

# AddNode AB

## Year-end report

### January 1 – December 31 2006

*Sharp growth in sales and profit – best earnings in the Group's history*

#### January – December 2006 compared with 2005

- Net sales rose 87% to SEK 766.1 M (409.7).
- EBITA\* rose 80% to SEK 53.9 M (30.0).
- Operating profit rose 82% to SEK 42.8 M (23.5).
- Profit after tax amounted to SEK 104.2 M (44.5), including gains of SEK 67.6 M (23.5) from divested operations.
- Earnings per share after tax amounted to SEK 4.74 (2.44), of which SEK 3.05 (1.28) pertained to divested operations.
- Shareholders' equity per share amounted to SEK 23.45 (18.56).
- Cash flow from operating activities amounted to SEK 35.9 M (40.1).

#### Fourth quarter 2006 compared with fourth quarter 2005

- Net sales rose 73% to SEK 228.3 M (131.8).
- EBITA\* rose 200% to SEK 21.6 M (7.2).
- Operating profit rose 218% to SEK 17.5 M (5.5).
- Profit after tax amounted to SEK 78.2 M (11.8), including gains of SEK 61.5 M (3.8) from divested operations.
- Earnings per share after tax amounted to SEK 3.49 (0.61), of which SEK 2.75 (0.20) pertained to divested operations.
- Shareholders' equity per share amounted to SEK 23.45 (18.56).
- Cash flow from operating activities amounted to SEK 24.8 M (14.1).

#### Significant events during the fourth quarter

- Divestment of Financial (SIX) business area yielded capital gain of SEK 58.7 M.

#### Significant events after period-end

- New dividend policy adopted.
- The Board of Directors proposes an ordinary dividend of SEK 0.90 per share and an extraordinary dividend of SEK 2.40 per share, making a total of SEK 3.30 per share.
- New customer agreements with SVT and Swedish National Tax Board

#### SUMMARY OF KEY RESULTS

SEK M	12 months 2006	12 months 2005	3 months Oct-Dec 2006	3 months Oct-Dec 2005
Net Sales	766,1	409,7	228,3	131,8
EBITA	53,9	30,0	21,6	7,2
<i>EBITA margin</i>	7,0%	7,3%	9,5%	5,5%
Operating profit	42,8	23,5	17,5	5,5
<i>Operating margin</i>	5,6%	5,7%	7,7%	4,2%
Profit before taxes	43,5	24,1	18,6	5,4
Profit from continuing operations	36,6	21,0	16,7	8,0
Profit from divested operations	67,6	23,5	61,5	3,8
Profit after taxes	104,2	44,5	78,2	11,8
Cash flow from continuing operations	35,9	40,1	24,8	14,1
Average number of employees	472	319	537	340

\* Profit before depreciation and impairment of intangible assets. The information in the table pertains to the Group's continuing operations at the end of 2006. Earnings per share also include gains from divested operations.



## MESSAGE FROM THE CEO

AddNode noted another record year in 2006, with sharp growth in sales and profit that enabled the Group to record the best earnings in the Group's history. Net sales rose 87% to SEK 766 M and EBITA from continuing operations rose 80% to SEK 54 M. The favorable trend was particularly noticeable in the Industrial and Technology business areas. To this should be added the 2006 acquisition of Process Management, which reported excellent earnings. Within the Media business area, we continued to focus on measures to improve earnings. The agreement with SVT, which was secured in early 2007 in the face of intense competition, was a desired breakthrough from the efforts to improve processes and clarify offerings.

We recruited several new employees and acquired supplementary operations in order to satisfy customer demand. For example, Centus based in Belgrade, Serbia, was acquired during the year to ensure that AddNode customers gain access to more cost-effective production. The acquisition of Ida Infront was strategic and forms the base for a new business area called Process Management. We view Ida Infront's focus on secure information transfer and large-scale automatic task management as an attractive growth area in which we can strengthen and expand a leading market position. Ida Infront, which has been consolidated since September 1, 2006, performed distinctly better than expected during the first four months.

During the year, we decided to sell the Financial (SIX) business area to Ecovision, because we had concluded that these operations would develop more favorably together with the purchaser Ecovision and its principal shareholder Fininfo. We are currently the second-largest shareholder in Ecovision and are convinced that our holding will generate healthy value growth.

The build-out of AddNode started in 2003 and now, after four years, we have achieved a size whereby organic growth has become more important than acquisitions. Since we believe that the market will remain stable, the Board of Directors has adopted a new dividend policy, whereby 50% of profit after tax will be distributed to the shareholders. For 2006, SEK 0.90 per share may be considered to derive from the operations existing today. In addition, the Board proposes that a further SEK 2.40 per share be distributed as a result of significantly increased cash assets following the divestment of Financial. In total, this corresponds to a dividend yield of 11% for the shareholders, based on the share price at February 20, 2007.

Finally, I would like to thank all customers and employees, who have made our success possible, and our shareholders, whose investment in the company has facilitated AddNode's favorable development.

***Bo Strandberg, President and Chief Executive Officer***

## NET SALES AND EARNINGS

During the fourth quarter of 2006, the companies within the Financial business area were divested. In accordance with the applicable accounting rules, all revenues and costs pertaining to the Financial business area for 2006 and 2005, including capital gains on its divestment, are to be reported as profit from divested operations on a separate line in the consolidated income statement. Unless stated otherwise, the comments below pertain to the results for continuing operations after the divestment of the Financial business area.

#### **Fourth quarter, October – December 2006**

During the fourth quarter, the Group's net sales amounted to SEK 228.3 M (131.8). For comparable units, the increase in net sales was 11.0%. EBITA amounted to SEK 21.6 M (7.2), corresponding to an EBITA margin of 9.5% (5.5). Cash flow from operating activities amounted to SEK 24.8 M (14.1).

As a result of sharp growth in existing and acquired units, net sales rose robustly and margins improved compared with the year-earlier period, although the business areas reported mixed performances. The Industrial and Technology business areas reported excellent capacity utilization of consultants and increased licensing revenues, resulting in continued favorable profitability. The Media business area continued to focus on profitability-enhancement measures. Process Management, which historically generates most of its earnings during the fourth quarter, noted a very strong finish to the year with an EBITA margin that exceeded 35%. Process Management's high margin for the fourth quarter does not reflect the business area's profitability throughout the fiscal year.

During the fourth quarter of 2006, the companies within the Financial business area were divested. Net profit from the Financial business area during the fourth quarter and the capital gain on its divestment totaled SEK 61.5 M (3.8), of which the capital gain accounted for SEK 58.7 M (0.0).

#### **12 months, January-December 2006**

The Group's net sales during the period amounted to SEK 766.1 M (409.7). EBITA totaled SEK 53.9 M (30.0), corresponding to an EBITA margin of 7.0% (7.3). Cash flow from operating activities amounted to SEK 35.9 M (40.1). For comparable units, the increase in net sales was 6.8%. Of the total EBITA, approximately SEK 25.6 M derived from acquired units that were not included in figures for the year-earlier period. Net profit from the Financial business area during the fourth quarter and the capital gain on its divestment totaled SEK 67.6 M, of which the capital gain accounted for SEK 58.7 M.

**PERFORMANCE OF ADDNODE BUSINESS AREAS, JANUARY - DECEMBER 2006  
COMPARED WITH JANUARY - DECEMBER 2005**

(SEK M)	Industrial		Media		Process Mgt		Technology		Central		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net sales	420,5	159,9	158,9	132,1	28,0	-	158,4	117,6	0,3	0,1	766,1	409,7
EBITA	38,0	22,2	0,1	5,2	8,8	-	18,3	13,9	-11,3	-11,3	53,9	30,0
<i>EBITA-margin</i>	9,0%	13,9%	0,1%	3,9%	31,4%	-	11,6%	11,8%	-	-	7,0%	7,3%
Operating profit	36,2	20,7	-3,9	2,3	7,7	-	14,1	11,8	-11,3	-11,3	42,8	23,5
<i>Operating margin</i>	8,6%	12,9%	-2,5%	1,7%	27,5%	-	8,9%	10,0%	-	-	5,6%	5,7%
Average number of employees	198	94	119	113	16	-	136	108	3	4	472	319
Investments in inventories	3,3	1,3	3,5	4,7	0,3	-	3,1	4,6	-	-	10,2	10,6

\*In the above schedule, companies are included from the date of acquisition. The figures pertain to the Group's continuing operations at the end of 2006.

**Industrial business area**

*The Industrial business area is the Nordic region's leading supplier of services and IT systems for industrial product development and product data handling for the manufacturing industry and for the construction and real estate sector. The offering supports a product's entire lifecycle from development to production, sale and after market.*

Net sales in 2006 amounted to SEK 420.5 M (159.9) and EBITA to SEK 38.0 M (22.2). For the business area, 2006 was a year of sharply increased demand, primarily from the engineering and telecom segments of the manufacturing industry, and also from the construction and real estate sector where conditions were favorable. Volume growth was robust and several important customer agreements were signed during the year, with both new and existing customers. Demand was driven mainly by customer needs for more effective development, in order to ensure that new high-quality products are quickly launched in the market. The latter part of the year was very strong, with sales and capacity utilization remaining favorable within all market areas for both Technia and Cad-Q. Technia continued its expansion by establishing a new operation that focuses on small and midsize companies and also signed agreements for the distribution of proprietary products in the Japanese market. Cad-Q, which was acquired during the fourth quarter of 2005, performed favorably in 2006 by increasing its net sales and improving profitability. When analyzing the business area's margin trend, it should be noted that Cad-Q has a relatively high portion of license sales, for which the margin is slightly lower than that for Technia.

**Media business area**

*The Media business area offers customized IT services, solutions and training programs to the Nordic IT and media sector. It currently has operations in Sweden, Norway and Denmark.*

In 2006, net sales amounted to SEK 158.9 M (132.1) and EBITA to SEK 0.1 M (5.2). Prominent IT AB of Malmö was a supplementary acquisition that strengthened the offering of operation and maintenance services and expanded the customer base by providing new markets. During 2006, the business area was weighed down by excessive overheads combined with a lack of market success. Following fiscal year-end, SVT selected Teknik i Media as a supplier for the operation and technical management of interactive services

such as svt.se, mobil.svt.se, forum.svt.se and medlem.svt.se. This transaction is evidence of the strength and breadth of the business area's offering to media-production companies. The agreement is comprehensive and extends over three years. The parties have agreed that they will not disclose the order value.

### **Process Management business area**

*The Process Management business area is the leading Swedish supplier of large-scale, operations-critical task management and communication solutions. The solutions are based on iipax<sup>TM</sup> – a proprietary product platform.*

Through the acquisition of Ida Infront, AddNode laid the foundation for a new business area based on large-scale, operations-critical task management. The acquired operation has been consolidated in AddNode's accounts since September 1, 2006, which means that consolidated results for 2006 pertain to the four-month period from September through December. Net sales for the period amounted to SEK 28.0 M (-) and EBITA to SEK 8.8 M (-), corresponding to an EBITA margin of 31.4%. Ida Infront's operations have a track record of strength during the latter part of the calendar year. Accordingly, the high margin during the fourth quarter does not reflect the business area's profitability throughout an entire fiscal year. Major customers during the year included the Swedish National Police Board, Swedish Tax Agency, Swedish Social Insurance Administration and Swedish Agency for Economic and Regional Growth (Nutek). During 2006, several orders were secured from the banking and insurance industries, which are new areas for Ida Infront.

### **Technology business area**

*The Technology business area offers consulting services and customized IT solutions that help customers to capitalize on the full business potential of digital channels. The solutions are based on the creative use of standardized technologies and platforms. The business area includes in-depth expertise of web publication, systems development, geographical information and positioning technology, logistical systems and telecom and call-center solutions.*

Net sales for full-year 2006 amounted to SEK 158.4 M (117.6) and EBITA to SEK 18.3 M (13.9). During the year, the business area acquired the IT company Centus with 31 employees, of whom 17 are stationed in Belgrade, Serbia. The acquisition enhances competencies involving Microsoft .NET, XML and web publication, and expanded the customer base. The business area's strong market position as a supplier of web solutions and system and application consultancy was further strengthened during 2006, in part through a partnership agreement with US company JBoss, which supplies development tools and software platforms based on an open source code. Another reason was the acquisition of XPLOD, a logistical system for Internet trading, which enables the offering of fast flows of goods from many suppliers to many customers. This is a strategic acquisition, because it opens the door to the rapidly growing market for Internet trading. During the year, a very strong trend was noted for call-center solutions, whereby customers lease resources in our production environment for creating their own interactive voice response and web services. The offering within geographical information and positioning technology was clarified during the year, which had a favorable impact on the business area's earnings.

## **SIGNIFICANT EVENTS DURING THE FOURTH QUARTER**

### **Sale of SIX to Ecovision**

AddNode has sold the companies in the Financial business area (SIX) to Ecovision. This was an industrially correct transaction and the sold company will have improved long-term prospects for further development in an environment with the new principal shareholder Fininfo. The final purchase consideration amounted to SEK 140.3 M, distributed as SEK 44.0 M in cash on the date of transfer, SEK 8.8 M as payment for the sold companies' net cash, about SEK 21.0 M in the form of newly issued shares in Ecovision, of which shares worth SEK 5.0 M have since been sold to Fininfo, and short- and long-term interest-bearing promissory notes totaling SEK 66.5 M. Following the sale, AddNode owns approximately 19% of the merged company, which is traded

on the First North list under the ticker name Ecovision. AddNode regards the holding in Ecovision as a financial investment.

The capital gain on the sale of the companies in the Financial business area totaled SEK 58.7 M. The difference, compared with the preliminarily communicated capital gain of SEK 50 M was mainly attributable to the size of the sold companies' net cash and the market price of the Ecovision share on the date of transfer.

## EVENTS AFTER PERIOD-END

### *New customer agreements signed with SVT and Swedish Tax Agency*

SVT has selected Teknik i Media as a supplier for the operation and technical management of interactive services such as svt.se, mobil.svt.se, forum.svt.se and medlem.svt.se. This transaction is evidence of the strength and breadth of AddNode's offering to media-production companies. The agreement is comprehensive and extends over three years. The parties have agreed that they will not disclose the order value.

Ida Infront has extended and expanded the current development and management agreement with the Swedish Tax Agency. The order is worth approximately SEK 4-8 M. Ida Infront has cooperated with the Swedish Tax Agency since 1995 in the field of secure communications. The new agreement with the Swedish Tax Agency represents an extension and further development of the current agreement concerning development and management in respect of IN/OUT data handling, including systems for printer management.

### **New dividend policy**

AddNode has not previously paid any dividends. In view of the stability achieved by the Group and its future prospects, the Board of Directors of AddNode has decided to adopt a new dividend policy as follows:

*"The dividend paid to the shareholders must reflect the Group's earnings and cash flow trend as well as its future growth opportunities. In the opinion of the Board of Directors, 50% of consolidated profit after tax shall be distributed as a dividend, assuming that the Group's equity/assets ratio exceeds 50% and that cash and cash equivalents are sufficient to operate and develop the Group."*

### **Proposed dividend**

The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 3.30 per share, of which SEK 0.90 is attributable to the ordinary dividend and SEK 2.40 to an extraordinary dividend as a result of significantly increased cash assets following the divestment of Financial. The proposed dividend totals approximately SEK 74.0 M.

## FUTURE OUTLOOK

As in the preceding year, we foresee continued healthy demand for IT solutions and a stable price scenario for IT consulting services. The demand situation for the Group's services strengthened during 2006 and the trend for the Industrial, Process Management and Technology business areas is expected to remain favorable in 2007. The focus of the Media business area during 2007 will be on restoring profitability. Although the Board of Directors' overall assessment of AddNode's earnings outlook for 2007 is favorable, it chooses not to issue a quantified forecast. The long-term assessment is that investments in IT will continue to grow at a faster pace than total investments in the industrial and service sectors.

AddNode's financial goal is to achieve an operating margin of 7–10%, before depreciation and impairment of intangible assets (EBITA) over a complete business cycle.

## FINANCIAL INFORMATION

### Liquidity, cash flow and financial position

The Group's cash and cash equivalents at December 31, 2006 amounted to SEK 116.7 M (Dec 31, 2005: 151.4). Cash flow from the Group's continuing operations during the year was SEK 35.9 M (40.1).

Cash flow from investment during 2006 includes SEK 54.3 M for the disbursed amount of the purchase considerations for Centus, Prominent IT and Ida Infront and SEK 4.0 M for the compulsory purchase of shares in Mogul and Cartesia Informationsteknik. The acquisition of financial fixed assets pertains primarily to Generic Sweden AB.

Of the interest-bearing receivables, Ecovision accounts for SEK 75.3 M, which arose in connection with the sale of the Financial business area. Of this amount, SEK 31.5 M was paid in January 2007 and a further SEK 8.8 M will be paid no later than in April 2007. The subsequently outstanding receivable of SEK 35.0 M will be paid in stages during the period up to September 2011. At year-end, the Group's interest-bearing liabilities amounted to SEK 10.1 M (15.0) and interest-bearing liabilities totaling SEK 6.9 M were amortized during the year. On December 31, 2006, the net of interest-bearing assets and liabilities amounted to assets of SEK 183.1 M (138.0).

The cash flow from investing activities for divested operations includes the cash portion of the selling price of the companies in the Financial business area less the cash and cash equivalents in the sold companies, making a net amount of SEK 12.3 M, as well as payment of SEK 26.0 M to Bisnode pertaining to the final consideration for the same companies.

The year-end equity/assets ratio was 63% (preceding year: 52).

### Investments

Investments in intangible and tangible fixed assets in the Group's continuing operations amounted to SEK 14.0 M (17.7), of which SEK 0.6 M (0.0) pertained to software development. Of the investments in tangible fixed assets, SEK 1.8 M was financed via leasing.

### Goodwill and other intangible assets

The consolidated goodwill reported at December 31, 2006 amounted to SEK 282.8 M (267.2). Goodwill increased by SEK 80.3 M during 2006 as a result of the acquisition of Centus, Prominent IT and Ida Infront and decreased by SEK 64.5 M as a result of the divestment of and the agreement pertaining to the final consideration for the companies within the Financial business area. The carrying amount for trademarks was SEK 23.7 M (30.3). Other intangible assets amounted to SEK 38.9 M (66.4) and consisted mainly of customer agreements, cooperative agreements and software.

### Deferred tax assets

At December 31, 2006, deferred tax assets totaled SEK 24.8 M, of which SEK 23.3 M was attributable to loss carryforwards. The deferred tax assets derived from loss carryforwards reported as assets insofar as it is probable that the loss carryforwards will be deductible against future taxation. At December 31, 2006, the Group's aggregate loss carryforwards amounted to approximately SEK 370 M. The amount of SEK 23.3 M entered in the balance sheet represents only a small portion of the total value of the loss carryforwards. When establishing the value reported in the balance sheet, only the proportion of the loss carryforwards expected to be utilized over the next few years has been recognized.

### Shareholders' equity and number of shares

At December 31, 2006, shareholders' equity amounted to SEK 525.9 M (397.6), corresponding to SEK 23.45 (18.56) per share. On August 31, 2006, the Board of Directors, pursuant to authorization received from the Annual General Meeting on April 26, 2006, decided on a non-cash issue of 1,200,000 Series B shares in connection with the acquisition of Ida Infront AB,

whereby the company's share capital was increased by SEK 14.4 M and the company's total shareholders' equity was increased by SEK 30.2 M. The change in the number of shares and shareholders' equity during 2006 and 2005 is shown on page 10. At December 31, 2006, there were no outstanding programs of options or convertibles.

### **Provisions**

At December 31, 2006, provisions, which in the balance sheet are included in long-term and current liabilities, amounted to SEK 69.7 M, of which SEK 63.2 M pertained to estimated supplementary purchase prices for completed acquisitions. During 2006, SEK 2.6 M of previously posted provisions for restructuring measures was utilized for planned and completed structural measures. The provisions for estimated supplementary purchase prices rose by SEK 32.0 M in connection with company acquisitions during 2006 and declined by SEK 45.0 M as a result of the an agreement pertaining to the final consideration for the companies within the Financial business area.

### **Employees**

The average number of employees of the Group during 2006 amounted to 528 (414), including 472 (319) employed in continuing operations. At year-end, the number of Group employees was 536 (484). The number of employees rose by 100 as a result of the acquisitions completed during the second and third quarters of 2006 and declined by approximately 70 following the divestment of the Financial business area during the fourth quarter.

### **Related-party transactions**

AddNode has market-based contracts that are renegotiated regularly with several Bisnode Group companies. Of net sales during 2006, 3% pertained to sales to the Bisnode Group, which has been the principal shareholder in AddNode since September 2005. Purchases from the Bisnode Group accounted for 4% of operating expenses.

In February 2006, an agreement on the final purchase price for the acquisition of the companies in the Financial business area was signed with the previous owner, Bisnode. Under this agreement, the earnings-based additional purchase price will amount to SEK 26 M (for further information, refer to the interim report on the first quarter of 2006).

### **Information on the acquisition and divestment of subsidiaries**

During 2006, AddNode acquired Centus, Prominent IT and Ida Infront. The acquired companies added approximately SEK 49 M to the AddNode Group's net sales and made a positive contribution of about SEK 4 M to consolidated after-tax profit. If the companies had been acquired on January 1, 2006, the AddNode Group's net sales from continuing operations in 2006 would have totaled approximately SEK 814 M and after-tax profit, including divested operations, would have amounted to SEK 105 M.

The total purchase considerations for the acquired companies amounted to approximately SEK 116 M, of which SEK 30.2 M was financed through a non-cash issue and SEK 32.0 M pertained to estimated additional purchase amounts based on future earnings and net cash flow. Approximately SEK 29 M in acquisition-related intangible assets, in the form of trademarks, customer contracts and software, was identified in the acquisition analyses, which resulted in deferred tax liabilities of about SEK 8 M. Consolidated goodwill amounted to approximately SEK 80 M. Other acquired assets and liabilities pertain primarily to accounts receivable, accrued revenues and accounts payable, as well as accrued expenses and deferred income.

On November 14, 2006, the companies within the Financial business area were sold to Ecovision, which is described in greater detail under the Significant events section above. In accordance with the applicable accounting rules for listed companies (IFRS), AddNode must report all income statement items pertaining to the Financial business area for 2006 and 2005,



including the capital gain on its divestment, as profit from divested operations on a separate line in the consolidated income statement.

### **Parent Company**

Net sales amounted to SEK 6.6 M (5.5), which refers primarily to invoicing to subsidiaries for services rendered. Profit before taxes totaled SEK 0.9 M (29.2), including SEK 54.0 M (38.0) in dividends from subsidiaries and SEK 41.2 M (0.0) in impairment of shares in subsidiaries. Cash and cash equivalents at December 31, 2006 amounted to SEK 45.8 M (94.0). Investments in shares in subsidiaries and shares in other companies totaled SEK 208.0 M, of which SEK 94.0 M pertained to shareholders' contributions to subsidiaries. The year's investments in shares in subsidiaries include SEK 89.8 M for shares in Ida Infront AB, of which SEK 30.2 M was financed through a non-cash issue. The shareholding in CAD-Quality i Sverige AB has been transferred to another Group company at the carrying amount. There were no significant investments in intangible or tangible fixed assets. The Parent Company's lending to Ecovision in connection with the divestment of the Financial business area was described under the Significant events section and the liquidity, cash flow and financial position sections above.

### **Accounting principles**

This year-end report was prepared in accordance with IAS 34 Interim Reporting, which complies with the requirements of the Swedish Financial Accounting Standards Council's RR 31 recommendation, Interim Reporting for Groups. The Group's accounting principles are unchanged compared with the preceding year and are described in greater detail in Note 1 of the Annual Report for 2005.

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards, IFRS, which have been approved by the EU. In accordance with IFRS 3, Business Combinations, intangible assets, such as customer relations and trademarks, are valued at market value in the acquisition analyses before the remaining value is attributed to goodwill. Intangible fixed assets with an indefinite useful life, such as goodwill and certain trademarks, are not amortized. Instead, they are impairment tested annually, or more frequently if there are indications of a decline in value. At December 31, 2006, there was no impairment requirement. Other intangible assets are amortized straight line over the estimated useful life, which ranges from three to ten years.

During 2006, currency forward contracts were signed and were valued at fair value. Both realized and unrealized changes in value have been included in operating profit. Hedge reporting has not been applied, since the formal conditions for such reporting are not met. At year-end, there were no currency forward contracts outstanding

Commitments for retirement pensions and family pensions for salaried employees are secured through insurance provided by Alecta or PP Pension. According to a statement from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force, URA 42, this insurance is part of a defined-benefits plan that encompasses several employers. AddNode has not had access to information that would enable it to report this plan as a defined-benefits plan. Any pension plan secured through insurance with the aforementioned institutions is therefore reported as a defined-contribution plan.

The Parent Company applies the Swedish Financial Accounting Standards Council's recommendation RR 32:05, Reporting for legal entities. According to this recommendation, the main rule is that legal entities whose securities are listed on the closing date on a Swedish stock exchange should apply the IFRS that applied for the consolidated accounts. As of 2006, the Parent Company applies IAS 39, which had no significant impact on the Parent Company's accounts.

### **ANNUAL GENERAL MEETING**

The annual report for 2006 will be available in early April 2007. The Annual Report can be downloaded from AddNode's website, [www.addnode.com](http://www.addnode.com), or be ordered by e-mail from [info@addnode.com](mailto:info@addnode.com), Tel. +46 (0)8-506 66 210 or fax +46 (0)8-506 66 225, or obtained from AddNode's Head Office at Hudiksvallsgatan 4 in Stockholm.



AddNode AB's Annual General Meeting will be held on April 26, 2007 at 1:00 p.m. The venue will be announced in the notice convening the Annual General Meeting.

Shareholders wishing to submit advance proposals regarding the composition of the Board are asked to contact the Chairman of the Nomination Committee, Staffan Johansson, by e-mail, at [staffan.johansson@tim.se](mailto:staffan.johansson@tim.se).

#### **FORTHCOMING INFORMATION DATES**

- |  |                  |
|--|------------------|
| • Annual Report 2006                     | April 2007       |
| • Annual General Meeting                 | April 26, 2007   |
| • Interim report, first quarter of 2007  | April 26, 2007   |
| • Interim report, second quarter of 2007 | July 20, 2007    |
| • Interim report, third quarter of 2007  | October 26, 2007 |
| • Year-end report 2007                   | February 2008    |

Stockholm, February 21, 2007

#### ***Board of Directors***

This reported has not been examined by the company's auditors.

#### ***For further information, please contact:***

##### **Bo Strandberg, President and Chief Executive Officer**

Telephone: +46 (0)8-506 66 216, Mobile: +46 (0)70-536 56 08, E-mail: [bo.strandberg@addnode.com](mailto:bo.strandberg@addnode.com)

##### **Johan Andersson, Investor Relations**

Telephone: +46 (0)8-506 66 214, Mobile: +46 (0)70-420 58 31, E-mail: [johan.andersson@addnode.com](mailto:johan.andersson@addnode.com)

AddNode AB (publ) Corp. Reg. No. 556291-3185

Hudiksvallsgatan 4, SE-113 30 Stockholm

Tel: +46 (0)8 506 66 210

*AddNode offers industry and technology-specific IT solutions that develop and enhance the efficiency of its customers' business. Operations are organized into four business areas: Industrial, Media, Process Management and Technology. AddNode is listed on the Stockholm Stock Exchange. The Group has approximately 530 employees and has operations in Sweden, Norway, Denmark and Finland. The Group's headquarters are located in Stockholm. For further information, see <http://www.addnode.com>.*

**Addnode Group's consolidated accounts**

Income Statement (SEK M)	2006 Oct-Dec	2005 Oct-Dec	2006 Full year	2005 Full year
<b>Continuing operations</b>				
Net sales	228,3	131,8	766,1	409,7
<b>Operating costs:</b>				
Purchases of goods and services	-84,0	-38,5	-275,9	-84,7
Other external costs	-23,6	-21,3	-100,6	-70,0
Personnel costs	-95,0	-63,6	-324,8	-217,3
Depreciation and impairment of				
- tangible fixed assets	-4,1	-1,2	-10,9	-7,7
- intangible fixed assets	-4,1	-1,7	-11,1	-6,5
<b>Total operating costs</b>	<b>-210,8</b>	<b>-126,3</b>	<b>-723,3</b>	<b>-386,2</b>
<b>Operating profit</b>	<b>17,5</b>	<b>5,5</b>	<b>42,8</b>	<b>23,5</b>
Financial income	1,5	0,0	2,0	1,7
Financial expenses	-0,4	-0,1	-1,3	-1,1
<b>Profit before taxes</b>	<b>18,6</b>	<b>5,4</b>	<b>43,5</b>	<b>24,1</b>
Current tax	-3,4	0,4	-6,9	0,0
Deferred tax	1,5	2,2	0,0	-3,1
<b>Profit from continuing operations</b>	<b>16,7</b>	<b>8,0</b>	<b>36,6</b>	<b>21,0</b>
Profit from divested operations	61,5	3,8	67,6	23,5
<b>NET PROFIT FOR THE PERIOD</b>	<b>78,2</b>	<b>11,8</b>	<b>104,2</b>	<b>44,5</b>
<b>Pertaining to:</b>				
Shareholders of the Parent company	78,2	11,3	102,5	43,0
Minority shareholders	0,0	0,5	1,7	1,5
Earnings per share from continuing operations, SEK	0,74	0,41	1,69	1,16
Earnings per share from divested operations, SEK	2,75	0,20	3,05	1,28
Earnings per share, total, SEK	3,49	0,61	4,74	2,44
Average number of shares (000,000s)	22,4	18,6	21,6	17,6

The company has no outstanding options or convertibles programs that would result in dilution.

**1) Specification of profit from divested operations**

Profit before taxes and capital gain	2,5	3,5	10,4	7,7
Capital gain on divestment of operations	58,7	0,0	58,7	18,5
Tax on net profit for the year	0,3	0,3	-1,5	-2,7
<b>Profit from divested operations</b>	<b>61,5</b>	<b>3,8</b>	<b>67,6</b>	<b>23,5</b>



**AddNode Group's consolidated accounts**

**Balance sheet**

<b>(SEK M)</b>	<b>Dec 31, 2006</b>	<b>Dec 31, 2005</b>
Goodwill	282,8	267,2
Trademarks	23,7	30,3
Other intangible fixed assets	38,9	66,4
Tangible fixed assets	20,3	24,4
Financial fixed assets	81,3	29,9
Inventories	6,4	3,7
Current receivables	270,9	188,2
Cash and cash equivalents	116,7	151,4
<b>TOTAL ASSETS</b>	<b>841,0</b>	<b>761,5</b>
Shareholders' equity	525,9	397,6
Long-term liabilities	74,0	85,8
Current liabilities	241,1	278,1
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>841,0</b>	<b>761,5</b>
Interest-bearing receivables amounted to	76,5	1,6
Interest-bearing liabilities amounted to	10,1	15,0
Pledged assets	3,8	11,5
Contingent liabilities	2,2	-

**SHAREHOLDERS' EQUITY AND NUMBER OF SHARES**

<b>Specification of changes in shareholders' equity</b>	<b>2006 Oct-Dec</b>	<b>2005 Oct-Dec</b>	<b>2006 Full year</b>	<b>2005 Full year</b>
Shareholders' equity, opening balance	449,8	295,0	397,6	261,1
New share issues		91,6	30,2	91,6
Minority interest in acquisition of subsidiaries			-2,3	0,4
Revaluation of financial fixed assets to fair value	-0,7		-0,7	
Translation difference	-1,4	-0,8	-3,1	
Profit for the period	78,2	11,8	104,2	44,5
<b>Shareholders' equity, closing balance</b>	<b>525,9</b>	<b>397,6</b>	<b>525,9</b>	<b>397,6</b>

**Shareholders' equity pertaining to:**

The shareholders of the Parent Company	525,9	394,0	525,9	394,0
Minority shareholders	0,0	3,6	0,0	3,6

**Specification of number of shares "000,000"**

Number of shares, opening balance	22,4	17,2	21,2	17,2
Newly issued shares		4,0	1,2	4,0
<b>Number of shares at end of period</b>	<b>22,4</b>	<b>21,2</b>	<b>22,4</b>	<b>21,2</b>

The number of shares was 22,427,984 at December 31, 2006 and 21,227,984 at December 31, 2005.



Addnode Group's consolidated accounts

<b>ADDNODE GROUP'S CONSOLIDATED ACCOUNTS</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>CASH FLOW STATEMENT (SEK M)</b>	<b>Oct-Dec</b>	<b>Oct-Dec</b>	<b>Full year</b>	<b>Full year</b>
<b>Current operations</b>				
Operating profit	17,5	5,5	42,8	23,5
Adjustment for items not included in cash flow	5,2	2,9	20,5	9,3
<b>Total</b>	<b>22,7</b>	<b>8,4</b>	<b>63,3</b>	<b>32,8</b>
Net financial items	1,1	-0,1	0,7	0,6
Tax paid, etc	0,8	3,6	-9,1	3,6
<b>Cash flow from current operations before changes in working capital</b>	<b>24,6</b>	<b>11,9</b>	<b>54,9</b>	<b>37,0</b>
Total changes in working capital	0,2	2,2	-19,0	3,1
<b>Cash flow from current operations</b>	<b>24,8</b>	<b>14,1</b>	<b>35,9</b>	<b>40,1</b>
Cash flow from investing activities 1)	-13,3	21,0	-65,8	5,3
Cash flow from financing activities	-2,1	-12,5	-6,9	-44,5
Cash flow from divested operations 2)	31,9	7,7	2,8	86,4
<b>Change in cash and cash equivalents</b>	<b>41,3</b>	<b>30,3</b>	<b>-34,0</b>	<b>87,3</b>
Cash and cash equivalents, beginning of the period	75,6	120,9	151,4	63,5
Exchange-rate difference in cash and cash equivalents	-0,2	0,2	-0,7	0,6
<b>Cash and cash equivalents, end of the period</b>	<b>116,7</b>	<b>151,4</b>	<b>116,7</b>	<b>151,4</b>

**1) Specification of investment operations:**

Acquisition of tangible and intangible fixed assets	-4,0	-2,4	-12,1	-8,1
Acquisition of financial fixed assets	-9,3	-0,4	-9,3	-1,3
Acquisitions of subsidiaries and minority shares		-6,7	-58,3	-18,5
Cash and cash equivalents in acquired subsidiaries		30,5	13,6	32,4
Repayment of receivables			0,3	0,8
<b>Totalt</b>	<b>-13,3</b>	<b>21,0</b>	<b>-65,8</b>	<b>5,3</b>

**2) Specification of cash flow from divested operations:**

Cash flow from current operations	19,1	8,6	19,1	18,5
Cash flow from investing activities	12,9	-0,8	-15,7	68,5
Cash flow from financing activities	-0,1	-0,1	-0,6	-0,6
<b>Total</b>	<b>31,9</b>	<b>7,7</b>	<b>2,8</b>	<b>86,4</b>



KEY FIGURES	2006	2005	2006	2005
	Oct-Dec	Oct-Dec	Full year	Helår
<b>Continuing operations</b>				
Net sales, SEK	228,3	131,8	766,1	409,7
Average number of employees	537	340	472	319
Net sales per employee, SEK 000s	425	388	1 623	1 284
Change in net sales, %	73	40	87	35
Operating margin	7,7	4,2	5,6	5,7
Profit margin, %	8,1	4,0	5,7	5,9
Equity/assets ratio, %	63	52	63	52
Acid-test ratio, %	161	122	161	122
Shareholders' equity, SEK M	525,9	397,6	525,9	397,6
Return on shareholders' equity, %*	16,1	3,4	23,8	14,8
Return on capital employed, %*	3,8	1,5	9,9	7,9
Net indebtedness, SEK M	-183,1	-138,0	-183,1	-138,0
Debt/equity ratio, multiple	0,07	0,13	0,07	0,13
Interest coverage ratio, multiple	138,7	32,1	54,5	22,8
Percentage of risk-bearing capital, %	64	54	64	54
Investments in equipment, SEK M	3,3	1,7	10,2	10,6

\*Key figures for the various interim periods have not been adjusted to return on an annual basis.

#### Share data

Average number of shares, millions				
Total number of shares, millions	22,4	18,6	21,6	17,6
Earnings per share from continuing operations, SEK	22,4	21,2	22,4	21,2
Earnings per share from divested operations, SEK	0,74	0,41	1,69	1,16
Earnings per share, total, SEK	2,75	0,20	3,05	1,28
Shareholders' equity per share, SEK	3,49	0,61	4,74	2,44
Dividend per share, SEK	23,45	18,56	23,45	18,56
Year-end stock-market price, SEK	-	-	3,30 <sup>1)</sup>	-
P/E multiple	26,80	27,80	26,80	27,80
P/E-tal	-	-	6	11
Börskurs/Eget kapital	1,14	1,50	1,14	1,50

1) According to Board proposal

There are no outstanding programs of options or convertible debentures that could give rise to dilution.

#### QUARTERLY FINANCIAL OVERVIEW

Amounts i SEK M	2006					2005					2004				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Net sales	766,1	228,3	161,7	189,5	186,6	409,7	131,8	77,7	98,2	102,0	302,8	94,3	63,3	76,9	68,3
EBITA*	53,9	21,5	4,2	12,1	16,1	30,0	7,1	2,6	8,1	12,2	16,5	5,0	3,6	5,6	2,3
Operating profit	42,8	17,4	1,7	9,9	13,8	23,5	5,5	1,5	5,2	11,3	15,5	4,7	3,4	5,4	2,0
Profit after taxes	104,2	78,2	5,1	9,0	11,9	44,5	11,8	4,8	19,5	8,4	17,9	7,3	3,5	5,3	1,8
Operating margin, %	5,6	7,6	1,1	5,2	7,4	5,7	4,2	1,9	5,3	11,1	5,1	5,0	5,4	7,0	2,9
Average number of employees	472	537	486	448	420	319	340	305	303	324	269	282	262	266	268

The figures in the table pertain to the Group's continuing operations at the close of 2006.

Profit after taxes also includes earnings from divested operations.

\* Profit before depreciation and impairment of intangible assets.

**DEFINITIONS**

Average number of employees

Average number of full-time employees during the period.

**Shareholders' equity**

Reported shareholders' equity plus untaxed reserves after deductions for deferred tax at the current tax rate.

**Capital employed**

Total assets less non-interest-bearing liabilities, including tax liabilities in untaxed reserves.

**Net sales per employee**

Net sales divided by average number of full-time employees.

**Operating margin**

Operating profit as a percentage of net sales.

**Profit margin**

Profit after financial items as a percentage of net sales.

**Return on shareholders' equity**

Net profit for the period (excluding minority share) as a percentage of average shareholders' equity (excluding minority share).

**Return on capital employed**

Profit after financial items plus financial costs as a percentage of average capital employed.

**Equity/assets ratio**

Shareholders' equity (including minority share) as a percentage of total assets.

**Acid test ratio**

Current assets excluding inventory as a percentage of current liabilities.

**Net liabilities**

Interest-bearing liabilities less cash and cash equivalents and other interest-bearing receivables.

*A negative net liability, according to this definition, means that cash and cash equivalents and other interest-bearing financial assets exceed interest-bearing liabilities.*

**Debt/equity ratio**

Total amount of interest-bearing current and long-term liabilities and deferred tax liability in relation to shareholders' equity.

**Interest-coverage ratio**

Profit before taxes plus interest expense as a percentage of interest expense.

**Percentage of risk-bearing capital**

Reported shareholders' equity (including minority share) and deferred tax liability in untaxed reserves as a percentage of total assets.

**Earnings per share**

Net profit for the period (excluding minority share) /average number of shares outstanding.

**Shareholders' equity per share**

Shareholders' equity (excluding minority share) /average number of shares outstanding.

**P/E ratio**

Share price in relation to profit per share.

**Stock-market price/shareholders' equity**

Stock-market price in relation to shareholders' equity

