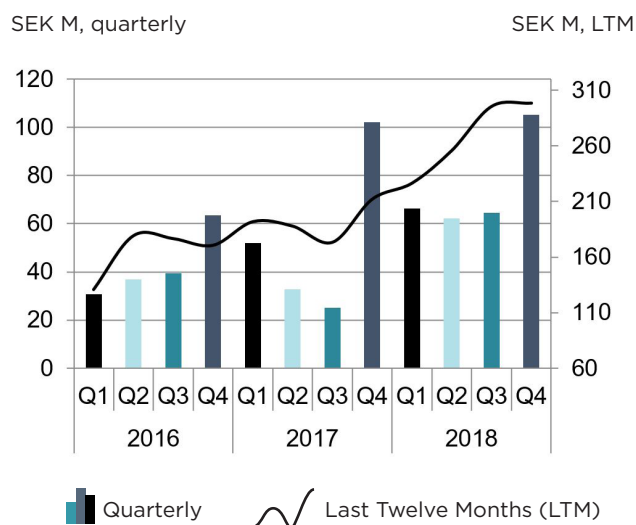
**Twelve-month period, January-December 2018**

Net sales rose 17 per cent to SEK 2,942 m (2,520). Organic growth was 4 per cent. Licence revenue amounted to SEK 252 m (316), recurring revenue increased to SEK 1,699 m (1,341), service revenue increased to SEK 947 m (805), and other revenue totalled SEK 44 m (58). EBITA increased to SEK 298 m (212), for an EBITA margin of 10.1 per cent (8.4). Net financial items amounted to SEK -6 m (-11). The Group’s net financial items were favourably affected by a net effect of SEK 6 m (0) pertaining to remeasurements of contingent earn-out payments. Reported tax on profit for the period was SEK -45 m (-30), and profit after tax was SEK 152 m (90). Earnings per share increased to SEK 4.75 (2.96).

**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 303 m (277) during the fourth quarter, representing growth of 9 per cent. Organic net sales decreased by 2 per cent. EBITA increased to SEK 44 m (31), for an EBITA margin of 14.5 per cent (11.1). Sales of property management systems met success in the UK and Gulf States. Sales of services and software to manufacturing industries were good, both for proprietary systems and third-party systems from Autodesk. In the Nordic countries and the UK, the offering of design software to the construction industry had continued favourable demand, but we saw a weakening in parts of the Swedish market. Our cloud-based services for project management in the construction industry had continued favourable development in the Norwegian and Swedish markets.

**New business**

The division secured agreements with customers such as the Kuwait Ministry of Public Works, Meyer Ship Design, Nederman, Serneke, Snøhetta and Sodexo.



**PRODUCT LIFECYCLE MANAGEMENT**

IT solutions for design and product data information.

**Quarterly development**

Net sales increased to SEK 331 m (304) during the fourth quarter, representing growth of 9 per cent. Organic growth was 3 per cent. EBITA amounted to SEK 39 m (41), for an EBITA margin of 11.8 per cent (13.6). Demand from customers in the UK, the Nordic countries and Germany was good for our broader PLM offering, and we were awarded a number of new orders from new customers during the quarter. Project deliveries of PLM installations had high capacity utilisation. New sales of licences were lower, as customers have opted for subscription models to a greater extent, which increased the share of recurring revenue. Through the acquired companies SSA and Simuleon we are benefiting even more from our partnership with Dassault Systèmes.

**New business**

The division secured agreements with customers such as ArcelorMittal, Dräxлмаier, Edwards, Elekta, JM, Kongsberg Defence & Aerospace, Toyota Material Handling and Veoneer.



**PROCESS MANAGEMENT**

IT solutions for document and case management.

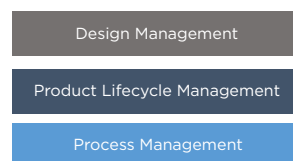
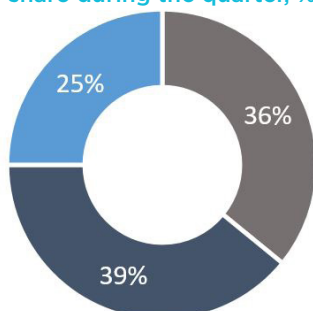
**Quarterly development**

Net sales increased to SEK 211 m (202) during the fourth quarter, representing growth of 4 per cent. Organic net sales decreased by 2 per cent. EBITA amounted to SEK 33 m (38), for an EBITA margin of 15.6 per cent (18.8). Demand continues to be good demand from our public sector customers in Sweden. We are winning new orders with our case management products and services for authorities and municipalities. During the quarter we topped up our orderbook with new projects in which we take total responsibility and deliver digital solutions to customers, however, we did not fully reach the good organic growth and very strong margin as in the same quarter a year ago.

**New business**

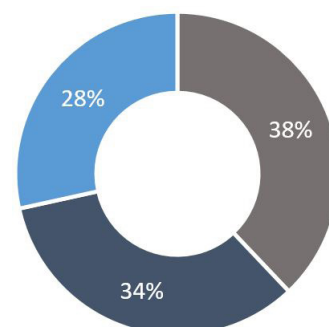
The division secured agreements with customers such as the Swedish Energy Agency, Gemalto, Gölliska förbundet, the Swedish Police Authority, Ragn-Sells, the Swedish Tax Agency and the Swedish Prosecution Authority.

Net sales by division, share during the quarter, % <sup>1)</sup>



<sup>1)</sup> Before elimination of invoicing between divisions and central costs.

EBITA by division, share during the quarter, % <sup>1)</sup>



## DEVELOPMENT OF DIVISIONS

	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	Full Year 2018	Full Year 2017
<b>Net sales, SEK M</b>										
Design Management	247	209	173	277	287	245	218	303	1,053	906
Product Lifecycle Management	198	205	213	304	252	285	264	331	1,132	920
Process Management	176	176	151	202	201	192	169	211	773	705
Elimination/central	-2	-2	-2	-4	-3	-5	-3	-5	-16	-10
<b>Addnode Group</b>	<b>619</b>	<b>588</b>	<b>535</b>	<b>778</b>	<b>737</b>	<b>717</b>	<b>648</b>	<b>840</b>	<b>2,942</b>	<b>2,520</b>
<b>EBITA, SEK M</b>										
Design Management	20	13	12	31	26	20	24	44	114	76
Product Lifecycle Management	12	11	8	41	15	25	25	39	104	72
Process Management	28	18	18	38	35	24	24	33	116	101
Elimination/central	-8	-9	-13	-8	-9	-7	-8	-11	-36	-37
<b>Addnode Group</b>	<b>52</b>	<b>33</b>	<b>25</b>	<b>102</b>	<b>66</b>	<b>62</b>	<b>65</b>	<b>105</b>	<b>298</b>	<b>212</b>
<b>EBITA margin, %</b>										
Design Management	8.2%	6.1%	7.1%	11.1%	9.1%	8.2%	11.0%	14.5%	10.8%	8.4%
Product Lifecycle Management	6.1%	5.1%	3.7%	13.6%	6.0%	8.8%	9.5%	11.8%	9.2%	7.8%
Process Management	15.8%	10.4%	11.7%	18.8%	17.4%	12.5%	14.2%	15.6%	15.0%	14.3%
<b>Addnode Group</b>	<b>8.4%</b>	<b>5.6%</b>	<b>4.7%</b>	<b>13.1%</b>	<b>9.0%</b>	<b>8.6%</b>	<b>10.0%</b>	<b>12.5%</b>	<b>10.1%</b>	<b>8.4%</b>
<b>Average number of employees</b>										
Design Management	309	317	367	391	412	407	407	417	412	345
Product Lifecycle Management	460	498	526	544	543	538	555	570	555	508
Process Management	445	443	458	477	491	495	498	501	497	457
Central	8	8	7	8	7	7	7	8	7	7
<b>Addnode Group</b>	<b>1,222</b>	<b>1,266</b>	<b>1,358</b>	<b>1,420</b>	<b>1,453</b>	<b>1,447</b>	<b>1,467</b>	<b>1,496</b>	<b>1,471</b>	<b>1,317</b>

## 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 387 m on 31 December 2018, compared with SEK 173 m on 31 December 2017, an increase of SEK 214 m. Cash flow from operating activities increased to SEK 285 m (147) in 2018. The improved cash flow is mainly 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 for contracted and previously expensed earn-out payments for company acquisitions carried out in previous years. It also includes payments of SEK 52 m (46) 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. Within the framework of existing credit facilities, new bank loans of SEK 117 m were taken out, and amortisation of bank loans totalled SEK 213 m during the period January–December 2018. The Group's interest-bearing liabilities amounted to SEK 545 m on 31 December 2018, compared with SEK 621 m at year-end 2017. The equity/assets ratio was 44 per cent (37) on 31 December 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 498 m was utilised as per the date of publication of this year-end report.

### Investments

Investments in intangible non-current assets and in property, plant and equipment amounted to SEK 71 m (65), of which SEK 52 m (46) pertains to proprietary software and SEK 14 m (16) to equipment.

### Goodwill and other intangible assets

The Group's carrying amount of goodwill on 31 December 2018 was SEK 1,495 m, compared with SEK 1,358 m on 31 December 2017. Other intangible assets amounted to SEK 308 m (297) and pertain mainly to customer contracts and software.

### Deferred tax assets

Total reported deferred tax assets amounted to SEK 10 m on 31 December 2018, of which SEK 6 m pertains to tax loss carryforwards. The Group's accumulated tax loss carryforwards amounted to approximately SEK 65 m on 31 December 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 31 December 2018 amounted to SEK 1,339 m, compared with SEK 982 m on 31 December 2017, corresponding to SEK 40.06 (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 31 December 2018.

### Provisions

Provisions, which are included in non-current and current liabilities on the consolidated balance sheet, amounted to SEK 121 m on 31 December 2018, of which SEK 108 m pertains to estimated contingent earn-out payments for completed company acquisitions. Provisions for estimated contingent earn-out payments increased by SEK 12 m in connection with company acquisitions carried out in 2018. During the fourth quarter of 2018, reversals of previous provisions for contingent earn-outs affected the Group's net financial items positively with a net effect of SEK 6 m.

### EMPLOYEES

The average number of employees in the Group on 31 December 2018 was 1,471 (1,317). The number of employees at the end of the period was 1,583 (1,511 as per 31/12/2017).

### DISCLOSURES OF SUBSIDIARY ACQUISITIONS

On 30 November 2018 all of the shares were acquired in the British company Strategic Simulation & Analysis Limited ("SSA") and its Dutch sister company Simuleon B.V. ("Simuleon"), with combined annual net sales of SEK 55 m and 17 employees. SSA and Simuleon have specialist knowledge in the area of simulation and are partners to Dassault Systèmes. The acquisitions are in line with Addnode Group's strategy to be an international market-leading provider of software and services for simulation, design and engineering activities. The companies are consolidated in the Product Lifecycle Management division as from December 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 33 m, entailing a deferred tax liability of approximately SEK 2 m. Other acquired assets and liabilities pertain mainly to trade receivables, cash and cash equivalents, and deferred income.

During earlier quarters in 2018, the companies MCAD Sverige AB, InPORT Intelligent PORT Systems AB, Landborggen AlkT AB, Cadassist Ltd and d2m3 (Cadassist) were acquired, which have been described in previous interim reports in 2018.

The acquisitions carried out in 2018 contributed approximately SEK 101 m to consolidated net sales and SEK 9 m to consolidated profit after tax. If the acquisitions had been carried out as per 1 January 2018, consolidated net sales for the period January–December 2018 would have amounted to approximately SEK 3,168 m, and profit after tax would have amounted to approximately SEK 166 m. Costs for carrying out the acquisitions are included in the Group's other external costs in 2018 in the amount of SEK 2 m (7).

### 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 2018.

## RELATED PARTY TRANSACTIONS

The Chairman of the Board, Staffan Hanstorp, has invoiced the Parent Company for consulting fees of SEK 3 m (2) related to work with the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters during the period January–December 2018.

## PARENT COMPANY

Net sales amounted to SEK 15 m (10), which pertains mainly to invoicing to subsidiaries for rents of premises and performed services. Profit after financial items totalled SEK 106 m (106) including SEK 57 m (40) in dividends from subsidiaries, SEK 130 m (120) in Group contributions received from subsidiaries and SEK 33 m (19) in impairment of shares in subsidiaries. Cash and cash equivalents amounted to SEK 188 m (0) on 31 December 2018. 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 498 m was utilised as per the date of publication of this year-end report. Investments pertaining to shares in subsidiaries amounted to SEK 272 m, and transfers of shares in subsidiaries to other Group companies 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 in 2018.

## ACCOUNTING POLICIES

This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated accounts have been prepared in accordance with 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 became 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 implications of this standard are described on pages 54-55 of the 2017 Annual Report. The new standard is applied prospectively, i.e., comparison

figures will not be recalculated. The Group's leases pertain mainly to leases of office premises and company cars. The right-of-use assets are assigned the same value as the calculated lease liability as per 1 January 2019. As per the transition date, property, plant and equipment increase by approximately SEK 140 m, and interest-bearing liabilities increase by approximately SEK 130 m. The Group's equity is not affected by the changeover to IFRS 16.

## 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–September 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 year-end 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, 6 February 2019

*The Board of Directors*

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

**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.

**LEADERSHIP IN OUR AREAS OF OPERATION**

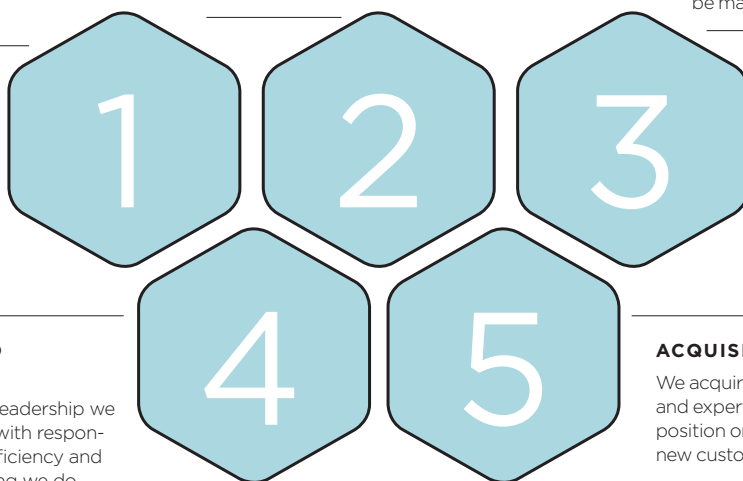
We will be leaders in selected markets.

**INNOVATIVE PRODUCT AND SERVICE OFFERINGS**

We continuously develop innovative solutions that offer enhanced customer value and lower production costs.

**EFFICIENCY IN EVERYTHING WE DO**

Addnode Group is distinguished by entrepreneurship; we are convinced that there are always improvements to be made.



**DECENTRALISED MANAGEMENT**

Through supportive leadership we encourage freedom with responsibility to enhance efficiency and simplicity in everything we do.

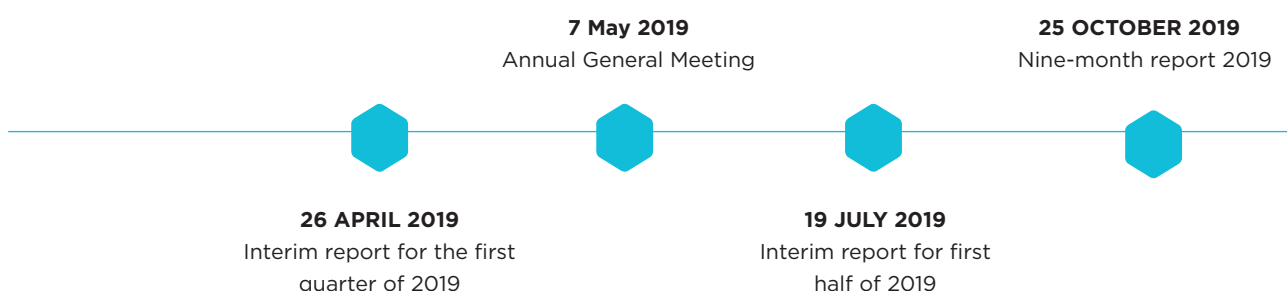
**ACQUISITIONS**

We acquire businesses, technology and expertise that strengthen our position or enable faster expansion to new customers and markets.

**FINANCIAL TARGETS**



**FINANCIAL CALENDAR 2019**



## CONSOLIDATED INCOME STATEMENT

(SEK M)	Oct - Dec		Full-year	Full-year
	2018	2017	2018	2017
Net sales	840	778	2,942	2,520
<b>Operating expenses:</b>				
Purchases of goods and services	-312	-301	-1,112	-968
Other external costs	-99	-88	-339	-312
Personnel costs	-332	-296	-1,229	-1 058
Capitalized work performed by the company for its own use	12	13	52	46
Depreciation/amortization and impairment of				
- tangible fixed assets	-4	-4	-16	-16
- intangible fixed assets	-25	-25	-95	-82
<b>Total operating expenses</b>	<b>-760</b>	<b>-701</b>	<b>-2,739</b>	<b>-2,390</b>
<b>Operating profit</b>	<b>80</b>	<b>77</b>	<b>203</b>	<b>130</b>
Financial income	2	0	5	2
Financial expenses	-3	-4	-17	-13
Remeasurements of contingent earn-out payments	6	-	6	0
<b>Profit before taxes</b>	<b>85</b>	<b>73</b>	<b>197</b>	<b>119</b>
Current tax	-17	-15	-50	-31
Deferred tax	-1	-3	5	1
<b>NET PROFIT FOR THE PERIOD</b>	<b>67</b>	<b>55</b>	<b>152</b>	<b>90</b>
<b>Attributable to:</b>				
Owners of the Parent Company	67	55	152	90
Non-controlling interests	-	0	-	0
Earnings per share before and after dilution, SEK	2,00	1,81	4,75	2,96
Average number of shares outstanding:				
Before and after dilution	33,427,256	30,427,256	32,018,923	30,427,256

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK M)	Oct - Dec		Full-year	Full-year
	2018	2017	2018	2017
<b>Net profit for the period</b>	<b>67</b>	<b>55</b>	<b>152</b>	<b>90</b>
<i>Other comprehensive income, items that will not be reclassified to the consolidated income statement:</i>				
Actuarial gains and losses on pension obligations	0	0	0	0
<i>Other comprehensive income, items that may be reclassified to the consolidated income statement:</i>				
Exchange rate difference upon translation of foreign operations	-29	14	25	13
Hedge of net investments in foreign operations	13	-10	-6	-16
<b>Total other comprehensive income after tax for the period</b>	<b>-16</b>	<b>4</b>	<b>19</b>	<b>-3</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>51</b>	<b>59</b>	<b>171</b>	<b>87</b>
<b>Attributable to:</b>				
Owners of the Parent Company	51	59	171	87
Non-controlling interests	-	0	-	0

## CONSOLIDATED BALANCE SHEET

<b>(MSEK)</b>	<b>Dec 31, 2018</b>	<b>Dec 31, 2017</b>
Goodwill	1,495	1,358
Other intangible fixed assets	308	297
Tangible fixed assets	37	40
Financail assets assets	28	28
Inventories	1	1
Current recievables	819	729
Cash and cash equivalents	387	173
<b>TOTAL ASSETS</b>	<b>3,075</b>	<b>2,626</b>
Shareholders' equity	1,339	982
Non-current liabilites	93	193
Current liabilities	1,643	1,451
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,075</b>	<b>2,626</b>
Interest-bearing receivables amount to	0	0
Interest-bearing liabilities amount to	545	621
Pledged assets	7	6
Contingent liabilities	1	1

## SHAREHOLDERS' EQUITY AND NUMBER OF SHARES

<b>Specification of changes in shareholders' equity</b>	<b>Oct - Dec</b>		<b>Full-year</b>	<b>Full-year</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Shareholders' equity, opening balance</b>	<b>1,288</b>	<b>923</b>	<b>982</b>	<b>965</b>
Adjustment for changed accounting policy, IFRS 15	-	-	-	-1
New share issue	-	-	258	-
Issue expenses	-	-	-4	-
Dividend	-	-	-68	-68
Comprehensive income for the period	51	59	171	87
<b>Shareholders' equity, closing balance</b>	<b>1,339</b>	<b>982</b>	<b>1,339</b>	<b>982</b>
<b>Shareholders' equity attributable to:</b>				
Owners of the Parent Company	1,339	982	1,339	982
Non-controlling interests (minority interests)	-	-	-	-
<b>Specification of number of shares outstanding, millions</b>				
Number of shares outstanding, opening balance	33.4	30.4	30.4	30.4
New share issue	-	-	3.0	-
<b>Number of shares outstanding, closing balance</b>	<b>33.4</b>	<b>30.4</b>	<b>33.4</b>	<b>30.4</b>

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 31 December 2018 was 33,427,256. Addnode Group had no holdings of treasury shares on 31 December 2017 nor 31 December 2018.

## CONSOLIDATED CASH FLOW STATEMENT

(SEK M)	Oct - Dec		Full-year	Full-year
	2018	2017	2018	2017
<b>Operating activities</b>				
Operating profit	80	77	203	130
Adjustment for non-cash items	34	35	109	104
<b>Total</b>	<b>114</b>	<b>112</b>	<b>312</b>	<b>234</b>
Net financial items	0	-3	-13	-10
Tax paid, etc.	-10	-8	-56	-29
<b>Cash flow from operating activities before changes in working capital</b>	<b>104</b>	<b>101</b>	<b>243</b>	<b>195</b>
Total change in working capital	10	-36	42	-48
<b>Cash flow from operating activities</b>	<b>114</b>	<b>65</b>	<b>285</b>	<b>147</b>
Cash flow from investing activities <sup>1)</sup>	-42	-93	-166	-439
Cash flow from financing activities <sup>2)</sup>	-1	26	90	352
<b>Change in cash and cash equivalents</b>	<b>71</b>	<b>-2</b>	<b>209</b>	<b>60</b>
Cash and cash equivalents, opening balance	323	172	173	111
Exchange rate difference in cash and cash equivalents	-7	3	5	2
<b>Cash and cash equivalents, closing balance</b>	<b>387</b>	<b>173</b>	<b>387</b>	<b>173</b>

**1) Specification of investing activities:**

Purchases and sales of intangible and tangible fixed assets	-18	-20	-65	-62
Acquisition of financial fixed assets	-3	-	-3	-2
Acquisition of subsidiaries and operations	-67	-77	-212	-550
Cash and cash equivalents in acquired companies	46	4	114	175
Repayment of receivables	0	-	0	0
<b>Total</b>	<b>-42</b>	<b>-93</b>	<b>-166</b>	<b>-439</b>

**2) Specification of financing activities:**

Paid dividend	-	-	-68	-68
New share issue	-	-	254	-
Borrowings	-	27	117	423
Repayment of loans	-1	-1	-213	-3
<b>Totalt</b>	<b>-1</b>	<b>26</b>	<b>90</b>	<b>352</b>

## KEY FIGURES

	Oct - Dec		Full-year	Full-year
	2018	2017	2018	2017
Net sales, SEK M	840	778	2,942	2,520
Average number of employees	1,496	1,420	1,471	1,317
Net sales per employee, SEK 000s	561	548	2,000	1,913
Change in net sales, %	8	18	17	15
EBITA margin, %	12.5	13.1	10.1	8.4
Operating margin, %	9.5	9.9	6.9	5.2
Profit margin, %	10.1	9.4	6.7	4.7
Equity/assets ratio, %	44	37	44	37
Acid-test ratio, %	73	62	73	62
Shareholders' equity, SEK M	1,339	982	1,339	982
Return on shareholders' equity,% *	13.1	9.4	13.1	9.4
Return on capital employed, % *	12.3	10.0	12.3	10.0
Net debt, SEK M	158	448	158	448
Investments in equipment, SEK M	4	7	14	16

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

## SHARE DATA

	Oct - Dec		Full-year	Full-year
	2018	2017	2018	2017
Average number of shares outstanding after dilution, millions	33.4	30.4	32.0	30.4
Total number of shares outstanding, millions	33.4	30.4	33.4	30.4
Total number of registered shares, millions	33.4	30.4	33.4	30.4
Earnings per share after dilution, SEK	2.00	1.81	4.75	2.96
Cash flow per share, SEK	3.41	2.14	8.90	4.83
Shareholders' equity per share, SEK	40.06	32.30	40.06	32.30
Dividend per share, SEK	-	-	2.50 <sup>1)</sup>	2.25
Share price at end of period, SEK	103.50	75.75	103.50	75.75
P/E ratio	-	-	22	26
Share price/shareholders' equity	2.58	2.35	2.58	2.35

<sup>1)</sup> According to proposal from the board

## QUARTERLY FINANCIAL OVERVIEW

(SEK M)	2018					2017					2016				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Net sales	<b>2,942</b>	840	648	717	737	<b>2,520</b>	778	535	588	619	<b>2,195</b>	659	467	528	541
EBITA	<b>298</b>	105	65	62	66	<b>212</b>	102	25	33	52	<b>171</b>	63	40	37	31
Operating profit	<b>203</b>	80	40	39	44	<b>130</b>	77	3	15	35	<b>114</b>	48	25	23	18
Profit before taxes	<b>197</b>	85	37	37	38	<b>119</b>	73	2	11	34	<b>109</b>	47	23	22	17
Profit after taxes	<b>152</b>	67	28	28	29	<b>90</b>	55	1	8	26	<b>82</b>	37	17	16	13
EBITA margin %	<b>10.1</b>	12.5	10.0	8.6	9.0	<b>8.4</b>	13.1	4.7	5.6	8.4	<b>7.8</b>	9.6	8.5	7.0	5.7
Operating margin %	<b>6.9</b>	9.5	6.2	5.4	6.0	<b>5.2</b>	9.9	0.6	2.6	5.8	<b>5.2</b>	7.2	5.3	4.4	3.4
Cash flow from operating activities	<b>285</b>	114	-61	27	205	<b>147</b>	65	-78	-19	180	<b>158</b>	73	-37	-28	150
Average number of employees	<b>1,471</b>	1,496	1,467	1,447	1,453	<b>1,317</b>	1,420	1,358	1,266	1,222	<b>1,160</b>	1,198	1,164	1,143	1,117

## OPERATING SEGMENTS

The figures below refer to the respective full 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
<b>REVENUE</b>												
External sales	1,048	903	1,130	917	763	700	1	0			<b>2,942</b>	<b>2,520</b>
Transactions between segments	5	3	2	3	10	5	12	12	-29	-23	<b>0</b>	<b>0</b>
Total revenue	1,053	906	1,132	920	773	705	13	12	-29	-23	<b>2,942</b>	<b>2,520</b>
EBITA	114	76	104	72	116	101	-36	-37			<b>298</b>	<b>212</b>
EBITA margin	10.8%	8.4%	9.2%	7.8%	15.0%	14.3%					<b>10.1%</b>	<b>8.4%</b>
Operating profit	74	45	78	54	87	69	-36	-38			<b>203</b>	<b>130</b>
Operating margin	7.0%	5.0%	6.9%	5.9%	11.3%	9.8%					<b>6.9%</b>	<b>5.2%</b>
Average number of employees	412	345	555	508	497	457	7	7			<b>1,471</b>	<b>1,317</b>

Comparison figures for the Process Management division have been recalculated in accordance with IFRS 15. The effect is marginal.

Addnode Group's operations are organised and managed based on the Design Management, Product Lifecycle Management (PLM) and Process Management divisions, which make up the Group's operating segments. There have been no changes in the segment division or calculation of segment results since the most recently published annual report. The segments are reported in accordance with the same accounting policies as the Group. The difference between the sum of the segments' operating profits and consolidated profit before tax is attributable to financial income of SEK 5 m (2), financial expenses of SEK -17 m (-13), and remeasurement of contingent earn-out payments, totalling SEK 6 m (0). 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 respective full 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	62	45	154	237	36	34	0	0	0	0	<b>252</b>	<b>316</b>
Recurring revenue	771	678	624	389	311	279	0	0	-7	-5	<b>1,699</b>	<b>1,341</b>
Services	204	163	340	279	407	364	0	0	-4	-1	<b>947</b>	<b>805</b>
Other	16	20	14	15	19	28	13	12	-18	-17	<b>44</b>	<b>58</b>
Total revenue	1,053	906	1,132	920	773	705	13	12	-29	-23	<b>2,942</b>	<b>2,520</b>

## PARENT COMPANY INCOME STATEMENT

(SEK M)	Oct - Dec		Full-year	Full-year
	2018	2017	2018	2017
Net sales	5	5	15	10
Operating expenses	-14	-10	-49	-37
<b>Operating result</b>	<b>-9</b>	<b>-5</b>	<b>-34</b>	<b>-27</b>
Financial income	131	102	158	143
Financial expenses	-1	-5	-18	-10
<b>Profit after financial items</b>	<b>121</b>	<b>92</b>	<b>106</b>	<b>106</b>
Transfer to tax allocation reserve	-19	-21	-19	-21
<b>Profit before taxes</b>	<b>102</b>	<b>71</b>	<b>87</b>	<b>85</b>
Tax	-14	-14	-14	-14
<b>NET PROFIT FOR THE PERIOD</b>	<b>88</b>	<b>57</b>	<b>73</b>	<b>71</b>

## PARENT COMPANY BALANCE SHEET

(SEK M)	Dec 31, 2018	Dec 31, 2017
Intangible fixed assets	1	1
Financial fixed assets	1,994	1,772
Current receivables	74	128
Cash and cash equivalents	188	0
<b>TOTAL ASSETS</b>	<b>2,257</b>	<b>1,901</b>
Shareholders' equity	1,113	854
Untaxed reserves	50	31
Provisions	102	91
Non-current liabilities	-	11
Current liabilities	992	914
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2,257</b>	<b>1,901</b>



## 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 year-end 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 18.

### 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)	Oct - Dec		Full-year	Full-year
	2018	2017	2018	2017
Operating profit	80	77	203	130
Amortization and impairment of intangible fixed assets	25	25	95	82
<b>EBITA</b>	<b>105</b>	<b>102</b>	<b>298</b>	<b>212</b>

### Reconciliation of net debt

(SEK M)	Dec 31,	Dec 31,
	2018	2017
Non-current liabilities	93	193
Current liabilities	1,643	1,451
Non interest-bearing non-current and current liabilities	-1,191	-1,022
<b>Total interest-bearing liabilities</b>	<b>545</b>	<b>621</b>
Cash and cash equivalents	-387	-173
Other interest-bearing receivables	0	0
<b>Net debt(+)/receivables(-)</b>	<b>158</b>	<b>448</b>

## DEFINITIONS

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### 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.

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**LANDBORGEN**

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**MITTBYGGE**

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**SOKIGO**

ADDNODE GROUP

**STAMFORD**

ADDNODE GROUP

**SYMETRI**

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