

Year-End Report 1 January–30 December 2017

FOURTH QUARTER SUMMARY, OCTOBER–DECEMBER 2017

- Net sales increased to SEK 777.1 m (658.7), representing growth of 18 per cent.
- EBITA increased to SEK 101.1 m (63.4), corresponding to an EBITA margin of 13.0 per cent (9.6).
- Operating profit increased to SEK 75.8 m (47.6), corresponding to an operating margin of 9.8 per cent (7.2).
- Profit after tax increased to SEK 53.8 m (36.8).
- Earnings per share increased to SEK 1.77 (1.21).
- Cash flow from operating activities was SEK 65.4 m (72.9).

SUMMARY OF TWELVE-MONTH PERIOD, JANUARY–DECEMBER 2017

- Net sales increased to SEK 2,519.8 m (2,195.0), representing growth of 15 per cent.
- EBITA increased to SEK 211.8 m (170.6), corresponding to an EBITA margin of 8.4 per cent (7.8).
- Operating profit increased to SEK 129.9 m (113.7), corresponding to an operating margin of 5.2 per cent (5.2).
- Profit after tax increased to SEK 89.6 m (82.3).
- Earnings per share increased to SEK 2.94 (2.71).
- Cash flow from operating activities was SEK 147.1 m (157.7).

SUMMARY OF SIGNIFICANT EVENTS DURING THE FOURTH QUARTER, OCTOBER–DECEMBER 2017

- Acquisition of software company Apricon.
- Acquisition of CAD and PDM company MCAD.
- Acquisition of software company inPORT.

SUMMARY OF SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- The Board of Directors proposes an unchanged dividend of SEK 2.25 (2.25) per share.
- City of Stockholm chooses Addnode Group's work place and facility management solution.

50%

SHARE OF RECURRING
REVENUE IN Q4 2017

+18%

GROWTH Q4 2017
COMPARED WITH Q4 2016

SEK 2,520 m

NET SALES
JANUARY - DECEMBER 2017

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Growth and highly increased profits in Q4

STRONG CONCLUSION TO THE YEAR

The fourth quarter was very strong for Addnode Group. Our net sales grew by 18 per cent, to SEK 777 m. Organic growth was 3 per cent. EBITA of SEK 101 m is the best we have ever achieved in a single quarter, and earnings per share grew 46 per cent compared with the same quarter a year ago.

ALL BUSINESS AREAS GROWING, WITH INCREASED PROFIT

All of the business areas posted favourable growth in net sales for the fourth quarter and a strong improvement in the EBITA margin compared with the same period a year ago.

Growth in net sales for the Design Management business area was 14 per cent, and the EBITA margin improved to 11.1 per cent. Favourable demand primarily from the construction and property sectors, but also from manufacturing industries, generated organic growth of 5 per cent and improved earnings. The acquisition of Service Works Group (SWG) has strengthened the offering and is making a positive contribution to the business area's performance.

Net sales growth for the Product Lifecycle Management business area was 28 per cent, and the EBITA margin increased to 13.6 per cent. Good sales of software both to existing and new customers, and positive performance following the acquisition of Intrinsic, contributed to the strong earnings for the quarter.

The Process Management business area's growth in net sales was 11 per cent, and the EBITA margin increased to 18.2 per cent. Organic growth was 3 per cent during the quarter, driven mainly by favourable demand for case management systems and e-archive services from government authorities and municipalities. Successful initiatives in own product development, complementary acquisitions and a strong service offering contributed to sales growth and the improved margin.

INTENSIVE YEAR OF ACQUISITIONS

During the 2017 financial year we announced ten acquisitions with combined annual sales of approximately SEK 450 m. Through these acquisitions we have expanded to new geographies and broadened our portfolio with products and services that can even better meet our customers' needs. We are engaged in continuous dialogues regarding both complementary acquisitions as well as with larger companies that could expand the Group.

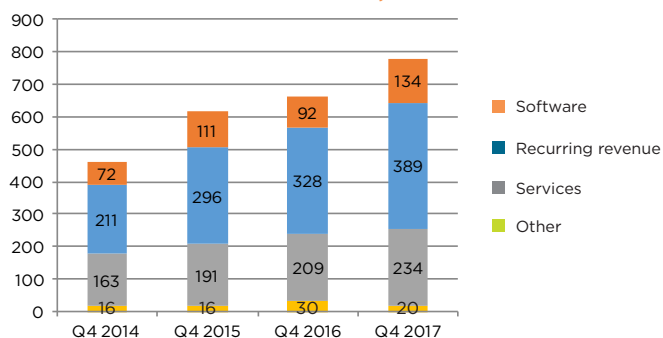
GLOBAL TRENDS YIELDING GROWTH

The drivers of our business can be found in the major trends and challenges that we see in the world around us. These involve everything from urbanisation and the emergence of smart cities to digitalisation and automation of processes in industry and public administration. Demographic changes, with ageing populations and rising demands for sustainable development, are also salient societal trends in which we can offer solutions to our customers.

With software and services that meet our customers' needs, we have delivered growth to our shareholders year after year. We are well-positioned to continue growing and further improve our margins going forward.

Johan Andersson, President and CEO

Earnings distribution, Q4 2014 - Q4 2017, SEK M



SIGNIFICANT EVENTS DURING THE FOURTH QUARTER OF 2017

Acquisition of Apricon – SaaS project tool

Apricon develops an SaaS tool for project collaboration and document management that is used by leading construction and property companies. The company had sales of approximately SEK 10 m in 2016, and has nine employees. Possession was transferred on 2 October 2017, and the company is part of Addnode Group's Design Management business area.

Acquisition of CAD and PDM company MCAD

MCAD provides CAD and PDM solutions to medium-sized and larger companies in the manufacturing and process industries. The offering includes both services and products. The company posted sales of SEK 31 m for its 2016/2017 financial year. Possession was transferred on 2 January 2018, and the company is part of Addnode Group's Product Design Management business area starting in January 2018.

Acquisition of software company inPORT

inPORT develops logistics solutions for harbours, terminals and shipping companies. The company is the Nordic region's leading supplier in its market segment and had sales of SEK 25 m during the last 12-month period. Possession was transferred on 2 January 2018, and the company is part of Addnode Group's Process Management business area starting in January 2018.

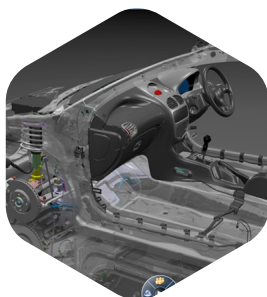
SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Board of Directors proposes unchanged dividend of SEK 2.25 per share

The Board of Directors proposes an unchanged dividend of SEK 2.25 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.

City of Stockholm chooses Addnode Group's workplace and facility management solution

The City of Stockholm, one of Sweden's largest property owners, has chosen Symetri, a subsidiary of Addnode Group, as a partner for new IT support for its property office. Based on Symetri's concept, Symetri Efficient Facility IWMS, which combines traditional facility management systems with workplace services, graphical visualisation of building models and document management, the City of Stockholm will obtain good support for business processes in a uniform solution. The contract has a term of six years for an initial value of SEK 17.5 m, with an option for a nine-year extension.



CONSOLIDATED NET SALES AND EARNINGS

Fourth quarter, October-December 2017

Net sales amounted to SEK 777.1 m (658.7), an increase of 18 per cent. Organic growth increased by 3 per cent. Software revenue (licences) totalled SEK 134 m (92), recurring revenue increased to SEK 389 m (328), service revenue increased to SEK 234 m (209), and other revenue totalled SEK 20 m (30). The increase in sales of licences is mainly attributable higher sales of third-party licences in the Product Lifecycle Management business area, and the increase in recurring revenue is explained mainly by the shift from a licence-based to a subscription-based business model in the Design Management business area. Recurring revenue increased also in other business areas and is attributable to completed acquisitions. EBITA was SEK 101.1 m (63.4), corresponding to an EBITA margin of 13.0 per cent (9.6).

The Design Management business area had growth of 14 per cent, of which 5 per cent organic growth, and higher earnings compared with the same quarter a year ago. The higher earnings are attributable to favourable organic growth and to acquisitions carried out during the year. The Product Lifecycle Management business area posted growth of 28 per cent, of which 1 per cent organic growth. The improved earnings compared with the same period a year ago can be credited to good software sales and to acquisitions carried out during the year. The Process Management business area had growth of 11 per cent over the corresponding quarter a year ago, of which 3 per cent organic growth. The increases in net sales and earnings are attributable to higher sales of services and maintenance contracts, and to acquisitions carried out during the year.

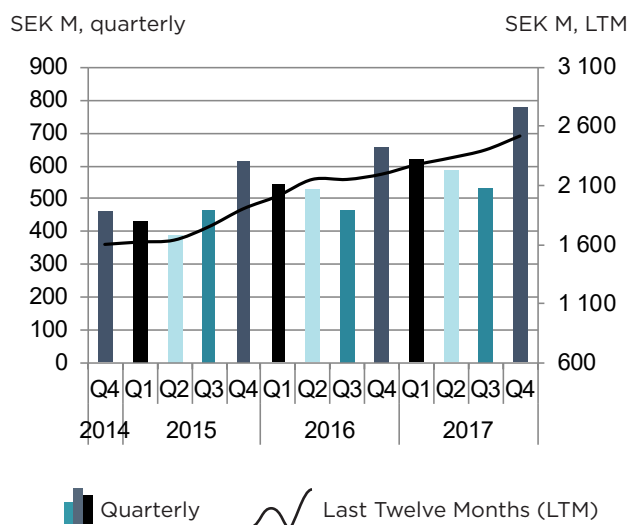
Cash flow from operating activities was SEK 65.4 m (72.9). Net financial items amounted to SEK -4.1 m (-0.4). The increase

in financial expenses is attributable to higher debt. Reported tax on profit for the period was SEK -17.9 m (-10.4), and profit after tax was SEK 53.8 m (36.8). Earnings per share increased to SEK 1.77 (1.21).

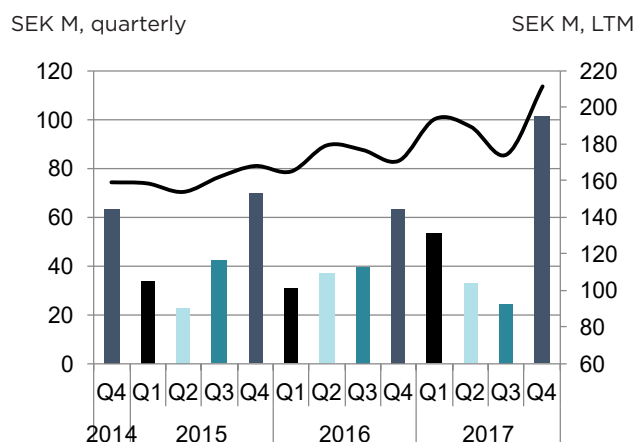
Twelve-month period, January-December 2017

Net sales increased by 15 per cent to SEK 2,519.8 m (2,195.0). Organic growth was 5 per cent compared with the corresponding period a year ago. Software revenue (licences) increased to SEK 316 m (311), recurring revenue increased to SEK 1,341 m (1,108), service revenue increased to SEK 803 m (708), and other revenue totalled SEK 60 m (67). EBITA increased to SEK 211.8 m (170.6), corresponding to an EBITA margin of 8.4 per cent (7.8). EBITA for the 12-month period was charged with SEK 6.6 m (0.1) in acquisition costs. Net financial items amounted to SEK -11.0 m (-4.9). Reported tax on profit for the period was SEK -29.3 m (-26.5), and profit after tax was SEK 89.6 m (82.3). Earnings per share were SEK 2.94 (2.71).

Net sales, quarterly trend, SEK M



EBITA, quarterly trend SEK M ¹⁾



1) Excluding the revaluation of contingent considerations



DESIGN MANAGEMENT

IT solutions for design and construction

Quarterly development

Net sales increased to SEK 277.3 m (243.1) during the fourth quarter, representing growth of 14 per cent. The organic growth was 5 per cent. EBITA was SEK 30.8 m (18.2), for an EBITA margin of 11.1 per cent (7.5). Our SaaS solution for information and processes in construction projects continues to attract a growing number of users. Demand for Autodesk products remained strong from the construction and property sectors in Sweden, and was favourable from manufacturing industries. The company SWG that was acquired during the third quarter contributed in line with expectations, as did the acquisition of Apricon during the fourth quarter.

New business

The business area secured agreements with customers such as ASM Technologies, Elomatic, James Howden & Company, Norconsult, Point Resources, SCA, the City of Stockholm, Unite Integrated Solutions and Volvo Information Technologies.



PRODUCT LIFECYCLE MANAGEMENT

IT solutions for product data information

Quarterly development

Net sales increased to SEK 303.5 m (237.1) during the fourth quarter, representing growth of 28 per cent. The organic growth was 1 per cent. EBITA was SEK 41.4 m (24.9), for an EBITA margin of 13.6 per cent (10.5). Demand in the UK, the Nordic countries and Germany was favourable for our broad PLM offering of software and services. We landed several new customers, and a revenue mix with strong software sales had a positive impact on earnings. The acquisitions of Intrinsys and Infostrait continued to develop in line with expectations, and previously communicated cost-cutting measures in Germany were implemented.

New business

The business area secured agreements with customers such as AB/E Aerospace, Dräxлмаier, Emerald Automotive, Fulda, M-Tec, Seco Tools, Vanderlande and Walraven.



PROCESS MANAGEMENT

IT solutions for document and case management

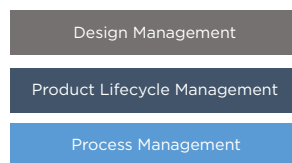
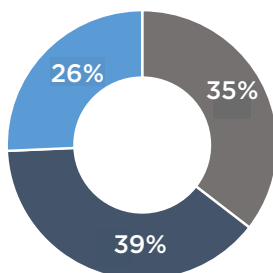
Quarterly development

Net sales increased to SEK 200.8 m (180.6) during the fourth quarter, representing growth of 11 per cent. The organic growth was 3 per cent. EBITA increased to SEK 36.6 m (27.4), for an EBITA margin of 18.2 per cent (15.2). The general business climate for the business area remains favourable. The case management and system development offerings performed strongly, and the utilisation rate for the business area's consultants was good. Completed acquisitions contributed to the earnings performance.

New business

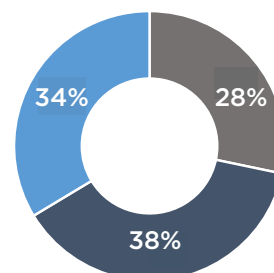
The business area secured agreements with customers such as Fastighetsdata WMS, Gävleborg County Council, Hogia, Ludvika Municipality, the Swedish Environmental Protection Agency, Nyköping Municipality, Perstorp Municipality and Östersund Municipality.

Net sales by business area, share during the quarter, %¹⁾



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

EBITA by business area, share during the quarter, %¹⁾



DEVELOPMENT OF BUSINESS AREAS

	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	Full Year 2017	Full Year 2016
Net sales, SEK M										
Design Management	225.8	204.0	156.0	243.1	247.1	208.6	172.9	277.3	905.9	828.9
Product Lifecycle Management	176.4	179.4	186.1	237.1	197.8	205.3	213.2	303.5	919.8	779.0
Process Management	140.4	146.8	127.0	180.6	178.0	175.3	150.0	200.8	704.1	594.8
Elim/central	-1.8	-1.8	-2.0	-2.1	-2.2	-1.7	-1.6	-4.5	-10.0	-7.7
Addnode Group	540.8	528.4	467.1	658.7	620.7	587.5	534.5	777.1	2,519.8	2,195.0
EBITA, SEK M										
Design Management	14.8	15.0	9.1	18.2	20.3	12.8	12.3	30.8	76.2	57.1
Product Lifecycle Management	8.8	11.1	17.3	24.9	12.0	10.5	7.9	41.4	71.8	62.1
Process Management	14.0	17.7	19.2	27.4	29.5	18.0	16.9	36.6	101.0	78.3
Elim/central	-7.0	-6.8	6.0	-7.1	-8.2	-8.5	-12.8	-7.7	-37.2	-26.9
Addnode Group	30.6	37.0	39.6	63.4	53.6	32.8	24.3	101.1	211.8	170.6
EBITA margin, %										
Design Management	6.6%	7.4%	5.8%	7.5%	8.2%	6.1%	7.1%	11.1%	8.4%	6.9%
Product Lifecycle Management	5.0%	6.2%	9.3%	10.5%	6.1%	5.1%	3.7%	13.6%	7.8%	8.0%
Process Management	10.0%	12.1%	15.1%	15.2%	16.6%	10.3%	11.3%	18.2%	14.3%	13.2%
Addnode Group	5.7%	7.0%	8.5%	9.6%	8.6%	5.6%	4.5%	13.0%	8.4%	7.8%
Average number of employees										
Design Management	314	320	320	322	309	317	367	391	345	319
Product Lifecycle Management	406	420	443	443	460	498	526	544	508	428
Process Management	390	396	393	424	445	443	458	477	457	405
Central	7	7	8	9	8	8	7	8	7	8
Addnode Group	1,117	1,143	1,164	1,198	1,222	1,266	1,358	1,420	1,317	1,160

Seasonal variations

The fourth quarter has historically the highest net sales and EBITA.

CONSOLIDATED BALANCE SHEET AND CASH FLOW

Liquidity, cash flow and financial position

The Group's cash and cash equivalents on 31 December 2017 amounted to SEK 173.2 m (111.5). Cash flow from operating activities was SEK 147.1 m (157.7) in 2017. Cash flow was affected by a temporary increase in working capital. Cash flow from investing activities in 2017 includes payment of SEK 52.9 m in contracted and previously expensed earn-out payments for company acquisitions carried out in previous years. It also includes payments of SEK 45.7 m (42.7) for proprietary software.

Share dividends of SEK 68.5 m were paid out during the second quarter of 2017. New bank borrowing of SEK 422.9 m was taken out in 2017 within the framework of existing credit facilities, plus an additional SEK 42.5 m in January 2018. The Group's interest-bearing liabilities amounted to SEK 620.8 m on 31 December 2017 (177.3), and the net sum of interest-bearing assets and liabilities was SEK -447.6 m (-65.8). The equity/assets ratio was 37 per cent (49) on 31 December 2017. The Parent Company has an existing bank overdraft facility of SEK 100 m. In addition, on 30 June 2017 the Parent Company increased its acquisition credit facility by SEK 350 m from SEK 400 m previously, to SEK 750 m in total, to finance acquisitions, of which SEK 626 m has been 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 65.0 m (67.9), of which SEK 45.7 m (42.7) pertains to proprietary software and SEK 16.2 m (16.6) to equipment.

Goodwill and other intangible assets

The Group's carrying amount of goodwill on 31 December 2017 was SEK 1,357.7 m (972.0). Other intangible assets amounted to SEK 296.7 m (193.9) and pertain mainly to customer contracts and software.

Deferred tax assets

Total reported deferred tax assets amounted to SEK 13.0 m on 31 December 2017, of which SEK 9.5 m pertains to tax loss carryforwards. The Group's accumulated tax loss carryforwards amounted to approximately SEK 80 m on 31 December 2017. Deferred tax assets attributable to tax loss carryforwards are reported as assets to the extent it is likely that the loss carryforwards can be used to offset surpluses against future taxation.

Shareholders' equity and number of shares

Shareholders' equity on 31 December 2017 amounted to SEK 982.5 m (964.7), corresponding to SEK 32.29 (31.70) per share outstanding. Changes in the number of shares outstanding and in shareholders' equity are shown on page 12. During the second quarter, SEK 68.5 m was paid out in share dividends. No share-savings, option or convertible programmes were outstanding as per 31 December 2017.

Provisions

Provisions, which are included in non-current and current liabilities on the consolidated balance sheet, amounted to SEK 109.8 m on 31 December 2017, of which SEK 93.8 m pertains to estimated contingent earn-out payments for completed company acquisitions. A total of SEK 42.6 m was paid out during the year in previously expensed contingent earn-out payments.

EMPLOYEES

The average number of employees in the Group in 2017 was 1,317 (1,160). The number of employees at year-end was 1,511 (1,277).

DISCLOSURES OF SUBSIDIARY ACQUISITIONS

On 22 September 2017 an agreement was signed to acquire all of the shares in the Swedish software company Adtollo, with possession transferring on 2 October 2017. Adtollo delivers systems for the plans and designs of communities and cities based on its proprietary Topocad and Chaos Desktop products. The company delivers its CAD system Topocad to more than ten Swedish municipalities and several of the Nordic region's leading construction companies. Adtollo had sales of SEK 24 m in 2016 and is part of Addnode Group's Process Management business area from the date of possession. The acquisition complements and strengthens the Group's offering of solutions for plans and designs of communities and cities.

According to the preliminary purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising through the acquisition are estimated to be approximately SEK 28 m, which entails a deferred tax liability of approximately SEK 2 m. Other acquired assets and liabilities pertain mainly to trade receivables and deferred income. Depending on the actual outcome for the acquired company's operating profit for the period 2017–2018, a contingent, cash earn-out payment ranging from zero up to a maximum undiscounted amount of SEK 10 m may be payable, of which SEK 5 m is reported as a provision on the consolidated balance sheet as per 31 December 2017.

On 2 October 2017 an agreement was signed to acquire all of the shares in the Swedish software company Apricon, with possession transferring the same day. Apricon are developing a cloud-based tool for project collaboration and document management that is used by leading construction and property companies. The company had sales of approximately SEK 10 m in 2016, and has nine employees. Apricon is part of Addnode Group's Design Management business area from the date of possession. The acquisition represents a continued strengthening of Addnode Group's offering to construction and property companies. According to the preliminary purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising through the acquisition are estimated to be approximately SEK 11 m. Other acquired assets and liabilities pertain mainly to trade receivables, cash and cash equivalents, and deferred income.

In earlier quarters in 2017 Addnode Group acquired the companies Kompanion, Infostrait, Canella, Forsler & Stjerna, Service Works Group and Intrinsic, which are described in previous interim reports and in the table on page 16.

With respect to these acquisitions, restatements of contingent earn-out payments and corresponding decreases in goodwill were made by approximately SEK 30 m during the fourth quarter. During 2017 the acquisitions contributed approximately SEK 184 m to consolidated net sales and SEK 20 m to consolidated profit after tax. If the acquisitions had been carried out as per 1 January 2017, consolidated net sales in 2017 would have amounted to approximately SEK 2,720 m, and profit after tax would have amounted to approximately SEK 112 m. Costs for carrying out the acquisitions, totalling SEK 6.6 m, are included in the Group's other external costs.

At the end of November 2017 an agreement was signed to acquire all of the shares in MCAD Sverige AB, with possession transferring on 2 January 2018. MCAD provides CAD and PDM solutions to medium-sized and larger companies in the manufacturing and process industries. The acquisition strengthens the Group's offering in these areas. The company has annual net sales of approximately SEK 30 m and is consolidated in the Design Management business area starting in 2018.

In December 2017 an agreement was signed to acquire all of the shares in inPORT, Intelligent Port Systems AB, with possession transferring on 2 January 2018. The company develops logistics solutions for harbours, terminals and shipping companies, and is the Nordic region's leading supplier in its market segment. Annual net sales amount to approximately SEK 25 m, and the company is consolidated from 2018 in the Process Management business area.

DISCLOSURES OF FINANCIAL INSTRUMENTS

The Group's risk exposure in financial instruments is relatively limited. No financial assets or liabilities are carried at a value that significantly deviates from their fair value. More detailed information is provided in Note 19 of the 2016 Annual Report. During 2017 no significant changes took place in holdings or in the valuation of financial instruments attributable to Level 3 of the fair value hierarchy under IFRS 13, nor were transfers made between the levels in the valuation hierarchy. As per 31 December 2017 the Group had no outstanding currency forward contracts.

RELATED PARTY TRANSACTIONS

The Chairman of the Board, Staffan Hanstorp, invoiced the Parent Company for fees for consulting services in the amount of SEK 1.7 m related to the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters during the period May–December 2017.

PARENT COMPANY

Net sales amounted to SEK 10.4 m (9.1), which pertain mainly to invoicing to subsidiaries for performed services. Profit after financial items totalled SEK 106.1 m (71.3), including SEK 40.1 m (47.0) in dividends from subsidiaries, Group contributions of SEK 119.8 m (68.2) from subsidiaries, and write-downs of shares in subsidiaries by SEK 19.0 m (18.0). Cash and cash equivalents amounted to SEK 0.0 m on 31 December 2017 (96.6), and utilized overdraft facilities amounted to SEK 41.6 m (0.0). Investments in shares in subsidiaries amounted to SEK 630.5 m, and transfers of shares in subsidiaries to other Group companies totalled SEK 9.0 m. Repayment of capital from subsidiaries was made in the amount of SEK 19.1 m. No significant investments were made in intangible non-current

assets or in property, plant and equipment. During the second quarter, SEK 68.5 m was paid out in share dividends. In 2017, payments of SEK 52.9 m were made for contracted and previously expensed earn-out payments for company acquisitions carried out in previous years. Provisions for estimated, contingent earn-out payments have increased by SEK 90.4 m in connection with company acquisitions carried out in 2017. New bank borrowing of SEK 422.9 m was taken out in 2017 within the framework of existing credit facilities, plus an additional SEK 42.5 m in January 2018. The Parent Company has an existing bank overdraft facility of SEK 100 m. In addition, on 30 June 2017 the Parent Company increased its acquisition credit facility by SEK 350 m from SEK 400 m previously, to SEK 750 m in total, to finance acquisitions, of which SEK 626 m has been utilised as per the date of publication of this year-end report.

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. The new standards, amendments and interpretations of existing standards that took effect in 2017 have not had any impact on the Group's financial position or financial statements. The accounting policies and calculation methods are unchanged compared with the description provided in the 2016 Annual Report.

IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments will be applied starting in 2018. Addnode Group has concluded that IFRS 15 will not entail any material impact on the Group's earnings or financial position. The Group will apply this standard retrospectively. For IFRS 9, the Group has concluded that the new standard will not have any material impact on the Group's classification and valuation of financial instruments or on the Group's hedge accounting. The new model for calculating the credit loss reserve is based on expected credit losses instead of confirmed losses, which entails earlier recognition of credit losses, but the effect is expected to be negligible since the Group has historically had insignificant credit losses. IFRS 16 Leases will be applied as from 2019. Application of this standard will have effects on the Group's financial reporting, and the Group is currently evaluating the effects of implementation of the standard.

SIGNIFICANT RISKS AND UNCERTAINTIES

Addnode Group's significant risks and uncertainties are described in the 2016 Annual Report on pages 26–27 and in the section "Risks and uncertainties" on page 37, as well as in notes 37 and 38 on pages 69–71. No significant changes have subsequently taken place.

FUTURE OUTLOOK

The Board has not changed its assessment of the future outlook compared with the previous quarter. In the interim report for the period January–September 2017 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 President certify that the year-end report gives a fair overview of the company's and Group's operations, position and earnings, and describes significant risks and uncertainties facing the company and the companies included in the Group.

Stockholm, 7 February 2018

The Board of Directors

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

LARGEST SHAREHOLDERS 2017-12-31

Shareholder	% of capital	% of votes
Aretro Capital Group AB ¹	7.5	20.1
Vidinova AB ²	4.8	12.0
Odin fonder	9.5	7.4
Lannebo Fonder	8.2	6.3
Swedbank Robur fonder	7.9	6.1
Försäkringsaktiebolaget Avanza pension	6.4	4.9
Fjärde AP-fonden	4.9	3.8
Handelsbanken Fonder AB	4.7	3.6
Didner & Gerge Fonder	3.9	3.0
Grenspecialisten Förvaltning AB	3.0	2.3
Other shareholders	39.2	30.5
Total	100.0	100.0



1) Aretro Capital Group AB is jointly owned by Staffan Hanstorp, Addnode Group’s Chairman of the Board, and Jonas Gejer, the Business Area Manager of Product LifecycleManagement.

2) Board member Dick Hasselström is the principal owner of Vidinova AB

QUICK FACTS

Addnode Group acquires, operates and develops entrepreneur-driven companies that supply software and services to markets in which we have or can achieve a leading position. We are one of Europe’s leading suppliers of software and services for design, construction and product data information, and a leading supplier of document and case management systems to public sector clients in Sweden and Norway. In 2017 we reported growth rate of 15 per cent and net sales of SEK 2,520 m.



TWO CORE BUSINESSES

IT solutions for design, construction and product data information. IT solutions for document and case management.



ENTREPRENEURSHIP

We are distinguished by a spirit of entrepreneurship, with short decision-making paths, and business-critical decisions are made as close as possible to the customer and end user.



ACQUISITION

We have completed more than 50 acquisitions since 2003 and are constantly seeking companies that can strengthen or complement any of our core businesses.



RECURRING REVENUE

A large portion of our revenue is recurring in the form of support and maintenance agreements, subscription and rental contracts, and SaaS solutions.

FINANCIAL CALENDAR 2018

26 APRIL 2018
AGM
Interim report for the first quarter of 2018

20 JULI 2018
Interim report for the first six months of 2018

25 OKTOBER 2018
Interim report for the nine-month period



CONSOLIDATED INCOME STATEMENT

(SEK M)	Oct - Dec 2017	Oct - Dec 2016	Full-year 2017	Full-year 2016
Net sales	777.1	658.7	2,519.8	2,195.0
Operating expenses:				
Purchases of goods and services	-300.6	-277.2	-968.3	-863.3
Other external costs	-88.3	-68.9	-312.0	-258.0
Personnel costs	-296.2	-256.2	-1,057.6	-931.0
Capitalized work performed by the company for its own use	13.1	11.1	45.7	42.7
Depreciation/amortization and impairment of				
- tangible fixed assets	-4.0	-4.1	-15.8	-14.8
- intangible fixed assets	-25.3	-15.8	-81.9	-56.9
Total operating expenses	-701.3	-611.1	-2,389.9	-2,081.3
Operating profit	75.8	47.6	129.9	113.7
Financial income	0.4	0.9	1.5	2.1
Financial expenses	-4.5	-1.3	-12.5	-7.0
Profit before taxes	71.7	47.2	118.9	108.8
Current tax	-15.6	-9.1	-30.6	-21.1
Deferred tax	-2.3	-1.3	1.3	-5.4
NET PROFIT FOR THE PERIOD	53.8	36.8	89.6	82.3
Attributable to:				
Owners of the Parent Company	53.8	36.8	89.6	82.3
Non-controlling interests	0.0	0.0	0.0	0.0
Earnings per share before and after dilution, SEK	1.77	1.21	2.94	2.71
Average number of shares outstanding:				
Before and after dilution, millions	30.4	30.4	30.4	30.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK M)	Oct - Dec 2017	Oct - Dec 2016	Full-year 2017	Full-year 2016
Net profit for the period	53.8	36.8	89.6	82.3
Other comprehensive income, items that will not be reclassified to the consolidated income statement:				
Actuarial gains and losses on pension obligations	0.0	-0.2	0.0	-0.2
Other comprehensive income, items that may be reclassified to the consolidated income statement:				
Exchange rate difference upon translation of foreign operations	14.3	-4.7	12.8	36.6
Hedge of net investments in foreign operations	-9.5	0.4	-16.1	-2.1
Total other comprehensive income after tax for the period	4.8	-4.5	-3.3	34.3
COMPREHENSIVE INCOME FOR THE PERIOD	58.6	32.3	86.3	116.6
Attributable to:				
Owners of the Parent Company	58.6	32.3	86.3	116.6
Non-controlling interests	0.0	0.0	0.0	0.0

CONSOLIDATED BALANCE SHEET

(SEK M)	Dec 31, 2017	Dec 31, 2016
Goodwill	1,357.7	972.0
Other intangible fixed assets	296.7	193.9
Tangible fixed assets	39.8	36.8
Financial fixed assets	28.0	23.8
Inventories	1.1	1.3
Current receivables	728.9	646.2
Cash and cash equivalents	173.2	111.5
TOTAL ASSETS	2,625.4	1,985.5
Shareholders' equity	982.5	964.7
Non-current liabilities	192.3	67.5
Current liabilities	1,450.6	953.3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,625.4	1,985.5
Interest-bearing receivables amount to	0.0	0.0
Interest-bearing liabilities amount to	620.8	177.3
Pledged assets	6.2	11.8
Contingent liabilities	0.9	0.6

SHAREHOLDERS' EQUITY AND NUMBER OF SHARES

Specification of changes in shareholders' equity	Oct - Dec 2017	Oct - Dec 2016	Full-year 2017	Full-year 2016
SHAREHOLDERS' EQUITY				
Shareholders' equity, opening balance	923.9	932.4	964.7	916.6
Dividend			-68.5	-68.5
Comprehensive income for the period	58.6	32.3	86.3	116.6
Shareholders' equity, closing balance	982.5	964.7	982.5	964.7
Shareholders' equity attributable to:				
Owners of the Parent Company	982.5	964.7	982.5	964.7
Non-controlling interests (minority interests)	0.0	0.0	0.0	0.0
Specification of number of shares outstanding, millions				
Number of shares outstanding, opening balance	30.4	30.4	30.4	30.4
Number of shares outstanding, closing balance	30.4	30.4	30.4	30.4

The number of registered shares was 30,427,256 on both December 31, 2016 and December 31, 2017. Addnode Group had no holdings of own shares on December 31, 2016 or December 31, 2017. The number of outstanding shares was 30,427,256 on both December 31, 2016 and December 31, 2017.

CONSOLIDATED CASH FLOW STATEMENT

(SEK M)	Oct - Dec 2017	Oct - Dec 2016	Full-year 2017	Full-year 2016
Operating activities				
Operating profit	75.8	47.6	129.9	113.7
Adjustment for non-cash items	35.4	23.0	104.2	76.5
Total	111.2	70.6	234.1	190.2
Net financial items	-2.8	-0.5	-9.9	-2.3
Tax paid, etc.	-8.3	7.5	-28.9	-16.4
Cash flow from operating activities before changes in working capital	100.1	77.6	195.3	171.5
Total change in working capital	-34.7	-4.7	-48.2	-13.8
Cash flow from operating activities	65.4	72.9	147.1	157.7
Cash flow from investing activities ¹⁾	-93.5	-21.8	-438.9	-135.7
Cash flow from financing activities ²⁾	26.2	-0.1	351.7	-18.8
Change in cash and cash equivalents	-1.9	51.0	59.9	3.2
Cash and cash equivalents, opening balance	171.7	61.6	111.5	102.9
Exchange rate difference in cash and cash equivalents	3.4	-1.2	1.8	5.4
Cash and cash equivalents, closing balance	173.2	111.4	173.2	111.5
1) Specification of investing activities:				
Purchases and sales of intangible and tangible fixed assets	-19.6	-19.1	-61.9	-66.4
Acquisition of financial fixed assets			-1.9	-1.9
Acquisition of subsidiaries and operations	-77.5	-2.7	-550.5	-86.1
Cash and cash equivalents in acquired companies	3.6	0.0	175.4	18.6
Repayment of receivables				0.1
Total	-93.5	-21.8	-438.9	-135.7
2) Specification of financing activities:				
Paid dividend			-68.5	-68.5
Borrowings	26.8		422.9	67.5
Repayment of loans	-0.6	-0.1	-2.7	-17.8
Total	26.2	-0.1	351.7	-18.8

KEY FIGURES

	Oct - Dec 2017	Oct - Dec 2016	Full-year 2017	Full-year 2016
Net sales, SEK M	777.1	658.7	2,519.8	2,195.0
Average number of employees	1,420	1,198	1,317	1,160
Net sales per employee, SEK 000s	547	550	1,913	1,892
Change in net sales, %	18	7	15	15
EBITA margin, %	13.0	9.6	8.4	7.8
Operating margin, %	9.8	7.2	5.2	5.2
Profit margin, %	9.2	7.2	4.7	5.0
Equity/assets ratio, %	37	49	37	49
Acid-test ratio, %	62	79	62	79
Shareholders' equity, SEK M	982.5	964.7	982.5	964.7
Return on shareholders' equity, % *	5.6	3.9	9.4	8.9
Return on capital employed, % *	4.9	4.3	10.0	10.7
Net debt, SEK M	447.6	65.8	447.6	65.8
Investments in equipment, SEK M	6.9	6.1	16.2	16.6

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

SHARE DATA

	Oct - Dec 2017	Oct - Dec 2016	Full-year 2017	Full-year 2016
Average number of shares outstanding, millions	30.4	30.4	30.4	30.4
Total number of shares outstanding, millions	30.4	30.4	30.4	30.4
Total number of registered shares, millions	30.4	30.4	30.4	30.4
Earnings per share, SEK	1.77	1.21	2.94	2.71
Cash flow per share, SEK	2.15	2.40	4.83	5.18
Shareholders' equity per share, SEK	32.29	31.70	32.29	31.70
Dividend per share, SEK	-	-	2.25 ¹⁾	2.25
Share price at end of period, SEK	75.75	56.50	75.75	56.50
P/E ratio	-	-	26	21
Share price/shareholders' equity	2.34	1.78	2.34	1.78

1) According to proposal from the board

OPERATING SEGMENTS

The figures below refer to each full-year.

(SEK M)	DESIGN MGT		PLM MGT		PROCESS MGT		CENTRAL		ELIMINATION		ADDNODE GROUP	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE												
External sales	902.8	826.2	917.4	778.6	699.0	589.7	0.6	0.5			2,519.8	2,195.0
Transactions between segments	3.1	2.7	2.4	0.4	5.1	5.1	12.1	12.1	-22.7	-20.3	0.0	0.0
Total revenue	905.9	828.9	919.8	779.0	704.1	594.8	12.7	12.6	-22.7	-20.3	2,519.8	2,195.0
EBITA	76.2	57.1	71.8	62.1	101.0	78.3	-37.2	-26.9			211.8	170.6
EBITA margin	8.4%	6.9%	7.8%	8.0%	14.3%	13.2%					8.4%	7.8%
Operating profit	45.0	32.8	53.9	50.5	68.3	57.3	-37.4	-26.9			129.8	113.7
Operating margin	5.0%	4.0%	5.9%	6.5%	9.7%	9.6%					5.2%	5.2%
Average number of employees	345	319	508	428	457	405	7	8			1,317	1,160

Addnode Group's operations are organized and managed based on the business areas Design Management, Product Lifecycle Management (PLM) and Process Management, which are the Group's operating segments. There have been no changes in the segment division or calculation of segment results since the most recently published Annual Report. Segments are reported according to the same accounting principles as the Group. The difference between the sum of the segments' operating income and consolidated income before tax is attributable to financial income of SEK 1.5 M (2.1) and financial expenses of SEK -12.5 M (-7.0). Acquisition of subsidiaries have increased the total assets of Design Management and Product Lifecycle Management each with approximately SEK 300 M compared to the information in the most recent annual report. There have been no other significant changes in the segments' assets compared to the information in the most recent annual report.

QUARTERLY FINANCIAL OVERVIEW

(SEK M)	2017					2016					2015				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Net sales	2,519.8	777.1	534.5	587.5	620.7	2,195.0	658.7	467.1	528.4	540.8	1,900.8	614.4	467.3	387.3	431.8
EBITA	211.8	101.1	24.3	32.8	53.6	170.6	63.4	39.6	37.0	30.6	168.0	69.5	42.2	22.6	33.7
Operating profit	129.9	75.8	2.7	14.6	36.8	113.7	47.6	24.6	23.3	18.2	126.0	58.0	30.8	12.8	24.4
Profit before taxes	118.9	71.7	0.8	10.8	35.6	108.8	47.2	23.2	21.6	16.8	124.6	57.2	29.6	12.2	25.6
Profit after taxes	89.6	53.8	0.6	8.1	27.1	82.3	36.8	17.2	15.6	12.7	95.5	45.5	21.7	8.7	19.6
EBITA margin	8.4%	13.0%	4.5%	5.6%	8.6%	7.8%	9.6%	8.5%	7.0%	5.7%	8.8%	11.3%	9.0%	5.8%	7.8%
Operating margin	5.2%	9.6%	0.5%	2.5%	5.9%	5.2%	7.2%	5.3%	4.4%	3.4%	6.6%	9.4%	6.6%	3.3%	5.7%
Cash flow from operating activities	147.1	65.4	-78.7	-19.1	179.5	157.7	72.9	-37.2	-28.2	150.2	143.8	98.0	-18.0	23.3	40.5
Average number of employees	1,317	1,420	1,358	1,266	1,222	1,160	1,198	1,164	1,143	1,117	1,005	1,132	1,109	884	886

ACQUISITION OF SUBSIDIARIES 2017

Information about identified net assets, goodwill, purchase prices and the impact of the acquisitions on the Group's cash and cash equivalents is provided in the following tables:

(SEK M)	SERVICE		OTHER	TOTAL
	WORKS GROUP	INTRINSYS	ACQUISITIONS	
Customer agreements and computer software	52	36	43	131
Other intangible fixed assets	1			1
Tangible fixed assets	1	1	2	4
Receivables	27	50	22	99
Cash and cash equivalents	51	95	29	175
Long-term liabilities			-1	-1
Current liabilities	-36	-84	-36	-156
Deferred tax, net	-4	-7	-7	-18
Identified net assets	92	91	52	235
Goodwill	128	154	94	376
Total purchase prices	220	245	146	611
Long-term and current liabilities to sellers			-18	-18
Provisions for conditional purchase prices	-43	-43	-5	-91
Purchase prices paid earlier years			-5	-5
Purchase prices paid in cash for acquisitions 2017	177	202	118	497
Purchase prices paid in cash for acquisitions 2017	-177	-202	-118	-497
Paid purchase prices for acquisitions earlier years			-53	-53
Cash and cash equivalents in acquired subsidiaries	51	95	29	175
Impact on the group's cash and cash equivalents	-126	-107	-142	-375

The acquired companies are knowledge-based companies and goodwill therefore pertains to the built-up competence of the personnel and the employees total knowledge of the respective computer software and IT-systems, and to a certain extent also to synergy effects.

PARENT COMPANY INCOME STATEMENT

(SEK M)	Oct - Dec 2017	Oct - Dec 2016	Full-year 2017	Full-year 2016
Net sales	4.8	4.2	10.4	9.1
Operating expenses	-10.2	-8.8	-37.5	-31.8
Operating result	-5.4	-4.6	-27.1	-22.7
Financial income	101.6	51.3	143.3	99.8
Financial expenses	-4.5	-1.0	-10.1	-5.8
Profit after financial items	91.7	45.7	106.1	71.3
Transfer to tax allocation reserve	-21.2	-9.5	-21.2	-9.5
Profit before taxes	70.5	36.2	84.9	61.8
Tax	-13.9	-7.1	-13.9	-7.1
NET PROFIT FOR THE PERIOD	56.6	29.1	71.0	54.7

PARENT COMPANY BALANCE SHEET

(SEK M)	Dec 31, 2017	Dec 31, 2016
Intangible fixed assets	0.8	0.9
Financial fixed assets	1,772.0	1,188.9
Current receivables	128.0	109.9
Cash and cash equivalents	0.0	96.6
TOTAL ASSETS	1,900.8	1,396.3
Shareholders' equity	853.8	851.3
Untaxed reserves	30.7	9.5
Provisions	90.7	41.4
Non-current liabilities	11.0	4.0
Current liabilities	914.6	490.1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,900.8	1,396.3

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 19.

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 2017	Oct - Dec 2016	Full-year 2017	Full-year 2016
Operating profit	75.8	47.6	129.9	113.7
Amortization and impairment of intangible fixed assets	25.3	15.8	81.9	56.9
EBITA	101.1	63.4	211.8	170.6

Reconciliation of net debt

(SEK M)	Dec 31, 2017	Dec 31, 2016
Non-current liabilities	192.3	67.5
Current liabilities	1,450.6	953.3
Non interest-bearing non-current and current liabilities	-1,022.1	-843.5
Total interest-bearing liabilities	620.8	177.3
Cash and cash equivalents	-173.2	-111.5
Other interest-bearing receivables	0.0	0.0
Net debt(+)/receivables(-)	447.6	65.8

DEFINITIONS

Average number of employees

Average number of full-time employees during the period.

Shareholder's equity

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

Capital employed

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

Net sales per employee

Net sales divided by the average number of employees (fulltime equivalents).

EBITA

Earnings before amortisation and impairment of intangible non-current assets.

EBITA margin

EBITA as a percentage of net sales.

Operating margin

Operating profit as a percentage of net sales.

Profit margin

Profit before tax as a percentage of net sales.

Return on shareholder's equity

Net profit for the period attributable to owners of the Parent Company as a percentage of average shareholders' equity attributable to owners of the Parent Company.

Return on capital employed

Profit before tax plus financial expenses as a percentage of the average capital employed.

Equity/assets ratio

Shareholders' equity (including shareholders' equity attributable to non-controlling interests) as a percentage of total assets.

Acid test ratio

Current assets excluding inventories as a percentage of current liabilities.

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.

Earnings per share

Net profit for the period attributable to owners of the Parent Company divided by the average number of shares outstanding.

Shareholder's equity per share

Shareholders' equity attributable to owners of the Parent Company divided by the total number of shares outstanding.

P/E multiple

Share price in relation to earnings per share.

Share price/shareholder's equity

Share price in relation to shareholders' equity per share.

Cash flow per share

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

LTM (Last Twelve Month)

Outcome for the last twelve-month period.

Recurring revenue

Revenue of an annually recurring character, such as revenue from support and maintenance contracts and revenue from subscription agreements, rental contracts and SaaS solutions.

Organic growth

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

ADTOLLO

ADDNODE GROUP

ARKIVA

ADDNODE GROUP

CANELLA

ADDNODE GROUP

DECERNO

ADDNODE GROUP

ESSVISION

ADDNODE GROUP

EVITBE

ADDNODE GROUP

FORSLER STJERNA

ADDNODE GROUP

IDA INFRONT

ADDNODE GROUP

INTRINSYS

ADDNODE GROUP

KOMPANION

ADDNODE GROUP

MITTBYGGE

ADDNODE GROUP

MOGUL

ADDNODE GROUP

SOKIGO

ADDNODE GROUP

STAMFORD

ADDNODE GROUP

SYMETRI

ADDNODE GROUP

SYMETRI COLLABORATION

ADDNODE GROUP

TECHNIA TRANSCAT

ADDNODE GROUP

VOICE PROVIDER

ADDNODE GROUP

ADDNODE GROUP