

# ADDNODE GROUP

INTERIM REPORT JANUARY–SEPTEMBER 2022  
28 OCTOBER 2022



# PRESENTATION OF ADDNODE GROUP'S Interim report January – September 2022



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# AGENDA

## Interim report January – September 2022

1. Q3 2022
  - a) Group
  - b) Divisions
  - c) Cash flow and Financial position
2. Sustainability
3. Investment case
4. Q&A
5. Appendix
  - a) Addnode Group in brief
  - b) Acquisitions 2022, 2021 and 2020
  - c) Shareholders September 30 2022
  - d) Share performance 2022 YTD

# ADDNODE GROUP

## Q3 2022 – Strong organic growth with substantially improved earnings

### Highlights

- Net sales increased by 75% to SEK 1,624 m
- Currency adjusted organic growth 23%
  - +40% Design Management
  - +11% Product Lifecycle Management
  - +9% Process Management
- Strong contribution from Microdesk acquisition
- Recurring revenue increased by 86% to SEK 1,193 m
- EBITA up by 80% to SEK 194 m
- Earnings per share up by 114% to SEK 0.77 (0.36) per share

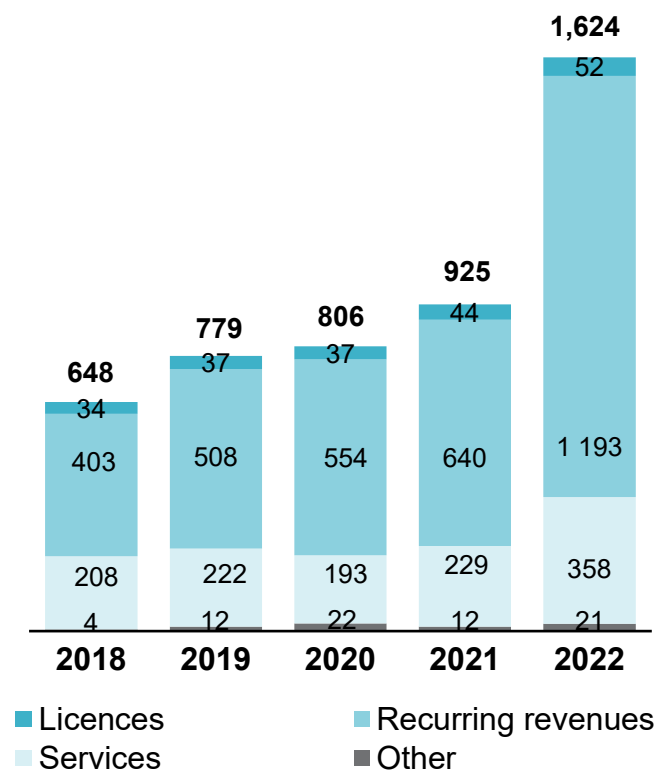
	Q3 2022	Q3 2021	Change	Rolling 12m
Net sales, SEK M	1,624	925	75%	5,553
EBITA, SEK M	194	108	80%	676
EBITA margin, %	11.9	11.7		12.2
Earnings per share, SEK	0.77	0.36	114%	2.67

*“The third quarter was another record quarter for Addnode Group, with both strong organic and acquisition-led growth”*

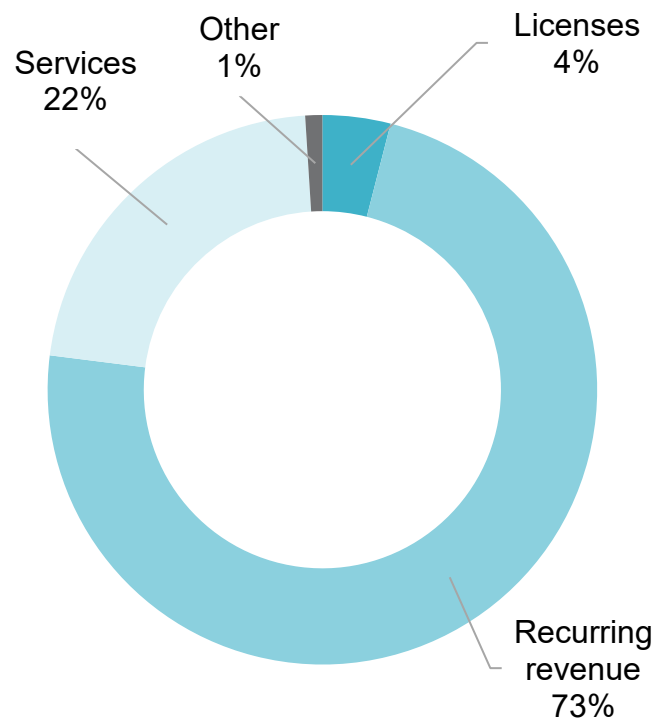
# ADDNODE GROUP

Continued growth in recurring revenue, +86% in Q3 (YoY)

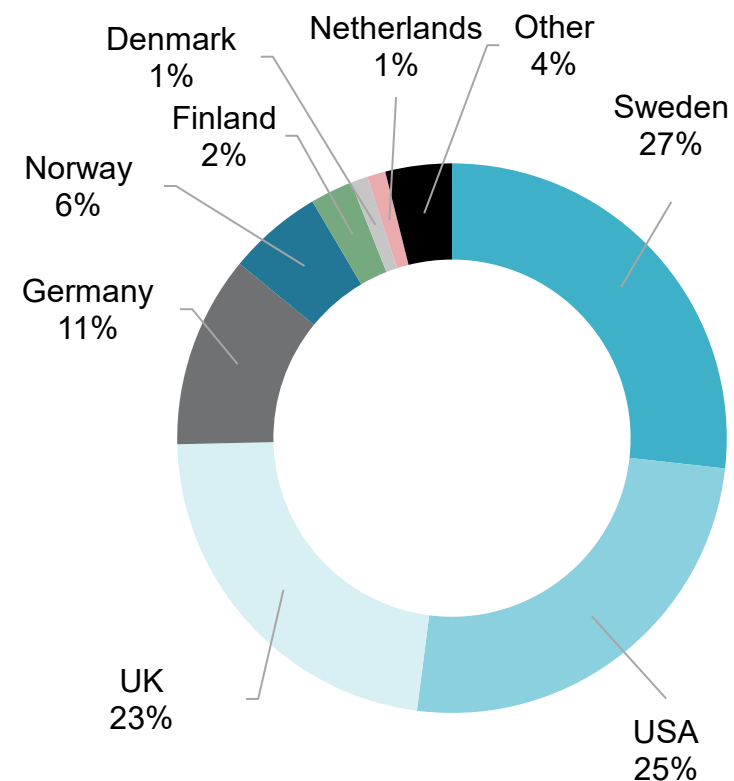
Breakdown of net sales, SEK m  
Q3 2018–2022



Breakdown of net sales by  
category, Q3



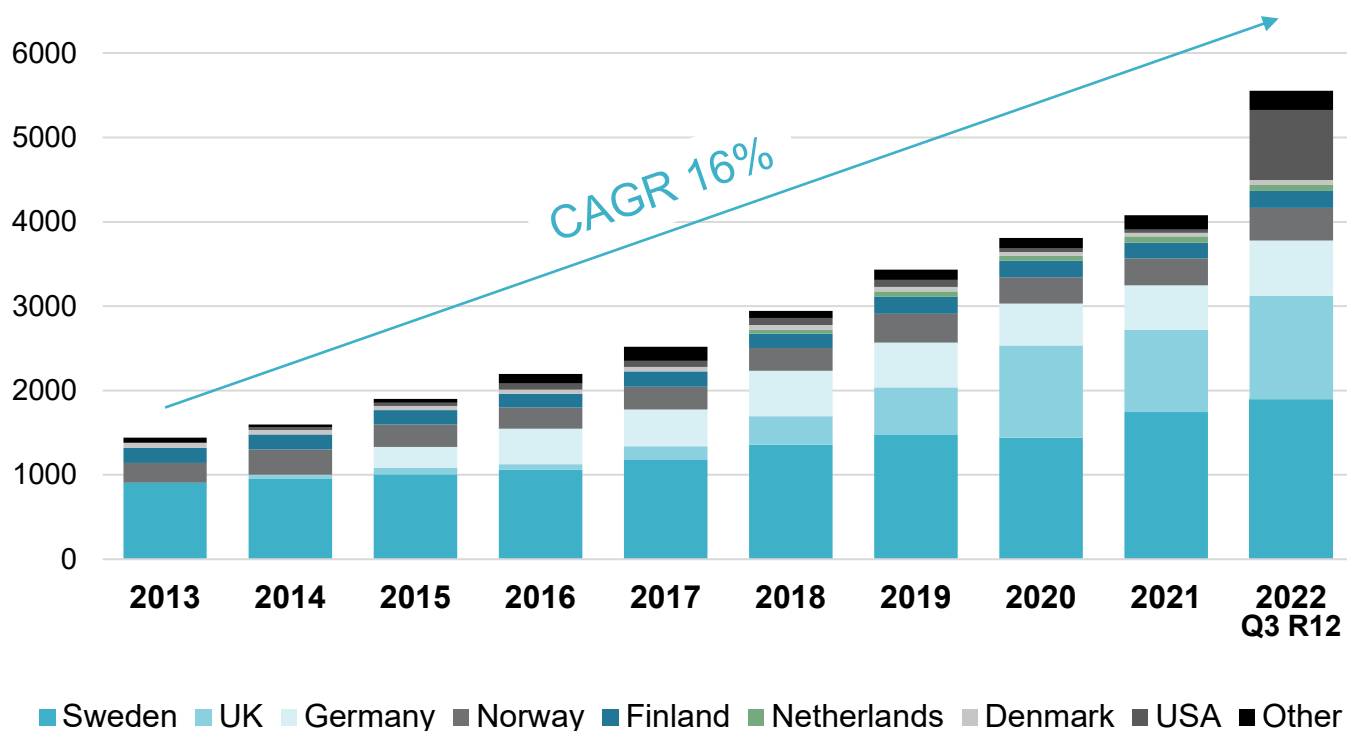
Breakdown of net sales by  
geography, Q3



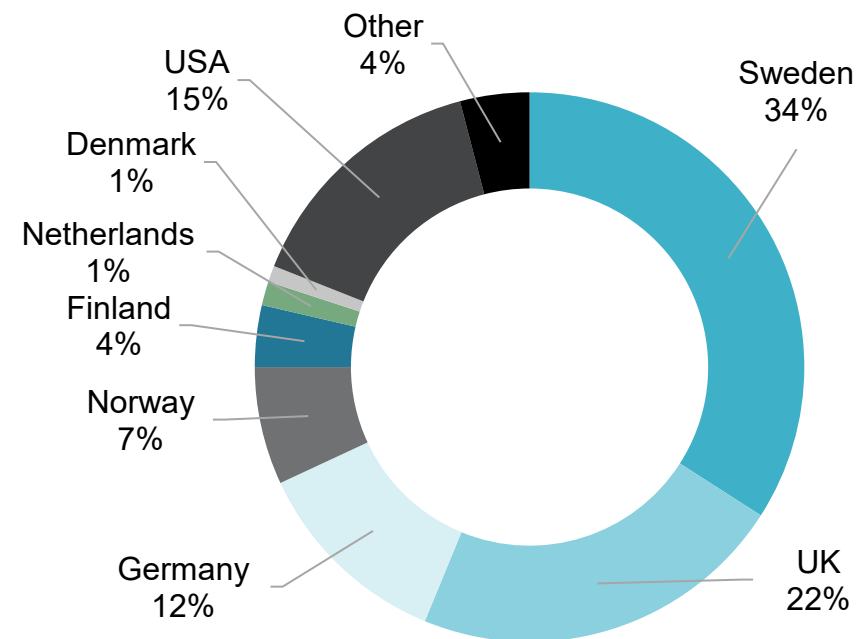
# ADDNODE GROUP

## Development of Net Sales by Geography

Breakdown of Net Sales by Geography, SEK m  
2013 - 2022 Q3 R12



Breakdown of Net Sales by Geography,  
2022 Q3 R12

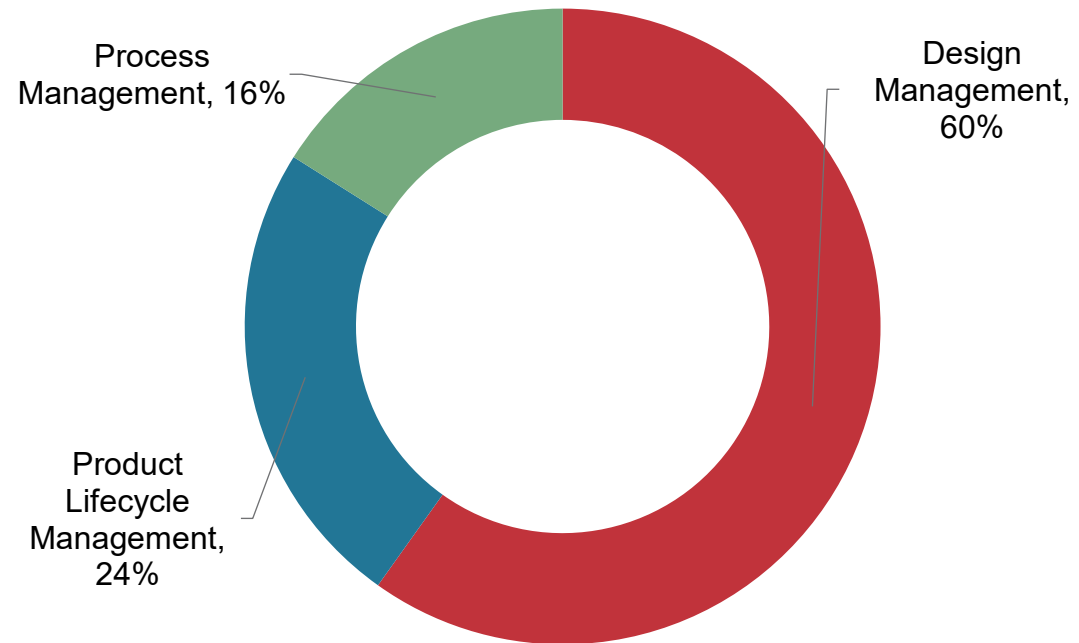


US proportion of net sales has grown to 15% by end of Q3 2022 on a R12 basis, a consequence of the acquisition of Microdesk earlier this year.

# ADDNODE GROUP

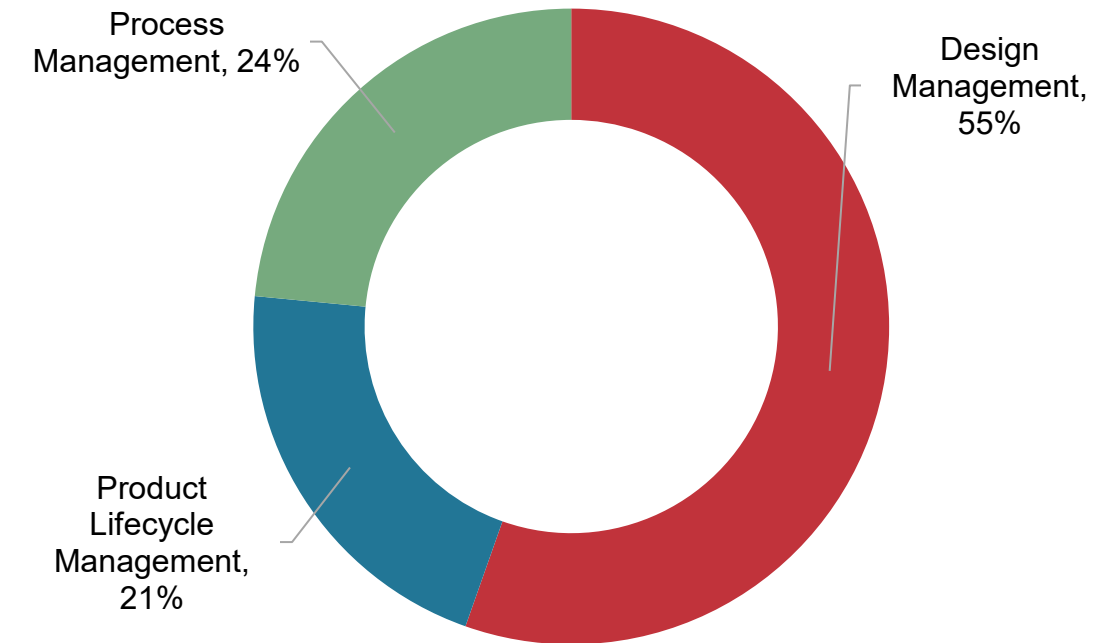
## THREE DIVISIONS

### Share of Net Sales\* Q3 2022



**Addnode Group Net sales Q3 2022: SEK 1,624 m**  
\* Before eliminations

### Share of EBITA\* Q3 2022



**Addnode Group EBITA Q3 2022: SEK 194 m**  
\* Before eliminations / central costs

# DESIGN MANAGEMENT

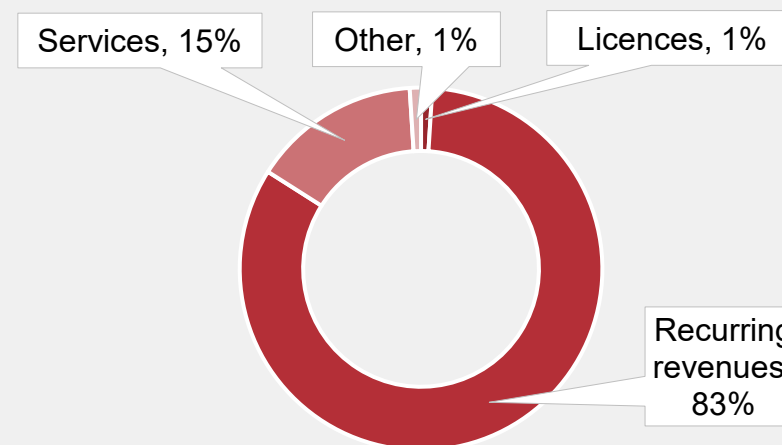
Microdesk continued to impress, Symetri pushed organic growth +40%

## Highlights

- Net sales increased by 139% to SEK 977 m, currency adjusted organic growth 40%
- EBITA increased to SEK 118 m (44), and the EBITA margin widened to 12.1% (10.8)
- The demand for Symetri's and Microdesk's digital solutions and services continued to progress strongly, as reflected in the division's growth and earnings performance
- Strong contribution from Microdesk acquisition
- New business sales and renewals of three-year agreements performed above expectations in terms of volumes and margins
- Collaborative portals for construction and infrastructure, and operations providing facility management, made good progress, especially in the Nordics

	Q3 2022	Q3 2021	Change	Rolling 12m
Net sales, SEK M	977	409	139%	2,961
EBITA, SEK M	118	44	168%	346
EBITA margin, %	12.1	10.8		11.7

Net sales distribution, Q3 2022





# PRODUCT LIFECYCLE MANAGEMENT

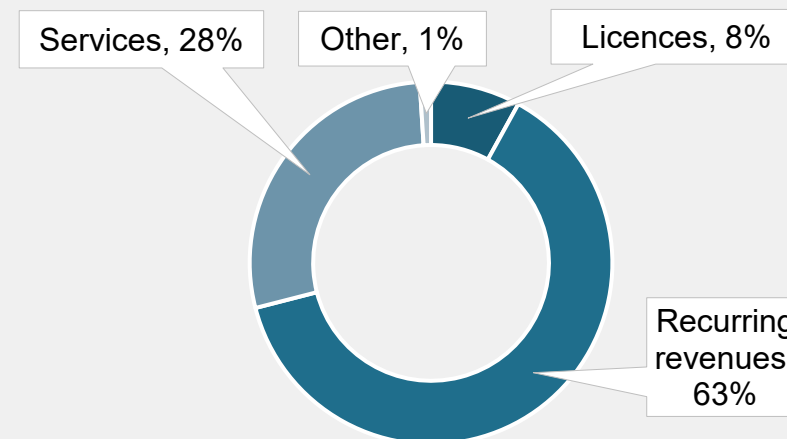
Strong quarter with organic growth and strengthened margin

## Highlights

- Net sales increased by 34% to SEK 393 m, currency adjusted organic growth 11%
- EBITA increased to SEK 45 m (28), and the EBITA margin widened to 11.5% (9.6)
- Operations in the UK and USA continued to make especially positive progress in Q3, with good demand for PLM systems and related services
- Demand remained good in the Nordics, while the German market started to show signs of slowing
- The initiative in simulation solutions continued its positive progress

	Q3 2022	Q3 2021	Change	Rolling 12m
Net sales, SEK M	393	293	34%	1,477
EBITA, SEK M	45	28	61	158
EBITA margin, %	11.5	9.6		10.7

Net sales distribution, Q3 2022



# PRODUCT LIFECYCLE MANAGEMENT

## Acquisition of JBL's Dassault Systemès Business

- Expected annual net sales of SEK 15 m
- The JBL team will be merging with Addnode Group's subsidiary TECHNIA's North America Simulation Division
- JBL improves TECHNIA's capacity to both develop existing client relationships, as well as strengthening its position as a Dassault Systemès partner in the US market
  - Welcome addition in both resources and industry expertise, particularly oil and gas, infrastructure and renewable energy



# PROCESS MANAGEMENT

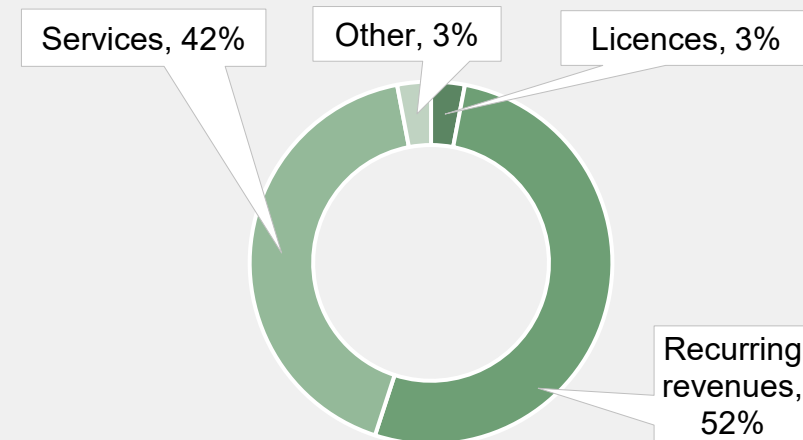
## Organic growth and stable high margins

### Highlights

- Net sales increased by 14% to SEK 262 m, organic growth 9%
- EBITA increased to SEK 50 m (49), and the EBITA margin was 19.1% (21.3)
- The divisions close and well-established relationships with a large base of public sector customers often present opportunities for recurring sales or the expansion of current assignments
- The division's businesses are well positioned for public sector tendering owing to their attractive digital solutions, in-depth experience and good references

	Q3 2022	Q3 2021	Change	Rolling 12m
Net sales, SEK M	262	230	14%	1,144
EBITA, SEK M	50	49	2%	225
EBITA margin, %	19.1	21.3		19.7

Net sales distribution, Q3 2022



# CONSOLIDATED CASH FLOW

## Q3 2022

Cash flow, SEK m	Q3 2022	Q3 2021	Change	YTD Sep 2022	YTD Sep 2021	Change
Operating profit	143	67	76	378	199	179
Adjustments for non-cash items	86	64	22	210	161	49
Other	-38	-27	-11	-99	-65	-34
<b>Cash flow from operations before working capital changes</b>	<b>191</b>	<b>104</b>	<b>87</b>	<b>489</b>	<b>295</b>	<b>194</b>
Changes in working capital	-102	-125	23	-36	-115	79
<b>Cash flow from operating activities</b>	<b>89</b>	<b>-21</b>	<b>110</b>	<b>453</b>	<b>180</b>	<b>273</b>
Cash flow from investing activities	-84	-62	-22	-445	-363	-82
Cash flow from financing activities	-62	-118	56	101	-205	306
<b>Total cash flow</b>	<b>-57</b>	<b>-201</b>	<b>144</b>	<b>109</b>	<b>-388</b>	<b>497</b>

# CONSOLIDATED FINANCIAL POSITION

September 30, 2022

<b>Balance sheet, SEK m</b>	<b>Sep 30, 2022</b>	<b>Sep 30, 2021</b>	<b>Change</b>	<b>Dec 31, 2021</b>	<b>Change</b>
Intangible non-current assets	3 423	2 563	860	2 574	849
Other non-current assets	344	197	147	210	134
Current receivables	1 274	842	432	1 132	142
Cash and cash equivalents	554	281	273	406	148
<b>Total assets</b>	<b>5 595</b>	<b>3 883</b>	<b>1 712</b>	<b>4 322</b>	<b>1 273</b>
Equity	1 890	1 660	230	1 693	197
Non-current liabilities	1 665	879	786	892	773
Current liabilities	2 040	1 344	696	1 737	303
<b>Total equity &amp; liabilities</b>	<b>5 595</b>	<b>3 883</b>	<b>1 712</b>	<b>4 322</b>	<b>1 273</b>
Equity ratio	34%	43%	-9%	39%	-5%
Net debt	659	484	175	368	291
Revolving credit facility	1 600	1 600	0	1 600	0
<i>Whereof unutilized</i>	579	937	-358	931	-352

# SUSTAINABILITY AGENDA

1

Digital solutions that contribute to sustainable development

2

Care for people and the planet in our own operations

3

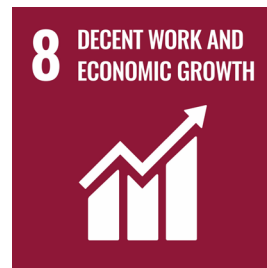
The way we work with our partners and suppliers

4

Long-term financial viability'

5

Sustainability management and governance



# SUSTAINABILITY CASES Q3 2022

Full versions at <https://www.addnodegroup.com/en/sustainability>

## Design Management



**Service Works Global** has delivered its computerised maintenance management system, QFM, to Curtin University, Australia. The new maintenance system will contribute to the University's continued recognition for its ambitions within innovation and sustainability.



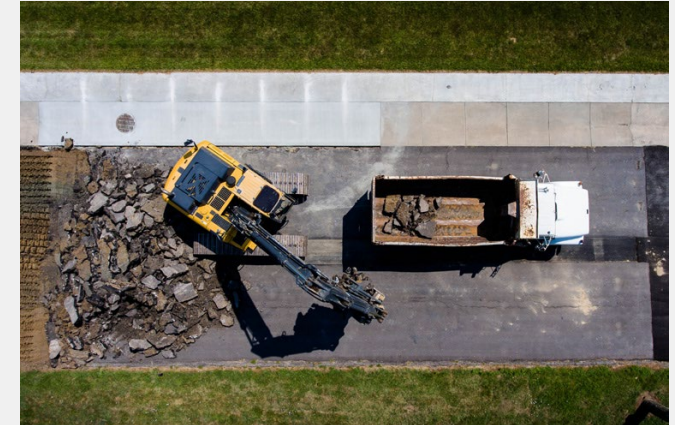
## Product Lifecycle Management



**Claytex, a TECHNIA company,** supported Nottingham Trent University in a simulation project to improve the energy efficiency of buildings' thermal management systems. The objective was to reduce the systems CO<sub>2</sub> emissions so that also its impacts on climate change could decrease.



## Process Management



**Decerno** has provided the web service Ledningskollen, for the Swedish Post and Telecom Authority (PTS), used by groundworkers for the identification of subterranean cables and pipes. Ledningskollen has led to a reduction in accidental excavations of critical infrastructure in Sweden.



# ADDNODE GROUP AS AN INVESTMENT

1

## Sustainable digital solutions

- We provide digital solutions for design, simulation, product data information and case management.
- Customers in construction and real estate sectors, manufacturing, the automotive industry, life sciences and the public sector.
- Global trends such as digitalisation, urbanisation and sustainability are driving demand for our solutions.

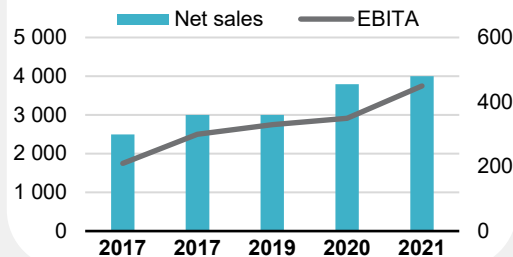


2

## Organic and acquisition-led growth

- Our strategy is to create value by continuously acquiring new businesses and actively supporting our companies to drive organic growth.
- Net Sales and EBITA CAGR 5yr: 13% and 22%, respectively

Profitable growth, 2017–2021, SEK M

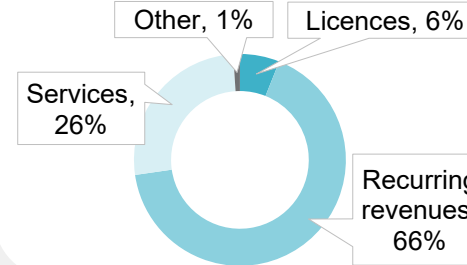


3

## Attractive business model

- High share of recurring revenues.
- Customers return for advice, development and integration.
- Strong cash flow generation owing to large share of advance payments at start of year.
- Low capex need other than product development.

Revenue by type, 2021

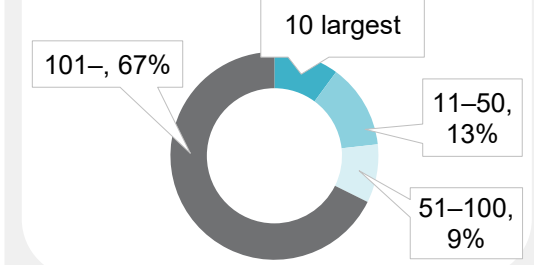


4

## Diversification spreads risk

- We are active in numerous geographic markets, private and public sectors and in many different industries.
- We are not dependent on individual customers, but we have many long-term customer relationships

Revenue by customer size, 2021







# Q&A



# APPENDIX

# ADDNODE GROUP

## Digital Solutions for a Sustainable Future

We create sustainable growth in value by acquiring and developing cutting edge enterprises that digitalise society.

- **Design Management** – smarter design, construction, and management of products, buildings, assets and infrastructure.
- **Product Lifecycle Management** – simulation, design and product lifecycle management, from research, development and design to production, sales, aftermarket and recycling.
- **Process Management** – business processes for central and local government.

**R12 Q3 2022** (Full year 2021)

**Net Sales**

**5,553**  
SEK M  
(4,077)

**EBITA**

**676**  
SEK M  
(461)

**Employees**  
Sept 30, 2022

**2,317**  
(1,897)

**Recurring  
revenue**

**69%**  
(66)

# ACQUISITIONS

## 2022 YTD



### Claytex

Claytex specializes in advanced simulation and virtual testing, with focus on systems engineering and autonomous vehicles in the automotive and motorsport space.

**Division Product  
Lifecycle Management**

New employees

**15**

Annual sales

**25** SEK M



### Desys

DESYS service offering is based on Dassault Systèmes' platform, and includes own software products as well as a broad range of training, consulting, support and IT-services.

**Division Product  
Lifecycle Management**

New employees

**45**

Annual sales

**170** SEK M



### Microdesk

Microdesk is a Platinum partner to Autodesk and provides consulting services, training, data management and customized solutions. Microdesk has 13 offices in US and London.

**Division  
Design Management**

New employees

**300**

Annual sales

**1,000** SEK M



### Decisive

Rule-based decision management systems. Assists customers all the way from system design to development, implementation, training and then support and further development.

**Division  
Process Management**

New employees

**25**

Annual sales

**57** SEK M

# ACQUISITIONS

## 2022 YTD, cont.



### JBL

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JBL's service offering is based on Dassault Systèmes' platform, the team adds resources and competence within oil and gas, infrastructure and renewable energy.

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**Division Product  
Lifecycle Management**

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New employees

**2**

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Annual sales

**15** SEK M

# ACQUISITIONS

## 2021



### S-Group Solutions

Specialised in business-related GIS solutions for municipalities, water and sewage organizations and land surveying operations.

**Division**  
**Process Management**

New employees

**66**

Annual sales

**144** SEK M



### Elpool

Develops digital solutions that offers many features that is used by players active in expansion and maintenance of electricity networks.

**Division**  
**Process Management**

New employees

**2**

Annual sales

**6** SEK M



### Procad

Autodesk partner and a trusted advisor to many of Ireland's largest design, construction and manufacturing organisations.

**Division**  
**Design Management**

New employees

**18**

Annual sales

**50** SEK M



### Budsoft

Budsoft is a Poland based, Dassault Systèmes partner, providing advanced simulation solutions.

**Division**  
**Product Lifecycle Management**

New employees

**7**

Annual sales

**20** SEK M

# ACQUISITIONS 2020



## Excitech

Largest Autodesk partner in UK market and leading provider of design software and consulting services for the construction and manufacturing industries.

**Division**  
**Design Management**

New employees

**150**

Annual sales

**550** SEK M



## Unizite

Norwegian developer of a mobile field tool that makes 3D models and other digital information available to everyone at a construction site.

**Division**  
**Design Management**

New employees

**10**

Annual sales

**7** SEK M



## Netpublicator

Develops digital services for efficient document and meeting management in conjunction with public administration meetings in Sweden.

**Division**  
**Process Management**

New employees

**6**

Annual sales

**20** SEK M



## Scanscot Technology

Swedish Dassault Systèmes partner. Nordic leader in advanced simulation for customers in infrastructure, research and energy.

**Division**  
**Product Lifecycle Management**

New employees

**15**

Annual sales

**40** SEK M

# SHAREHOLDERS

## September 30, 2022

	Shares class A	Shares class B	Share capital, %	Voting rights, %
Aretro Capital Group AB	2 041 328	5 198 496	5,4	15,1
Verg AB	1 446 668		1,1	8,5
SEB Investment Management		10 500 056	7,8	6,2
Lannebo Fonder		10 208 116	7,6	6,0
Swedbank Robur Fonder		8 974 509	6,7	5,3
Aeternum Capital AS	460 000	2 723 213	2,4	4,3
Andra AP-Fonden		6 656 608	5,0	3,9
Fjärde AP-Fonden		6 341 088	4,7	3,7
Verdipapirfondet Odin Sverige		5 900 000	4,4	3,5
Nordea Investment Funds		5 639 171	4,2	3,3
<b>Subtotal, 10 largest shareholders</b>	<b>3 947 996</b>	<b>62 141 257</b>	<b>49,3</b>	<b>59,8</b>
<i>Other shareholders</i>	<i>700</i>	<i>68 438 279</i>	<i>50,7</i>	<i>40,2</i>
<b>Total</b>	<b>3 948 696</b>	<b>130 579 536</b>	<b>100,0</b>	<b>100,0</b>

### Managements shareholdings

- Johan Andersson, CEO, 393,912 shares and 18,000 call options for 72,000 B-shares.
- Other members of GMT, 175,892 shares and 52,000 call options for 208,000 B-shares.
- Senior executives in LTIP2021 and LTIP 2022 holds approximately 250,000 call options (1 option is valid for 4 class B-shares).

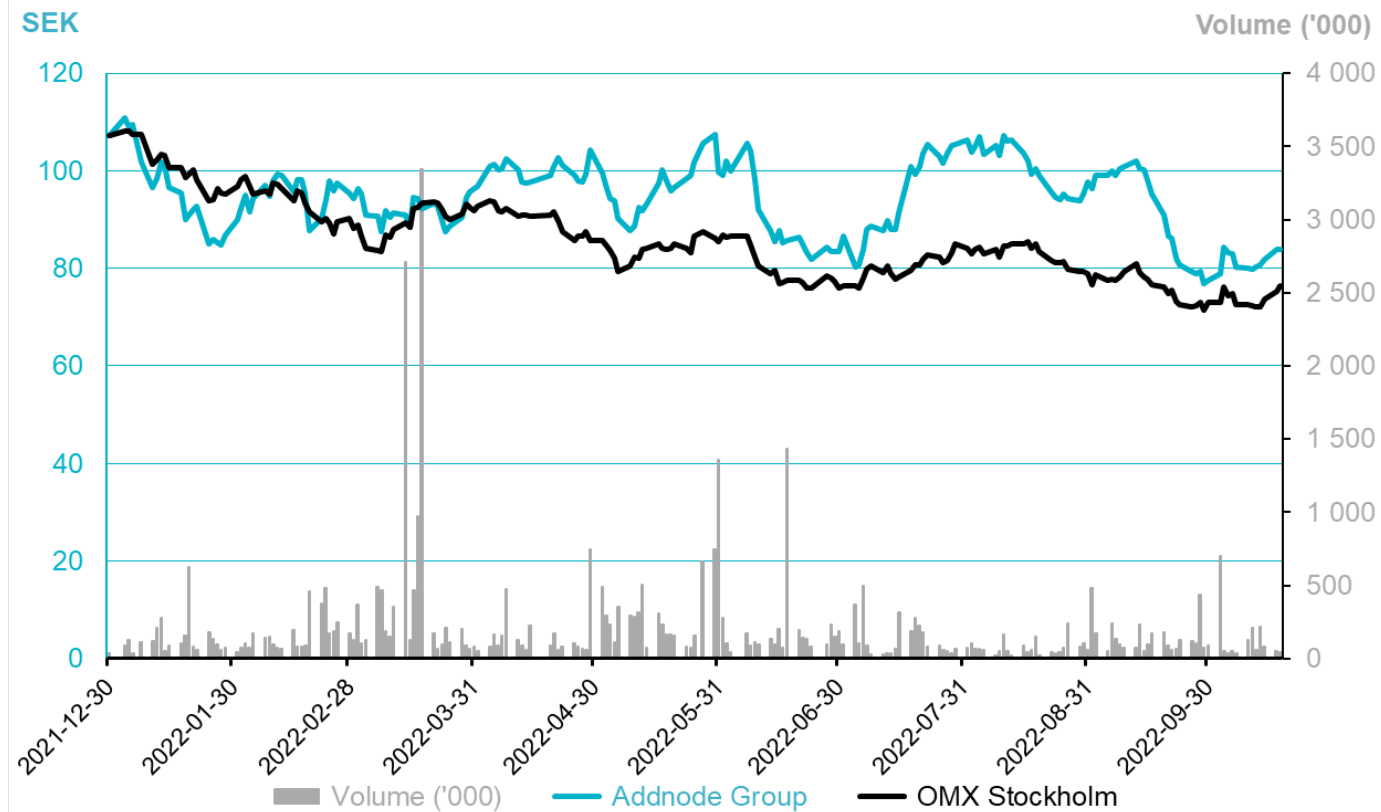
### Addnode Group's shareholdings

Addnode Group repurchased 230,000 class B treasury shares in Jul-Aug 2022, supported by the authorisation approved by the AGM 2022. The purpose was to enable delivery of shares associated with Addnode Group's share-based incentive programme. The repurchased shares remain in treasury. Total holdings of treasury shares as of 30 September 2022 is 1,030,000.



# ADDNODE GROUP, SHARE PRICE DEVELOPMENT

## YTD (2022-10-18)



	21-12-30	22-10-18	Change %
<b>Addnode Group</b>	<b>107.25</b>	<b>83.80</b>	<b>-22.6</b>
<b>Nasdaq Stockholm</b>	<b>1,037.14</b>	<b>739.89</b>	<b>-28.7</b>

- May 17 2022, first day of trading after share split 4:1.
- June 1 Addnode Group was added to the index Stockholm Benchmark.