ADDNODE GROUP

Annual Report 2016

Addnode Group in brief

Addnode Group acquires, operates and develops entrepreneur-driven companies that provide 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 administration clients in Sweden and Norway. In 2016 we had 15 per cent growth and net sales of SEK 2,195 m.

Addnode Group Annual Report 2016
The Annual Report can be downloaded from
www.addnodegroup.com
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Printing: Göteborgstryckeriet

Highlights 2016

Net sales	SEK 2,195 m
EBITA	SEK 171 m
Earnings per share	SEK 2.71
Cash flow per share	SEK 5.18
Dividend per share	SEK 2.25[2]

Key financial data 2016, SEK m	2016	2015	2014
Net sales	2,195.0	1,900.8	1,598.6
EBITA	170.6	168.0	159.0[1]
EBITA margin, %	7.8	8.8	9.9[1]
Operating profit	113.7	126.0	128.5
Operating margin, %	5.2	6.6	8.0
Profit after tax	82.3	95.5	100.2
Earnings per share after dilution, SEK	2.71	3.18	3.38
Cash flow per share, SEK	5.18	4.79	5.15
Dividend per share, SEK	2.25[2]	2.25	2.25
Net debt	65.8	23.2	-33.2
Equity/assets ratio, %	49	48	56
Debt/equity multiple	0.07	0.03	E/T
Average number of employees	1,160	1,005	890
Total number of employees at year-end	1,277	1,202	934

[1] Excluding revaluation of contingent consideration.

[2] Board of Directors' proposal to the Annual General Meeting.

Major agreements signed

In 2016 we signed new, major agreements with customers such as Stadler, Honeywell and the City of Gothenburg at the same time that we renewed and expanded contracts with existing customers, such as Fastighetsbyrån and the Swedish Prosecution Authority.

Investing in our software

We actively manage our software and are investing in new. During the 2016 financial year we invested SEK 65 m, of which SEK 43 m was capitalised and SEK 22 m was expensed as R&D costs.

Johan Andersson new CEO and Staffan Hanstorp proposed as new Chairman

Addnode Group's CFO, Johan Andersson, will take office as the new President and CEO at the 2017 Annual General Meeting. Johan Andersson succeeds Staffan Hanstorp, who has served as the Company's President and CEO since 2007. Staffan Hanstorp has been proposed as new Chairman of the Board by Addnode Group's Nomination Committee.

Move up to Mid-Cap

As our market cap has exceeded EUR 150 m for two consecutive years, in December 2016 we were moved up to the Stockholm Stock Exchange's Mid-Cap list.

Consolidation to three business areas

The activities of the Content Management business area are now included in the Process Management business area. Starting with the fourth quarter of 2016, the Company's results are reported in accordance with the new structure with three business areas: Design Management, Product Lifecycle Management and Process Management.

Four new software companies

We have acquired four new software companies: 5D System, Essvision, Kompanion and Stamford.

Well positioned for continued growth

The past year was characterised by continued good growth, many new agreements and customers, several acquisitions and consolidation into three business areas.

A growth year and stronger software portfolio

We are landing new agreements, we are growing, and we have laid a solid foundation for the years ahead. We posted growth of 15 per cent, we are strengthening our software portfolio, and our recurring revenue grew to 50 per cent of net sales. There are many reasons to look favourably on Addnode Group's performance in 2016.

Trends point to Addnode Group

We see great business opportunities alongside the major macro-trends and challenges in the world around us, such as urbanisation and the emergence of smart cities; digitalisation and industrial automation; demographic changes and an ageing population; and sustainable development and the emergence of a sharing economy. The software and services we provide help our customers to be innovative and conduct their business more efficiently, more environment-friendly and more precisely.

Three strong business areas

The Design Management business area had good underlying growth at the same time that we are transitioning a large part of the business away from a licence-based to a subscription-based sales model. This is a positive shift that will lead to a rise in recurring revenue and more stable earnings over time, even though the financial outcome in the near term is being negatively affected. In Product Lifecycle Management we are now experiencing the positive effects of the merged Technia Transcat, where we are winning major agreements that were previously out of our reach. The Process Management business area has carried out several acquisitions and had good growth driven by new customers and expanded agreements with existing customers.

Acquisition-driven growth

During the financial year we acquired four software companies and signed an additional acquisition credit facility worth SEK 200 m. In Design Management and Product Lifecycle Management we see great opportunities for acquisitions in areas such as design, product data and property management, and we are studying acquisitions both in the Nordic countries and the rest of Europe. In Process Management our acquisition focus is in Sweden and the other Nordic countries – mainly software companies with public sector customers. We have favourable conditions to continue buying the right companies at the right price, and there is a good flow of acquisition candidates.

Decentralised leadership

Decentralised leadership is a highly essential component in our strategy that has enabled our pace of growth. The companies in our group have a shared brand profile and base their strategies on well defined cornerstones, but they implement them in various ways, depending on the market and customers. We exercise clear management by objective where companies that meet set targets can invest in continued growth. This allows us to maintain the flexibility, commitment and responsibility of a small firm at the same time that we have the stability and financial strength of a major group.

A fantastic journey

In spring 2017 I will be stepping down as CEO after ten years and will hand over the baton to our current CFO, Johan Andersson. Looking back I can affirm that between the years of 2007 and 2016 we achieved average annual growth of 12 per cent and growth in sales from SEK 795 m to SEK 2,195 m. Addnode Group has gone from being a Swedish company to a European group, and we have become a mid-cap company on the Stockholm Stock Exchange. It has been a fantastic journey, and I want thank all of our talented employees for their contribution over the years.

Strategy remains firm

Our strategy of providing niche software and services, decentralised leadership and acquisition-driven growth is successful. With relatively low risk we have delivered a favourable return to our shareholders year after year. We are well positioned for continued growth and to improve our margins going forward. We have put many building blocks in place and have formed a solid foundation to build further upon. The Nomination Committee has proposed me to serve as Chairman of the Board, and I look forward to taking part in and driving our continued journey.

"Our strategy of providing niche software and services, decentralised leadership and acquisition-driven growth is successful."

Staffan Hanstorp
President and CEO

2,195	SEK m, Net sales 2016
50%	Share of recurring revenue 2016
12%	Average annual growth 2007–2016

Entrepreneurship and acquisitions driving growth

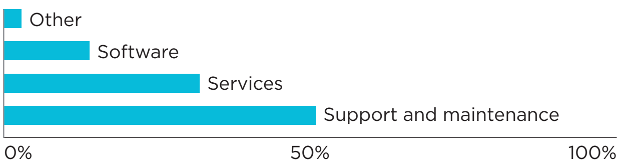
Vision
Addnode Group's vision is to be the best owner of entrepreneur-driven companies that provide software and services in niche areas.

Mission
Addnode Group acquires, manages and develops entrepreneur-driven IT companies that provide software and services in niche markets. We offer products from globally leading actors, proprietary software, add-on components and a complementary service offering.

Business model
Addnode Group provides software and services with a high level of recurring revenue from support, maintenance and SaaS/Cloud services. We take long-term responsibility for the IT solutions we provide – something that creates value and stability for our customers and profitability for the Group. Recurring revenue accounted for fifty per cent of net sales in 2016.

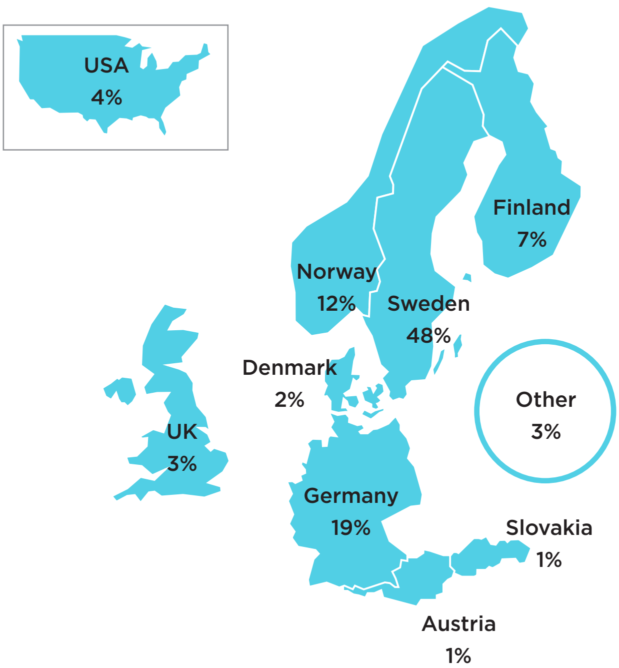
Two main offerings
Through our Design Management and Product Lifecycle Management business areas we are a leading European supplier of software and services for design, construction and product data information. The Process Management business area is a leading supplier of document and case management systems to Swedish and Norwegian public administrations.

Net sales per revenue stream 2016



Management and governance
Addnode Group has a decentralised and entrepreneur-driven organisation with subsidiaries organised in business areas. The CEO, CFO and central functions work closely with the business area presidents and subsidiaries to contribute to strategic direction, financial monitoring and expertise surrounding business models, brands, acquisitions and communication.

Strategy for growth
Addnode Group is growing organically as well as through acquisitions and has tripled its sales since 2004. We acquire businesses, technology and expertise that strengthen our position or accelerate expansion into new markets. Our organic growth is grounded in the innovative software that we develop together with our 5,000 customers worldwide. Read more about our acquisition strategy on pages 10–11.

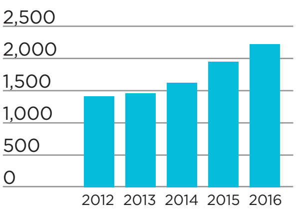


Financial targets

Financial targets	Growth	Earnings	Dividend
Targets set by the Board of Directors	**10%** Annual growth in net sales of at least 10 per cent.	**10%** Operating margin before amortisation and impairment of intangible assets (EBITA margin) of at least 10 per cent.	**50%** At least 50 per cent of consolidated profit after tax shall be distributed to the shareholders, provided that net cash is sufficient to operate and develop the business.
Achievement 2016	**15%** Growth in 2016 was 15 per cent. Growth for the year can be credited primarily to the acquisition of Transcat PLM in 2015 and the acquisitions carried out in 2016 in the Process Management business area. Like-for-like growth was one per cent.	**8%** The EBITA margin was 7.8 per cent (8.8). The EBITA margin was affected by the transition in the Design Management business area from a licence-based to a subscription-based sales model, together with a larger share of net sales of third-party software.	**83%** The Board of Directors has proposed a dividend of SEK 2.25 per share (2.25). Based on an average share price of SEK 56.33 in 2016, the proposed dividend corresponds to a dividend yield of 4 per cent.

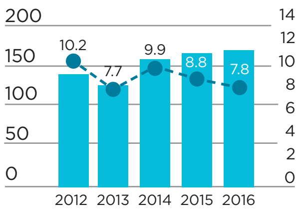
Achievement over five years

Net sales, SEK m



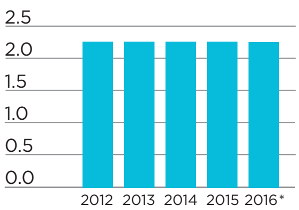
During the last five-year period, average annual sales growth was 12%.

EBITA, SEK m*
EBITA margin, %*

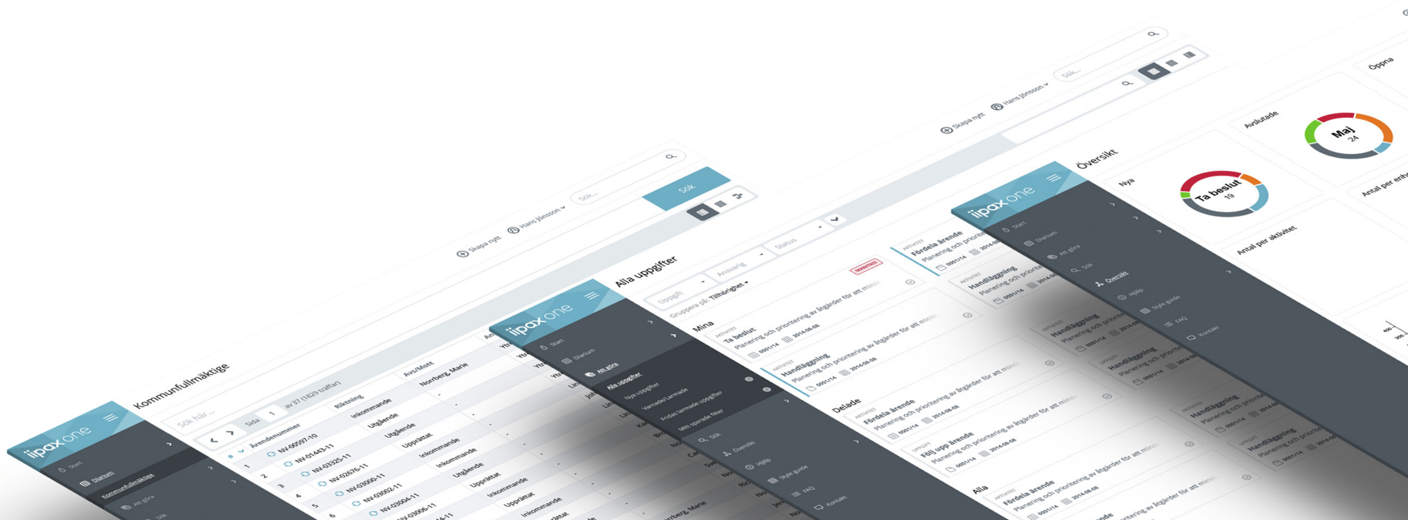


* Excluding capital gains and revaluation of contingent consideration.

Dividend per share, SEK



* Proposed by the Board of Directors.



40+ acquisitions, and more are planned

Acquisitions are a key element of our strategy

Acquisition-driven growth is a key part of our strategy. We actively seek acquisitions and receive a steady stream of queries from entrepreneurs interested in becoming a part of the Group. Our extensive industrial knowledge and long record of experience in acquisitions and company integration make us an attractive owner for entrepreneurs who want to sell their companies. We prioritise companies that work in areas closely related to our niche offerings, have extensive market knowledge and close customer relationships. Since our start we have acquired more than 40 companies. Most of the acquisitions have been companies with sales ranging from SEK 20–80 m, while the largest had sales of SEK 450 m. In 2016 alone we welcomed four new companies into the Group.

Acquisition criteria

We use a clear evaluation process and attach a premium to tried-and-tested business models, competent employees, recurring revenue and strong leaders. Our acquisition candidates will preferably meet several of the following criteria:

- They complement or strengthen existing software or a service offering
- They consolidate or broaden our geographical presence or give us access to a new customer market
- They have competent employees who are committed to both innovation and implementation
- They have technologies that further develop our offering

With us, acquired companies continue to grow

We ensure that employees and leaders who join the Group through an acquisition stay on and develop with us. We offer knowledge, business relations and financial stability. Once they are a part of the Group, we give acquired companies opportunities to achieve their full potential and pursue ventures that were not previously possible. Working together with entrepreneurs we grow the value of our investment. We ensure favourable development for customers, employees and shareholders. Our brand strategy, with Addnode Group as the core brand, allows acquired companies to keep their names in a new graphic structure.

2003
Cartesia
Mogul

2004
Technia

2005
Cad-Q
Prosilia

2006
Centus
Ida Infront

2007
Curalia
Solid Engineer
Solution Provider
Transcat PLM, Sverige

2008
IT-Energy
Ravalik
Sikroma
Strand Interconnect

2009
Evitbe

Addnode Group has a tried-and-tested acquisition process, and we create value together with entrepreneurs by further developing strategies, offerings and organisations, and by analysing expenses and revenue.

A → B → C → D

A Implement financial reports

B Shared brand structure

C Cost analysis

D Focused business strategy

H ← G ← F ← E

E Improve service offering

F Add products

G Long-term focus on revenue and cash flow

H Additional acquisitions

2010
Arkiva
Athena BSD
Cadi
Decerno
Faester SCi
MapFactory
Mittbygge
Tekis

2011
CDLight
Geosol
Kartena

2012
Cad Teknikk
Spatial Technology
Voice Provider

2013
Abou
Basepoint
CAD-Expert Oy
Joint Collaboration

2014
Alarmos
EG Engineering
Symetri

2015
Transcat PLM

2016
5D Systemkonsult
EssVision
Kompanion
Stamford

High growth, strong cash flow and good financial position

High growth creates foundation for the years ahead

Our net sales grew by 15 per cent compared with 2015. We have generated new business with our customers, we carried out four acquisitions, and the acquisition of Transcat in 2015 has developed well. All this has laid a solid foundation for the years ahead. At the same time, earnings in 2016 were negatively affected by the shift we are currently carrying out in the Design Management business area from a licence-based to a subscription-based sales model. This shift is fundamentally positive, however. Once completed it will result in growth in our recurring revenue and more stable earnings over time.

Recurring revenue and strong cash flows

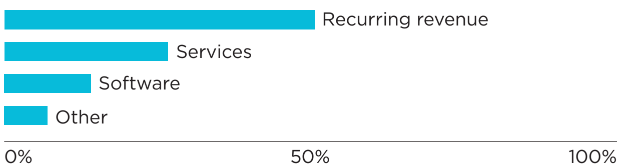
For several years we have been increasing our recurring revenue from support and maintenance agreements as well as from SaaS/Cloud services. During the 2016 financial year, recurring revenue amounted to SEK 1,108 m, or 50 per cent of net sales. Since customers pay a large share of recurring revenue in advance, we obtain predictability in our earnings and a strong cash flow from operations.

Continued good financial position

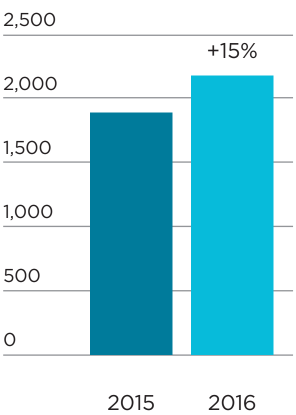
Addnode Group has a good financial position. Cash and cash equivalents totalled SEK 111.5 m as per 31 December 2016, net debt was SEK 65.8 m, and our equity/assets ratio was 49 per cent. We have a bank overdraft facility of SEK 100 m and acquisition credit facilities totalling SEK 400 m, of which SEK 156 m was utilised as per 31 December 2016. We have the financial means necessary to continue pursuing our acquisition strategy.

Johan Andersson
CFO

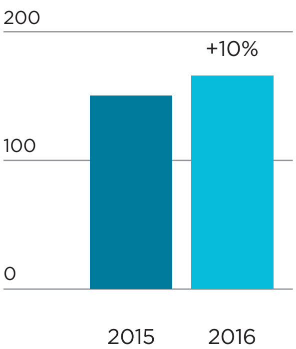
B Share of net sales 2016



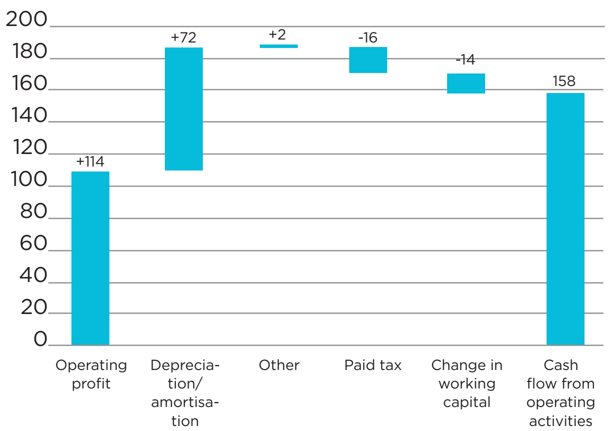
A Net sales, SEK m



E Cash flow from operating activities, SEK m



E Cash flow from operating activities 2016, bridge from operating profit, SEK m



	Key ratios, SEK m	2016	2015	Change, %
A	Net sales	2,195	1,901	15
B	– of which, recurring revenue	1,108	927	20
B	– of which, software	311	297	5
B	– of which, services	708	633	12
C	EBITA	171	168	2
	EBITA margin	7.8%	8.8%	-11
D	Earnings per share, SEK	2.71	3.18	-15
E	Cash flow from operating activities	158	144	10

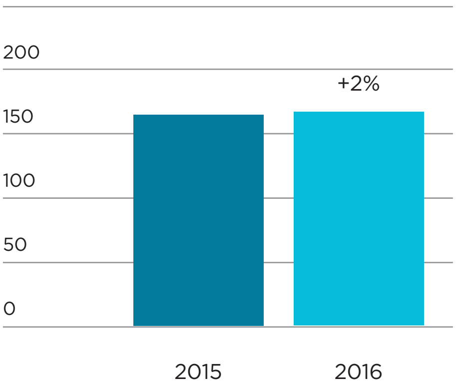
31 December 2016
Good financial position

SEK 111.5 m
Cash and cash equivalents

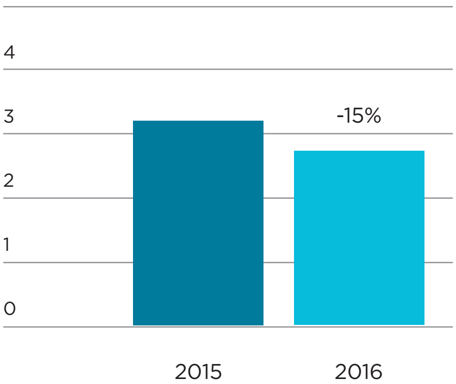
SEK 65.8 m
Net debt

49%
Equity/assets ratio

C EBITA, SEK m



D Earnings per share, SEK



For complete income statements, balance sheets and statements of cash flow, see pages 39–41.

Sensitivity analysis

Calculations are based on year-end figures and with the assumption that all else is unchanged.

Expenses

The cost for purchases of material and services in 2016 was SEK 863.3 m. Employee remuneration amounted to SEK 931.0 m. An increase or decrease in costs for purchases of goods and services by one per cent would result in a decrease or increase in operating profit by approximately SEK 9 m. Similarly, a one per cent increase in personnel costs would result in a decrease in operating profit by approximately SEK 9 m. Purchases of goods and services consist mostly of purchases of software licences and maintenance, which we in turn sell to our customers as part of the solutions we provide, which means that these are variable costs that change in proportion to sales to customers.

Currency impact

Most of Addnode Group's sales are in Sweden. Currency movements upon translation of the foreign operations from local currency to SEK (translation exposure) therefore affect consolidated net sales and earnings to a limited extent.
The most significant currency with respect to translation exposure is EUR. Based on 2016 earnings in local currency, a strengthening/weakening of EUR against SEK by 10 per cent would have entailed a positive/negative effect on consolidated profit after tax by approximately SEK 1.7 m. The most significant currencies with respect to transaction exposure (where earnings are affected by sales and purchases being made in different currencies) are EUR and USD. Based on 2016 earnings in local currency, a strengthening/weakening of both EUR and USD against SEK by 10 per cent would have entailed a positive/negative effect on consolidated profit after tax by approximately SEK 7.5 m.

Our markets

Addnode Group is an international company with Europe as its home market. We are a leading European supplier of software and services for design, construction and product data information, and a leading supplier of document and case management systems to the public sector in Sweden and Norway. Our software and services are used by more than 600,000 engineers and administrators.

Offerings

Industrial solutions (Design Management and PLM business areas)

Examples of solutions:

- Design
- Simulation
- PDM/PLM
- Automation
- Property management
- BIM

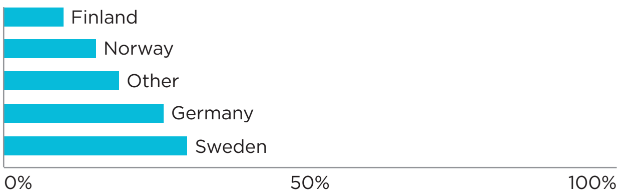
Examples of customer categories

- Defence industry
- Automotive industry
- Consumer and retail trades
- Energy companies
- Construction and real estate
- Life Science
- Manufacturing
- Oil and gas
- Public sector

Customer benefits

- More efficient design, simulation, construction and production
- Optimisation of lifecycle management and aftermarket
- Better maintenance of infrastructure, plant and property

Net sales per geographic area 2016



Public sector solutions (Process Management business area)

Examples of solutions:

- Document and case management
- E-archives
- E-services
- Geographic information systems (GIS)

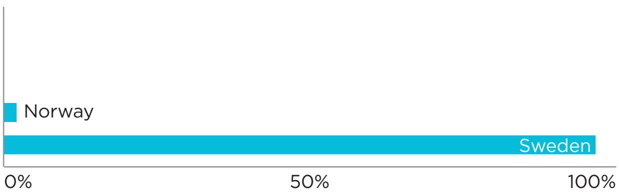
Examples of customer categories

- Municipalities
- County councils
- Authorities
- Defence
- Energy companies
- Banking & finance

Customer benefits

- Compliance
- Simplification and streamlining
- Structured processes for maintaining and managing data
- Digital interaction with citizens in society

Net sales per geographic area 2016



Trends create opportunities

We see major business opportunities in the ongoing societal and technological developments that affect us and our customers in our everyday lives.

Sharing economy creating new business models

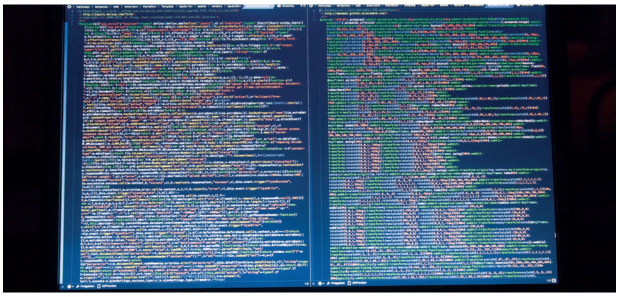
The emergence of a sharing economy entails that we and our customers will be taking greater responsibility for the products we sell, since they are more and more being provided as a function or service. For us as a supplier this creates major opportunities to grow our business.

Emergence of smart cities

More than 60 per cent of the world's population is expected to live in urban areas by 2025. This trend will require development of smart cities with functions for buildings, mass transit, infrastructure, energy, communication, public information and administration, which we can provide.

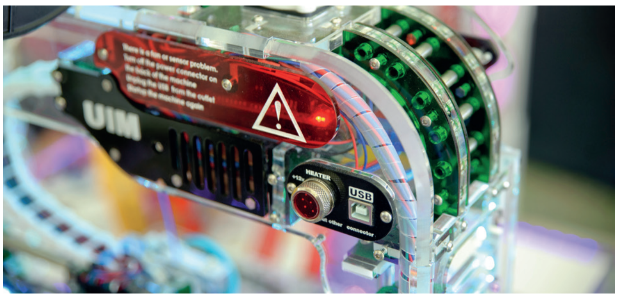
A digital generation

By 2020 an entire generation will exist that has grown up in a digital world. Computers, the internet, smartphones, social networks – all of these are taken for granted. This is giving rise to new offerings and business models.



Explosive growth in IoT

The number of devices connected to the internet is expected to reach 34 billion by 2020, of which IoT devices will account for 24 billion. Providing connectivity for all of these units will create new opportunities.



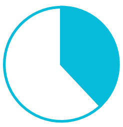
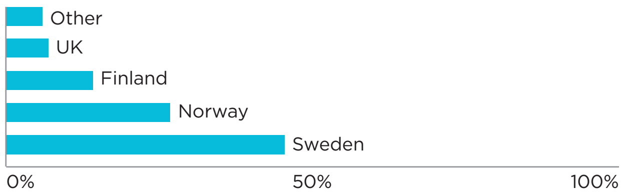
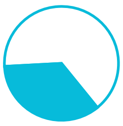
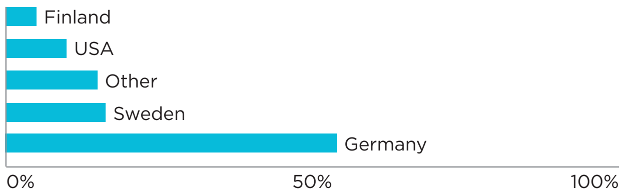
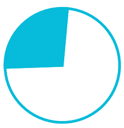
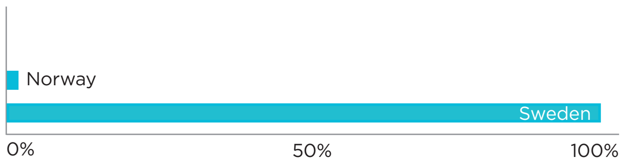
Digitalisation of industry

A vast number of initiatives are in progress across Europe with the support of scientists, governments and industry focused on integrating digital design, automated manufacturing and life cycle-thinking for products and plant. This will generate growth in society and for Addnode Group.

Ageing populations

Sweden and Europe have ageing populations. The share of elderly in the population is projected to rise sharply in Europe, and a growing share of the population will be in need of care, which will require new innovations and IT solutions.

We acquire, operate and develop entrepreneur-driven IT companies

	Share of net sales	Net sales per market
Design Management		
Product Lifecycle Management		
Process Management		
ADDNODE GROUP		SEK 2,195 m

Design Management

The Design Management business area is one of northern Europe's leading suppliers of business-critical software and service to engineers and architects in the construction and real estate sectors, infrastructure, and in the manufacturing and marine industries. The offering includes software and services for 3D simulation, analysis, modelling, product data management, project management and property management.

Product Lifecycle Management

Product Lifecycle Management (PLM) is a leading European supplier of software and services in its niche. PLM systems integrate and compile data, processes and business systems through a product's lifecycle – from design to recycling. The information in a PLM system allows companies to optimise their processes in both global organisations and individual teams. Our customers are in traditional industries such as telecom, manufacturing, automotive, construction and civil engineering, energy and medical technology, as well as in service and retail.

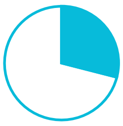
Process Management

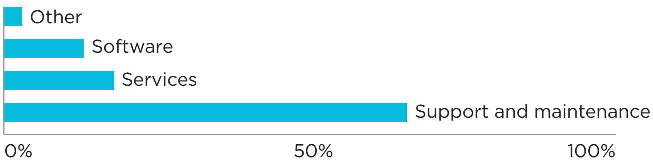
Process Management is a leading supplier of document and case management software and services to the public sector in Sweden, with growing business in Norway. We offer reliable and secure IT solutions for public administration, e-archiving and information management. Our customers consist of municipal administrations, authorities, and a large number of private sector companies in the energy, engineering, financial and forest products industries.

Share of EBITA before central expenses

Breakdown of revenue

EBITA margin





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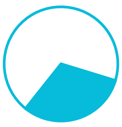
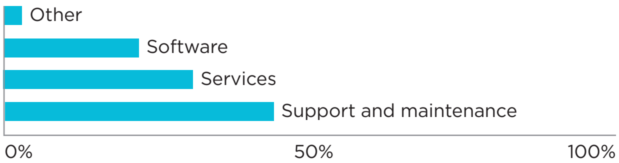
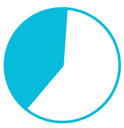
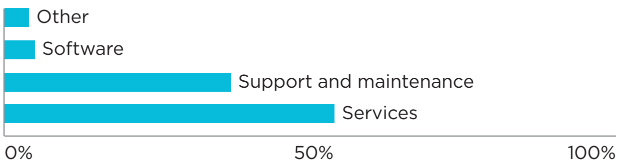




8.0%





13.2%

171
SEK m

50%
Recurring revenue

7.8%

Design Management

Market and positioning

The business area is a leading supplier of software and services for design and construction in northern Europe and has a strong offering for property management. Operations in the business area are conducted in the subsidiaries Symetri and Symetri Collaboration.

Offering

The business area is the largest supplier of Autodesk products and related services in the Nordic countries to construction and property management companies, manufacturing industries and their suppliers. Our customers use software for design, construction, simulation and 3D modelling of products, infrastructure, plant and buildings. We have also developed peripheral products for product data management and to be able to accommodate local standards and norms in digital models. The business area is also the Nordic region's largest supplier of products and services for technical property management, digitalisation of property portfolios and blueprint archives. Our proprietary software is used by an ever-growing base of customers, and in 2016 we had more than 60,000 users.

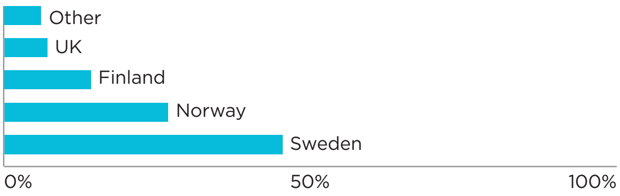
Customers

We have a broad customer base primarily in the construction, real estate, manufacturing and marine industry sectors. Customer examples: Deep Ocean, EkoVent, Penny Hydraulics, Siemens, Storstockholms Lokaltrafik, Tengbom Arkitekter, Tema Arkitekter, Urbanium and Veidekke.

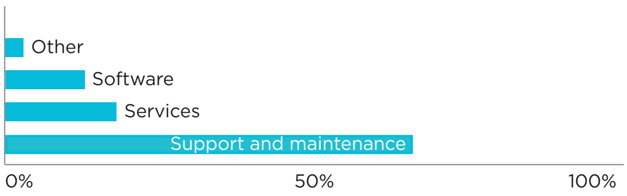
Competitive scenario

For the Autodesk-based offering, the main competitors are global software companies, such as Dassault Systèmes, PTC and Siemens. For the real estate offering the competition is mainly local. Our proprietary software and related services combined with a Nordic and UK organisation are key competitive advantages.

Net sales per geographic market 2016

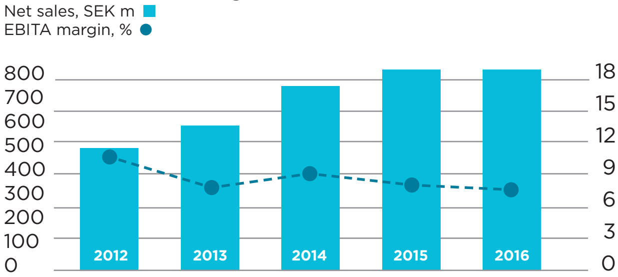


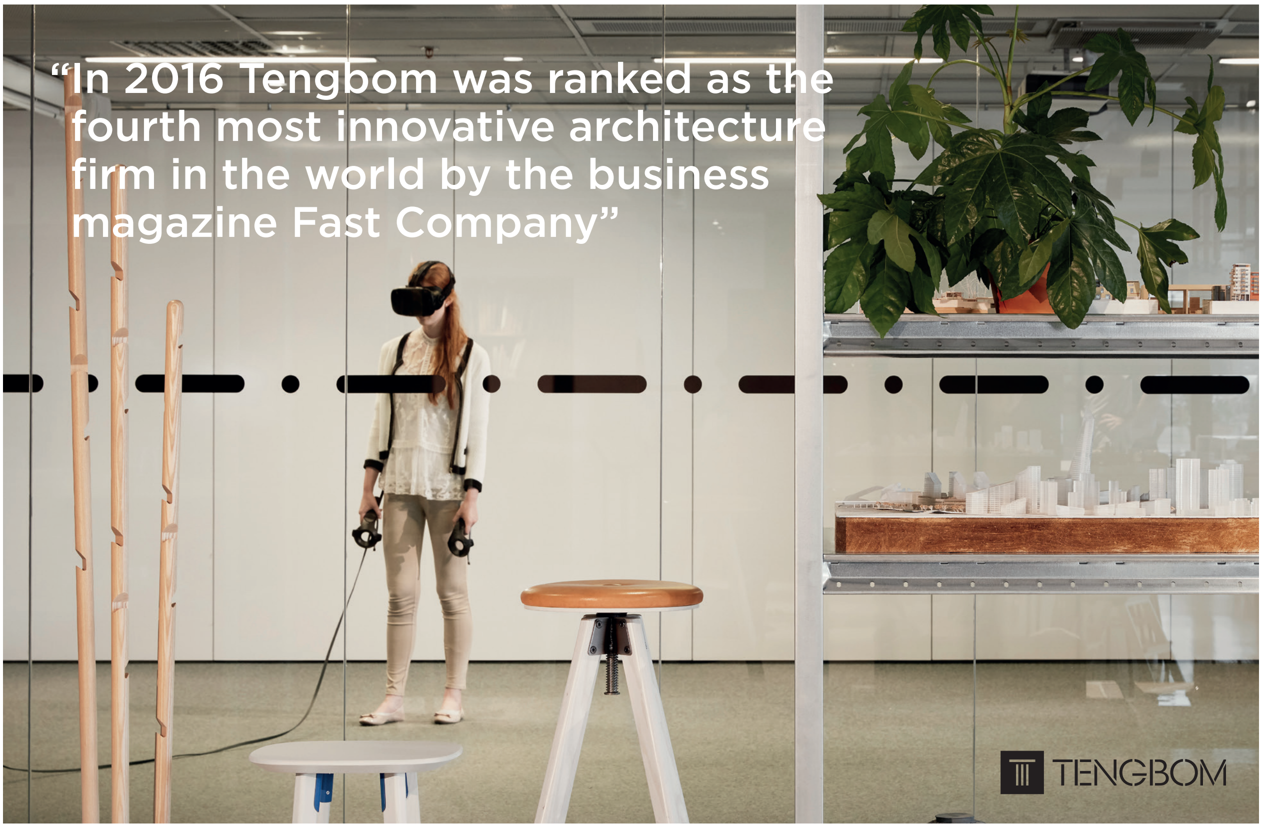
Net sales by revenue stream 2016



Key ratios, SEK m	2016	2015	2014
Net sales	828.9	827.7	780.5
EBITA	57.1	65.8	70.3
EBITA margin, %	6.9	7.9	9.0
Operating profit	32.8	47.0	53.6
Operating margin, %	4.0	5.7	6.9
Average number of employees	319	317	306

Net sales and EBITA margin





Symetri – an appreciated partner to the world's fourth most innovative architecture firm

At the time-honoured architectural firm Tengbom, time doesn't stand still. Since its start in 1906 the architectural practice has taken on countless complex projects and has constantly found itself at the technical forefront. Today it works with state-of-the-art software, for which Symetri is a supplier.

The Stockholm Concert Hall, the second Hötorget building and the Temporary Market Hall at Östermalmstorg in Stockholm are examples of well known buildings designed by Tengbom. The buildings are from different eras, are vastly different from each other, and the architecture profession is constantly evolving.

Today's architecture firms are entirely dependent on computers and heavy IT systems, and concepts such as CAD, 3D, BIM and VR are everyday tools of the trade. Dependence on reliable and competent suppliers is essential, and over the years Symetri has become a vital partner to Tengbom. Today the companies work in close collaboration, where Symetri delivers solutions both from Autodesk as well as proprietary software such as Naviate and BIMeye. In 2016 Tengbom was ranked as the fourth most innovative architecture firm in the world by the business magazine *Fast Company*.

"BIM is the new way of working," says Gunnar Schwertner at Tengbom. "Symetri are experts at managing construction information, and we use their cloud solution for information-heavy projects."

With BIM (Building Information Modelling), everyone involved in a building project – from the architect to the designer, HVAC consultant and electricians – can compile and share all information. This is something that wasn't possible previously. With a central storage place, data can be used in a smarter way. This helps minimise duplicate work during the project's process. Purchasing throughout the project is more transparent, which leads to better cost control, and the process from concept to finished building can progress at record speed.

Symetri also assists Tengbom with training, methodology and process support.

"The people at Symetri know us well and are involved in several of our projects," says Gunnar Schwertner. "We have full confidence in them, and they are very familiar with the industry. These are qualities that we highly appreciate here at Tengbom."

Product Lifecycle Management

Market and positioning

The Product Lifecycle Management (PLM) business area is a leading European supplier in its niche. Our home markets are the Nordic region and the German-speaking area of Europe, and we are growing in the rest of Europe and the USA. The business area's operations are conducted in the subsidiary TechniaTranscat.

Offering

The business area is a global supplier of products and services to customers with a need to innovate products and maintain related information throughout an entire lifecycle, from research, development and design to production, sales, training and aftermarket. The software and services provided by the business area are based on our partner Dassault Systèmes' platform for design, simulation, production and product data management complemented by a wide range of proprietary products and services.

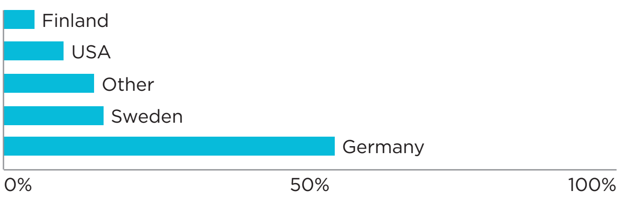
Customers

Our customers are in traditional industries such as telecom, manufacturing, automotive, construction, civil engineering, pharmaceuticals, medical technology and energy. A growing number of apparel, retail and service companies have been turning to the PLM concept in pace with rising demands for rapid innovation and customised product development. Customer examples: European Spallation Center, Geberit, H&M, Honeywell, Husqvarna, Jula, Kongsberg Defence & Aerospace, New Balance, Parker Hannifin Corporation, Skanska, Stadler, ÅF and ÖoB.

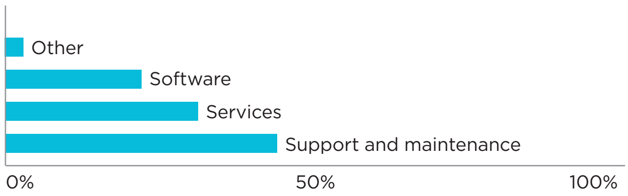
Competitive scenario

Competitors consist of other PLM software companies with own sales organisations, such as Siemens and PTC, as well as of system integrators, such as Tata and Accenture. Our close collaboration with customers and our regional presence in several countries are key competitive advantages.

Net sales per geographic market 2016



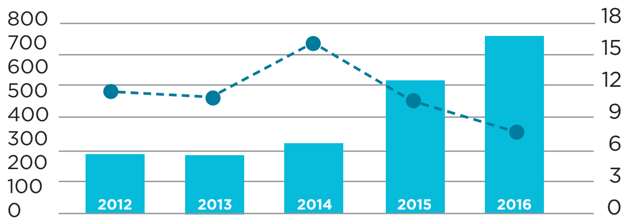
Net sales by revenue stream 2016



Key ratios, SEK m	2016	2015	2014
Net sales	779.0	512.6	263.6
EBITA	62.1	52.7	41.4
EBITA margin, %	8.0	10.3	15.7
Operating profit	50.5	46.3	38.2
Operating margin, %	6.5	9.0	14.5
Average number of employees	428	281	163

Net sales and EBITA margin

Net sales, SEK m
EBITA margin, %



Better user-friendliness at Honeywell with TechniaTranscat

When Honeywell Transportation Systems, the US-based world-leading supplier of transportation systems, needed to upgrade its product data system, they turned to TechniaTranscat. For Honeywell, TechniaTranscat's focus on user-friendliness and productivity was a decisive factor.

The agreement was reached in May 2016, and the implementation work is expected to continue for one year.

"TechniaTranscat's technical expertise, their cost effectiveness and their understanding of our focus on user friendliness were decisive factors when we chose to work with them," says Chris Meade, Engineering Director at Honywell Transportation Systems. "They have proved to be a strong partner in our important projects."

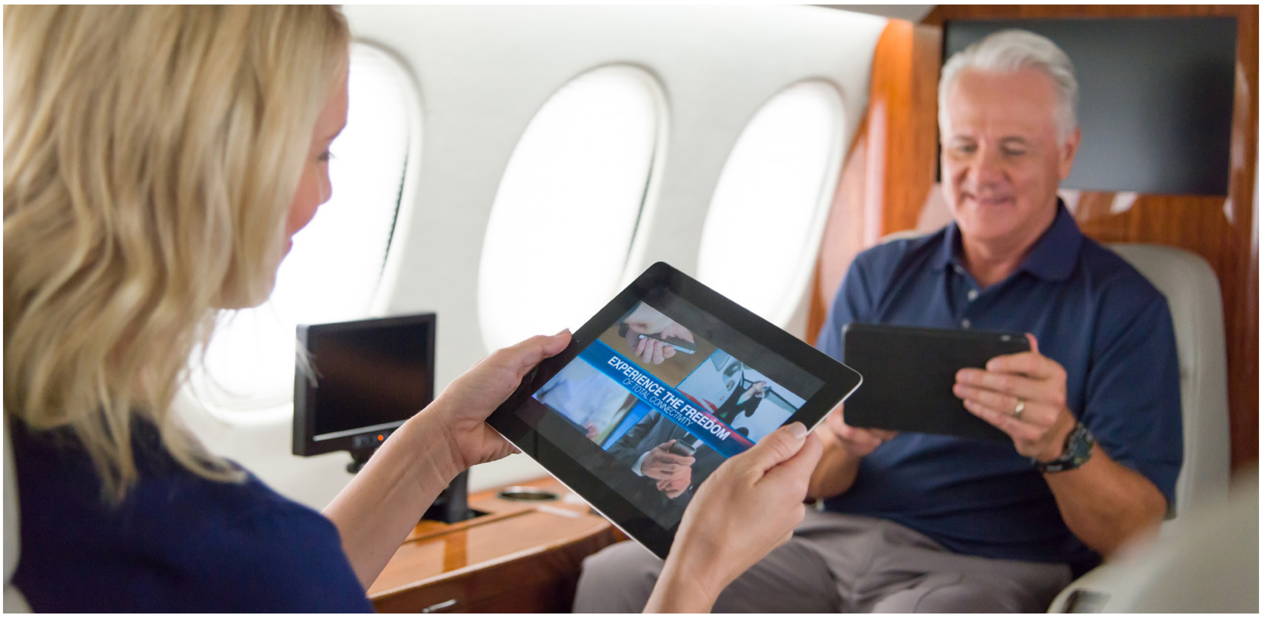
Once the upgrade of the PLM system has been completed it will have more than 2,400 users around the world, including some 200 CAD designers and more than 600 engineers. The PLM system is based on the 3DEXPERIENCE platform from Dassault Systèmes and on TechniaTranscat's proprietary software.

Honeywell's employees will be able to access business-critical documents, including all CAD activities, specifications and product releases, in a single system. One new feature is that users will have direct access to 3D models.

"With the new system we will cut the time and number of clicks required to perform ordinary tasks by more than 60 per cent," says Chris Meade. "This will give our employees more time for technology development and to seek out new business opportunities."

TechniaTranscat's American colleagues and their partner networks are key links in the delivery, which is being conducted in close collaboration with Honeywell.

"TechniaTranscat's model of engagement and accessibility makes it easy to solve potential challenges," says Chris Meade. "They use their global know-how to recommend robust solutions."



Process Management

Market and positioning

We are a leading supplier of software and services to the public sector in Sweden, with growing business in Norway. Operations are conducted in the subsidiaries Arkiva, Decerno, EssVision, Evitbe, Ida Infront, Mittbygge, Mogul, Sokigo, Stamford and Voice Provider, and starting in 2017 in Projektstyrning Prima (Kompanion).

Offering

The business area is a leading supplier to the public sector and private companies in Sweden and Norway. The product portfolio has been developed over a long period of time with a focus on citizens' and customers' needs. Owing to our operational familiarity and knowledge about directives, laws and regulations, we can quickly and efficiently start up projects and implement IT solutions for our customers. The offering comprises a portfolio of software and services in areas such as:

• Document and case management
• Web and intranet services
• Digital archives
• Digitalised citizen services
• Communication solutions for secure information exchange
• Geographical Information Systems

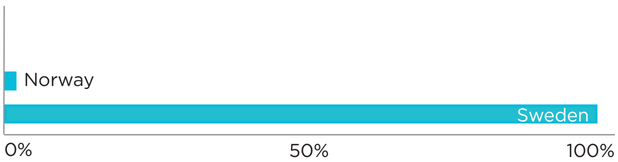
Customers

Our customers include a large number of Swedish and Norwegian government authorities and operations, include 285 of Sweden's 290 municipalities as well as private companies in the engineering, financial and forest products industries. Examples of the business area's customers include: Coop, the Swedish Export Credits Board, Fastighetsbyrån, the Swedish Social Insurance Agency, the City of Gothenburg, Hemglass, the Swedish Resuscitation Council, the City of Malmö, Norrköping Municipality, Norsk Reiselivsforum, the Swedish Police and the Swedish National Heritage Board.

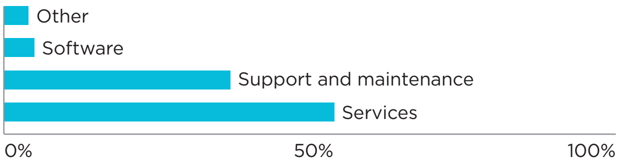
Competitive scenario

There is currently no main competitor to the business area's aggregate offering. Examples of competing companies with somewhat similar products include CGI, Tieto, Esri S-Group, Evry and Formpipe. Our competitive advantages include a broad product offering combined with a long record of delivery experience with system solutions for the public sector.

Net sales per geographic market 2016

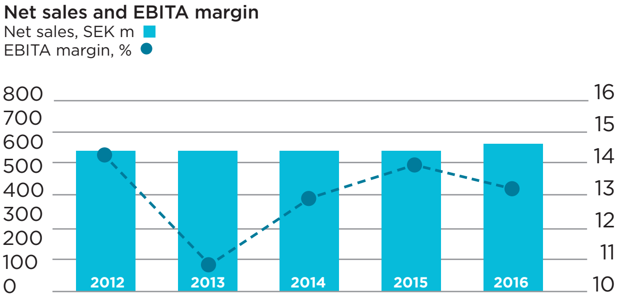


Net sales by revenue stream 2016



Key ratios, SEK m	2016	2015	2014
Net sales	594.8	566.4	562.1
EBITA	78.3	78.6	72.7
EBITA margin, %	13.2	13.9	12.9
Operating profit	57.3	61.8	57.8
Operating margin, %	9.6	10.9	10.3
Average number of employees	405	400	413

Net sales and EBITA margin



Decerno makes your heart beat

When a person's heart suddenly stops beating, saving their life is a matter of minutes. It is for this reason that more automated external defibrillators (AEDs) are being placed out around Sweden. Thanks to the Hjärtstartarregistret ("the Defibrillator Register"), which Decerno has created for the Swedish Resuscitation Council, it is now much easier to find this life-saving tool.

Every year approximately 10,000 people experience sudden cardiac arrest. About 500 survive. A defibrillator can get a person's heart beating again by providing an electric shock. The faster a defibrillator can be accessed for the patient, the greater the risk of survival. Today there are some 30,000 defibrillators placed out across Sweden. They are mainly mounted in public locations where people congregate, such as shopping centres, sports facilities and train stations.

"We began placing out defibrillators, but then realised that people need to know where they are," says Bodil Berggren, Administrative Director at the Swedish Resuscitation Council. "That's when the idea was hatched for the Defibrillator Register."

The aim of the register is to make the country's public defibrillators, i.e., the ones accessible outside of hospitals, searchable from one source. The initiative is backed by the Swedish Resuscitation Council Foundation, which works to inform about and support research into sudden cardiac arrest. The register consists of a map with an accompanying search function. The user enters an address, and with a click the defibrillators nearby are shown on a map along with a description of their exact location, such as "Mounted on the wall visible from the reception desk", and the times of day when they are accessible.

The project started six years ago, and Decerno has customised the entire IT system from concept to finished database.

"We have worked very closely with them, and it has gone very well, even though our focus is in two different worlds," says Bodil Berggren. "We know everything about heart attacks, and they know technology."

We contribute to long-term sustainability in society

Together with our customers we are broadening the framework for how modern information technology is used to advance society. Our digital system solutions contribute to the creation and maintenance of innovative products and effective infrastructure.

Our place in society

In an ever-changing world, major demands are placed on the role that well-planned and effective infrastructure plays in building a society that is sustainable over the long term. We create opportunities for engineers around the globe in a digital world to create products that consumers use and the infrastructure that supports us. As part of this work we are digitalising administration and communication for Swedish authorities and public administrations.

For more than 20 years we have actively worked to provide our customers with IT solutions for design, product data and administration systems in sectors such as manufacturing, construction, real estate, automotive, medical technology, apparel and services. These solutions have enabled them to research, develop and produce increasingly sustainable products in a transparent chain of subcontractors.

Employees from 30 countries with a customer-centric focus

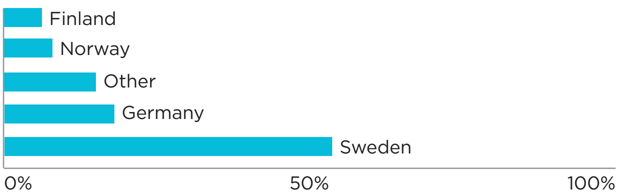
Addnode Group has employees with roots in more than 30 countries on several continents, which is a clear competitive advantage in our interaction with customers. Our people are the foundation of our competitive strength, where a combination of factors such as local presence, industry expertise and systems knowledge are instrumental in our ability to continue delivering products and services that meet our customers' needs.

Our core values

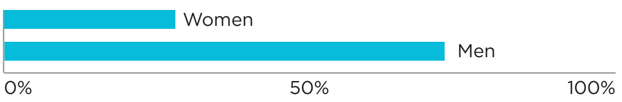
Addnode Group is distinguished by an entrepreneurial spirit with short decision-making paths in a group of independent subsidiaries, all of which work according to a shared brand platform in accordance with the Group's core values:

- We care about our customers, employees, suppliers, partners, and other stakeholders, and we take a long-term approach to our commitments.
- We create innovative solutions for our customers' needs.
- We create value through proactive employees who want to make a difference.

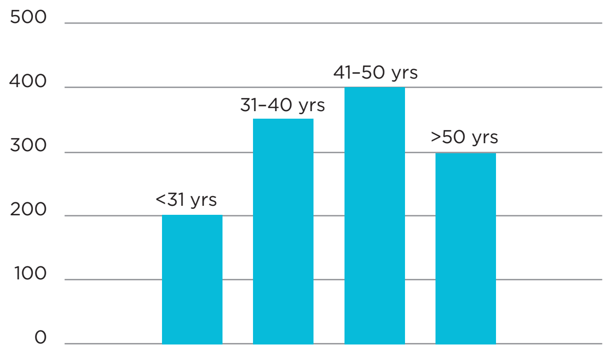
Employees per country



Gender breakdown



Age breakdown, number of employees



"Competitive collaborations at dynamic and flexible workplaces drive innovation and lead to effective results."

Abhinay Manbash, PLM Consultant

"The key to a successful acquisition is to be engaged in the entire acquisition process – from initiation to integration."

Andréa Kösa, President of Stamford

"I serve as the link between our customers' needs and our expertise in design and construction."

Jasmine Larson, Consultant Coordinator

"As head of Addnode Group's acquisition processes, I have the opportunity to contribute to our future growth."

Andreas Tyseng, M&A Corp. Development

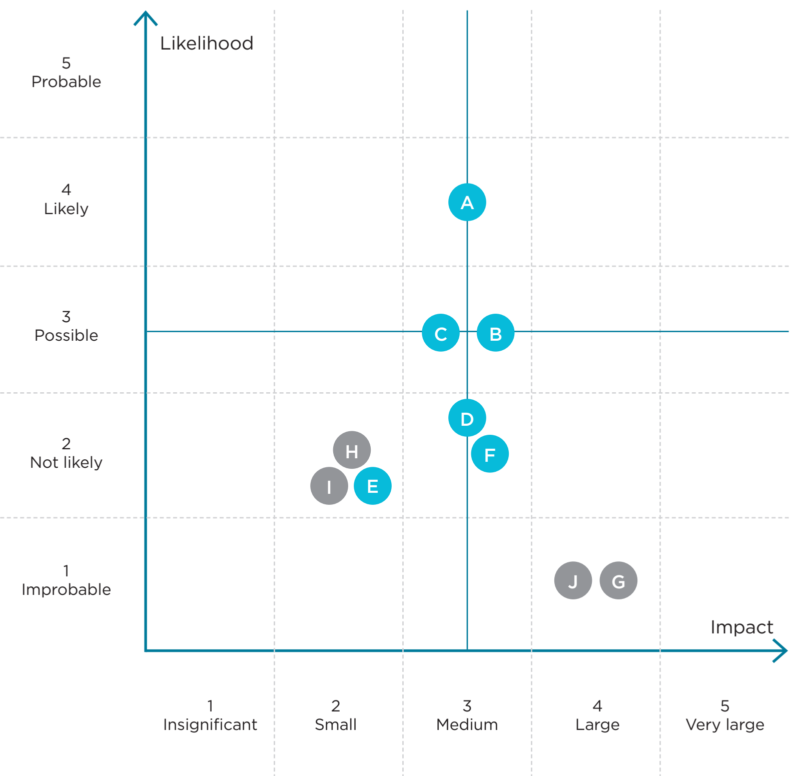
Conscious risk management for optimum profitability

Continuous risk management

All business activities involve risk-taking. Systematic and structured risk management is a prerequisite for long-term value creation. Risk are managed at several levels within the Group, and the Board of Directors analyses what risks must be managed based on documentation provided by the President and Group Management. Evaluation is performed at least once a year.

The President and Group Management are responsible for adopting policies, rules and monitoring systems in the operations. Group Management is responsible for the continuing risk management activities in each area of responsibility. Business area presidents and subsidiary presidents are responsible for managing their respective opportunities and risks, for ensuring that routines are in place in accordance with the Group's policies and rules, and for monitoring compliance with these policies and rules.

Risk analysis overview



Business risks

A Business cycle and macro risks
B Products, technology and partners
C Competition
D Customer structure
E Revenue structure
F Organisation, competence succession and managing growth

Financial risks

G Credit risk
H Exchange rate risk
I Interest rate risk
J Liquidity risk

The year's risk scenario is unchanged compared with the preceding year.

Risk areas	Description of potential risks	Probability of occurrence (1–5) 1. Improbable • 2. Not likely • 3. Possible • 4. Likely • 5. Probable	Impact on business of occurrence (1–5) 1. Insignificant • 2. Small • 3. Medium • 4. Large • 5. Very large	Addnode Group's strategy for managing identified risks
A Business cycle and macro risks	The macro perspective and economic climate may affect customers' willingness to invest and demand.	4	3	Addnode Group addresses these risks by doing business in both the private and public sectors and in numerous markets. We continuously adapt our offerings and organisation to the prevailing market conditions.
B Products, technology and partners	New ways of working, behaviours, and rapidly changing technologies may lead to changes in customers' needs. Our partners may change business models and terms, which affects our earnings capacity.	3	3	Addnode Group addresses this risk by working closely with customers in software development in order to gain an understanding of their needs and changes in the market. We have well established and strategic collaborations with numerous suppliers of IT platforms and software. Our earnings capacity is thereby not dependent on any single partnership.
C Competition	Demand for and sales of our software and services may decline as a result of tougher competition.	3	3	Addnode Group addresses competition risk by being a leading niche layer in selected markets. We have close relationships with our customers, and we are continuously developing our offering together with them and with their needs in focus.
D Customer structure	Having a customer structure with one or a few sectors/customers could affect sales and earnings should an individual customer or sector encounter problems and dramatically reduce its investments.	2	3	Owing to its business model, Addnode Group's sales are not dependent on individual customers or sectors. The Group has approximately 5,000 customers, and the 20 largest customers account for 15 per cent of net sales. While individual subsidiaries may be affected by the loss of a customer, by virtue of the Group's size we have resources to drive the business further and focus on sales to new customers.
E Revenue structure	A revenue structure with a large proportion of hourly-based sales and/or short durations of customer contracts has few opportunities to make up for sudden losses and changes.	2	2	The Group has a balanced portfolio of assignments that provides stable earnings over time. Addnode Group's recurring revenue in the form of support and maintenance contracts accounts for 50 per cent.
F Organisation, competence succession and managing growth	Not having the ability to attract and retain employees in key positions.	2	3	Every subsidiary within the Group is responsible for its own competence succession. The individual companies have a recruiting advantage through their entrepreneur-driven brands at the same time that they belong to a financially stable group.
Financial risks	Financial risks derive mainly from factors outside of Addnode Group's own operations and pertain to risks posed by changed financial conditions. All in all, the Group's total exposure to various financial risks is deemed to be relatively limited. How we manage the most significant financial risks is described below. For more detailed information about risks and risk management, see Note 37 on pages 69–71.			
G Credit risk	The main credit risk is of customers failing to pay for provided products or services.	1	4	Overall, Addnode Group's credit risk associated with unpaid receivables is considered to be low. The Group has established guidelines to ensure that sales are made to customers with stable credit histories. Trade receivables are spread across a large number of industries, markets and types of customers. Historically, bad debt losses have been very low, and in 2016 earnings were positively affected by SEK 0.1 m (0.1), as we were able to recover previous provisions for bad debts.
H Exchange rate risk	A financially negative impact on the Group's earnings and shareholders' equity caused by changes in exchange rates.	2	2	The Group's exchange rate risk is generally low, since subsidiaries operate primarily in their respective local markets and thereby have both revenues and expenses in the same currency.
I Interest rate risk	Dramatically higher interest rates leading to higher financial liabilities.	2	2	Addnode Group has a low level of debt, and thus the financial risk associated with higher interest rates is also low. As per 31 December 2016 the Group's net debt, i.e., the net sum of interest-bearing assets and liabilities, was SEK 66 m (23).
J Liquidity risk	A shortage of available liquidity to pay obligations.	1	4	Addnode Group's liquidity risk is deemed to be relatively limited. As per 31 December 2016 the Group had SEK 111 m (103) in cash and cash equivalents, plus an unutilised bank overdraft facility of SEK 100 m. In 2015 and 2016 the Group contracted two acquisition credit facilities of SEK 200 m each. As per 31 December 2016 a total of SEK 156 m (94) of the acquisition credit facilities was utilised.

Addnode Group as an investment

1

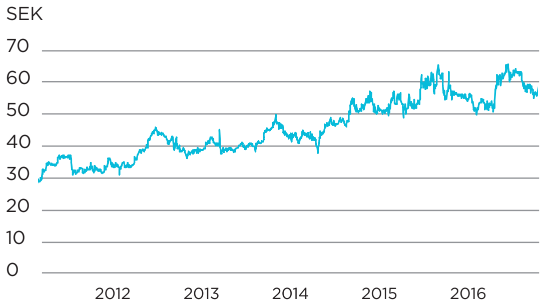
Leading market positions

We have two core businesses in which we have strong market positions. The Design Management and Product Lifecycle Management business areas are together Europe's leading supplier of software for design, construction and product data management. The Process Management business area is a leading supplier of software and services to Swedish municipalities and authorities.

2

Historically favourable total return

During the years 2012–2016 Addnode Group's Class B shares grew in value from SEK 28.40 to SEK 56.50 per share, corresponding to average annual growth in value of 15 per cent. In addition to this value growth, the shareholders have received dividends of SEK 2.25 per share. The dividend policy is distribute a minimum of 50 per cent of net profit to the shareholders, and for 2016 the Board of Directors has again proposed a dividend of 2.25 per share.



Share price trend 2012–2016

3

Acquisition-driven growth strategy

We have extensive experience from acquisitions. Since 2004 we have carried out more than 40 acquisitions, during which time we tripled our sales. Through these acquisitions we have strengthened our niche positions while nurturing strong customer relationships. We acquire new technological expertise and software and enter into new markets.

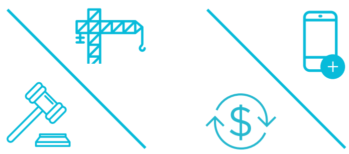
+40

Acquisitions

4

Diversified business, software and recurring revenue

Addnode Group conducts business in both the private and public sectors. We have a diversified business portfolio and several different business models, which means that our sales performance is not dependent on individual customers, sectors or geographic markets. We have a large share of recurring revenue and advance payments, and a stable financial position.



Addnode Group shares

Addnode Group's Class B shares are listed on Nasdaq Stockholm, where they are traded under the symbol ANOD B. On 30 December 2016 the company had 4,228 shareholders, and foreign ownership in the company was 5 per cent. The share of institutional ownership was 42 per cent.

Share price development

At year-end 2016 Addnode Group's shares were quoted at a price of SEK 56.50 per share (61.25). The highest price paid in 2016 was SEK 67.25 (3 October), and the lowest price paid was SEK 48.00 (27 June). At year-end the company's market capitalisation was SEK 1,719 m (1,864). Trading volume in Addnode Group shares on Nasdaq Stockholm in 2016 was 2,212,160 shares, corresponding to average daily turnover of 8,813 shares (12,875) per trading day.

Share data

The number of registered shares in Addnode Group was 30,427,256 on 30 December 2016, including 1,053,247 Class A shares and 29,374,009 Class B shares. A-shares carry entitlement to ten votes each, and B- and C-shares carry entitlement to one vote each. Addnode Group's shares are denominated in Swedish kronor (SEK), and the share quota value is SEK 12. Class A and B shares carry entitlement to dividends. Class C shares do not carry entitlement to dividends. No Class C shares were in issue as per 30 December 2016.

Ownership structure

The largest shareholders in Addnode Group AB as per 30 December 2016 are shown in the table on page 30. The number of shareholders as per 30 December 2016 was 4,228.

Share-savings programme, options and convertible programmes

Addnode Group does not have any outstanding share-savings programmes, nor any option or convertible programmes.

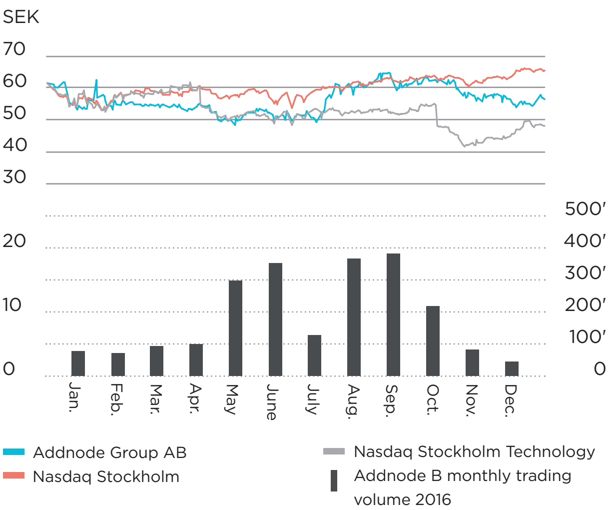
Dividend policy

Addnode Group's policy is that at least 50 per cent of consolidated profit shall be distributed to the shareholders, provided that the Company's net cash is sufficient to operate and develop the business.

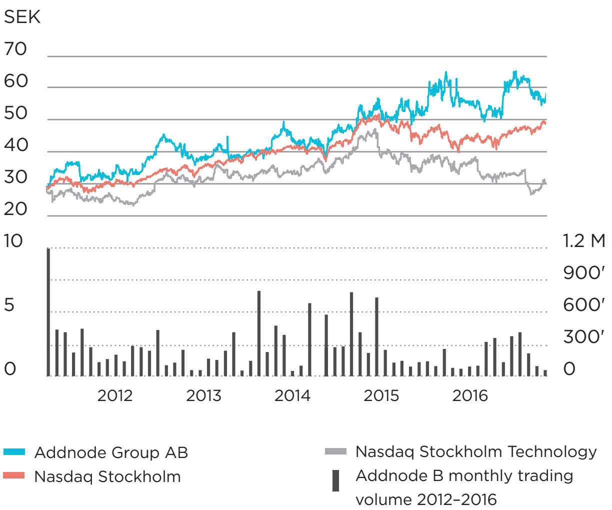
Dividend proposal

The Board of Directors proposes that the Annual General Meeting vote in favour of an unchanged dividend of SEK 2.25 per share. The proposed dividend amounts to approximately SEK 68 m. Based on an average share price of SEK 56.33 in 2016, the proposed dividend represents a dividend yield of 4 per cent.

Share performance and trading volume 2016



Share performance and trading volume 2012–2016



Share capital development – Addnode Group

Year	Transaction	Number of shares after transaction	Total share capital after transaction, SEK
2000	New share issue – in connection with redemption of employee warrant programme	2,752,184	1,376,092
2000	Non-cash issue – for GCI Interactive Europe AB	2,823,518	1,411,759
2000	Split 5:1	14,117,590	1,411,759
2000	New and non-cash issues for the companies acquired in 2000	18,766,817	1,876,681
2000	New issue in connection with broadening of ownership	21,266,817	2,126,681
2000	Withdrawal of shares/reduction in share capital	18,365,626	1,836,562
2002	Bonus issue in connection with change of the share quota value	18,365,626	2,203,875
2003	Non-cash issue in connection with acquisition of 100% of Teknik i Media Sv AB	477,029,244	57,243,509
2003	Non-cash issue in connection with acquisition of 97% of Cartesia Info. Teknik AB	757,023,700	90,842,844
2003	Reverse split 1:100	7,570,237	90,842,844
2003	Non-cash issue in connection with acquisition of 74.85% of Mogul Holding AB	8,493,512	101,922,144
2003	Non-cash issue in connection with acquisition of 15.3% of Mogul Holding AB and 1.9% of Cartesia Informationsteknik AB	8,728,013	104,736,156
2004	Non-cash issue in connection with acquisition of 100% of Technia Holding AB	17,227,984	206,735,808
2005	Non-cash issue in connection with acquisitions of 100% of CAD-Quality i Sverige AB and CAD-Quality AS	21,227,984	254,735,808
2006	Non-cash issue in connection with acquisition of 100% of Ida Infront AB	22,427,984	269,135,808
2008	Non-cash issue as partial payment for acquisition of Strand Interconnect AB	23,550,698	282,608,376
2009	Non-cash issue as partial payment for acquisition of Strand Interconnect AB	23,645,408	283,744,896
2010	Non-cash issue as partial payment for acquisitions of 100% of Decerno AB, Tekis AB and Mittbygge AB	28,145,408	337,744,896
2011	New issue for share-savings programme	28,819,632	345,835,584
2013	Non-cash issue as partial payment for acquisition of 100% of Abou AB	28,916,740	347,000,880
2013	Non-cash issue as partial payment for 100% of Joint Collaboration AS	30,088,517	361,062,204
2015	Non-cash issue as partial payment for acquisition of 100% of Transcat GmbH	30,427,256	365,127,072

Shareholders – 30 December 2016

Owners	Number of A-shares	Number of B-shares	Total number of shares	Share of capital	Number of votes	Share of votes
Vidinova AB[1]	361,667	7,059,783	7,421,450	24.4%	10,676,453	26.8%
Aretro Capital Group AB[2]	625,332	3,154,624	3,779,956	12.4%	9,407,944	23.6%
Swedbank Robur funds	–	2,922,807	2,922,807	9.6%	2,922,807	7.3%
Lannebo funds	–	2,739,783	2,739,783	9.0%	2,739,783	6.9%
Handelsbanken Fonder AB	–	1,581,292	1,581,292	5.2%	1,581,292	4.0%
Didner & Gerge Fonder	–	1,001,068	1,001,068	3.3%	1,001,068	2.5%
Fjärde AP-fonden	–	891,865	891,865	2.9%	891,865	2.2%
Grenspecialisten Förvaltning AB	–	799,121	799,121	2.6%	799,121	2.0%
E Öhman Jr Fonder AB	–	697,927	697,927	2.3%	697,927	1.8%
Försäkringsaktiebolaget Avanza Pension	–	684,411	684,411	2.2%	684,411	1.7%
Other shareholders	66,248	7,841,328	7,907,576	26.1%	8,503,808	21.2%
Total	1,053,247	29,374,009	30,427,256	100.0%	39,906,479	100.0%

[1] Board member Dick Hasselström is the principal owner of Vidinova AB.

[2] Aretro Capital Group AB is jointly owned by Staffan Hanstorp, President and CEO of Addnode Group, and Jonas Gejer, President of the Product Lifecycle Management business area.

Distribution of shareholdings, 30 December 2016

Shareholding	No. of shareholders	Holding (%)	Votes (%)
1–500	3,233	1.1%	0.8%
501–1,000	435	1.2%	0.9%
1 ,001–2,000	233	1.2%	1.0%
2,001–5,000	169	1.9%	1.4%
5,001–10,000	57	1.3%	1.0%
10,001–20,000	36	1.8%	1.3%
20,001–50,000	30	3.0%	2.3%
50,001–100,000	10	2.6%	3.4%
100,001–500,000	15	12.4%	9.5%
500,001–1,000,000	4	9.6%	7.3%
1,000,001–5,000,000	5	39.5%	44.3%
5,000,001–10,000,000	1	24.4%	26.8%
Total, 30 December 2016	**4,228**	**100.0%**	**100.0%**

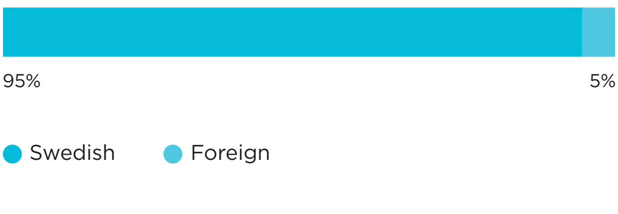
Share data

	2016	2015	2014	2013	2012
Average number of shares outstanding after dilution, millions	30.4	30.0	29.6	28.8	28.3
Total number of shares outstanding, millions	30.4	30.4	29.6	29.4	28.1
Total number of registered shares, millions	30.4	30.4	30.1	30.1	28.8
Earnings per share after dilution, SEK	2.71	3.18	3.38	2.19	3.06
Equity per share, SEK	31.70	30.12	29.47	28.36	28.16
Dividend per share, SEK	2.25[1]	2.25	2.25	2.25	2.25
Share price on closing date, SEK	56.50	61.25	46.10	38.80	36.50
P/E ratio	21	19	14	18	12
Share price/shareholders' equity	1.78	2.03	1.56	1.37	1.30
Cash flow per share, SEK	5.18	4.79	5.15	4.13	4.14

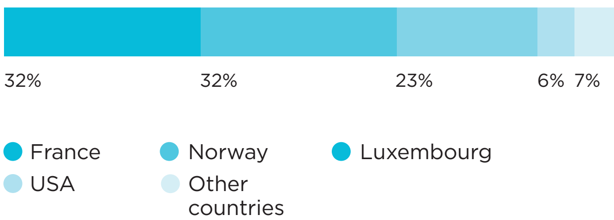
[1] Proposed by the Board of Directors.

Swedish and foreign shareholders, 30 December 2016

Breakdown of Swedish and foreign shareholders, number of shares



Foreign shareholders by country, number of shares (excl. Sweden)



Analysts and further information

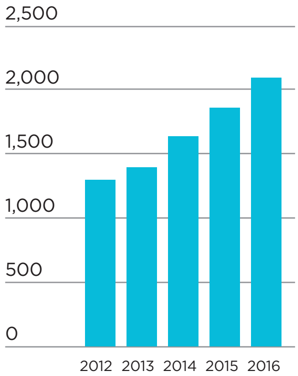
Among analysts who regularly monitor Addnode Group are Kristoffer Lindström (Redeye); Anders Hillerborg and Daniel Thorsson (ABG); and Fredrik Nilsson (Remium).

Investor relations

Addnode Group conducts long-term communication work in the capital market. An important part of this work is to provide shareholders, institutional investors, analysts, the media and other interested parties with transparent, reliable and accurate information about Addnode Group's activities and financial performance.

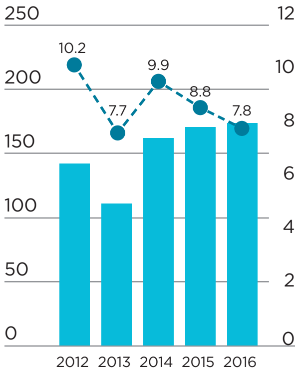
Five-year overview

Net sales, SEK m



Net sales increased during the period from SEK 1,365 m to SEK 2,195 m, corresponding to average annual growth of 12 per cent. The Group's target is to achieve annual growth of at least 10 per cent.

EBITA, SEK m*

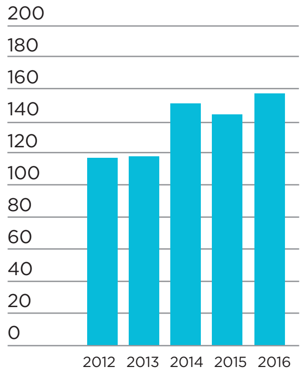


EBITA grew during the period from SEK 138 m to SEK 171 m. In 2016 the EBITA margin was affected by the shift in the Design Management business area from a licence-based to a subscription-based sales model, where earnings for the corresponding business are generated over a longer period of time.

EBITA margin, % ●

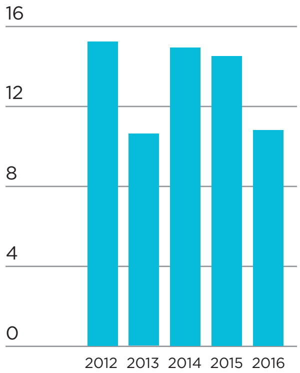
* Excluding capital gains and revaluation of contingent consideration.

Cash flow from operating activities, SEK m



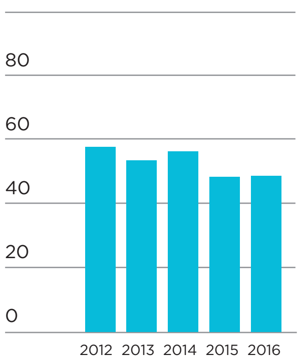
Addnode Group's business model, with a large share of prepaid support and maintenance contracts, entails that the business has a relatively small amount of tied-up capital. Historically, cash flow from operating activities has been on par with EBITA.

Return on capital employed, %



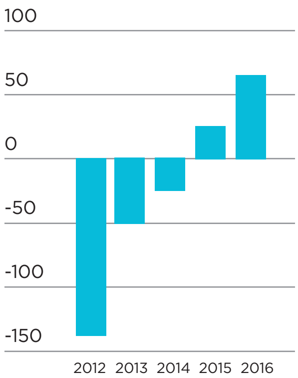
Return on capital employed was 10.7 per cent in 2016, which is slightly lower than in the preceding year. This is mainly explained by a greater rise in capital employed than in earnings during the year.

Equity/assets ratio, %



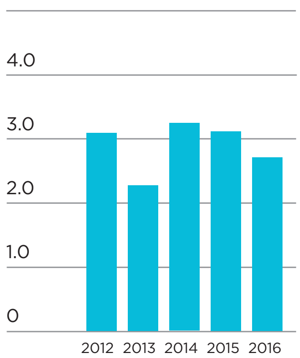
The equity/assets ratio is strong and rose marginally to 49 per cent as per 31 December 2016. Compared with 2012, the equity/assets ratio has been affected by an increase in interest-bearing liabilities.

Net debt, SEK m



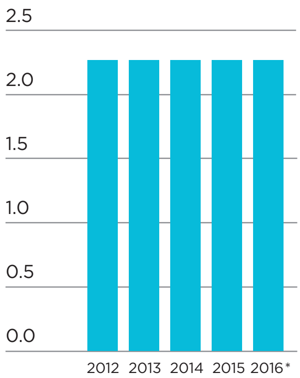
Addnode Group took on external interest-bearing debt for the first time in 2013 to finance acquisitions. As per 31 December 2016, cash and cash equivalents amounted to SEK 111 m, and interest-bearing liabilities amounted to SEK 177 m.

Earnings per share after dilution, SEK



Earnings per share in 2016 were SEK 2.71.

Dividend per share, SEK



At least 50 per cent of consolidated profit after tax is to be distributed to the shareholders, provided that net cash is sufficient to operate and develop the business.

* Proposed by the Board of Directors.

Group	2016	2015	2014	2013	2012
Income statement (SEK m)					
Net sales	2,195.0	1,900.8	1,598.6	1,443.5	1,364.7
of which, outside Sweden	1,132.9	893.7	646.7	538.1	461.0
Operating profit before depreciation/ amortisation	185.4	181.7	205.7	123.6	149.5
EBITA	170.6	168.0	193.3	110.7	137.7
Operating profit	113.7	126.0	128.5	85.9	117.7
Net financial items	-4.9	-1.4	1.3	-0.2	1.5
Profit before tax	108.8	124.6	129.8	85.7	119.2
Tax	-26.5	-29.1	-29.6	-22.8	-32.4
Profit for the year	82.3	95.5	100.2	62.9	86.8
Balance sheet (SEK m)					
Intangible non-current assets	1,165.9	1,061.2	874.9	865.8	674.7
Property, plant and equipment	36.8	34.6	27.2	26.3	29.2
Financial assets	23.8	29.6	34.9	45.5	48.3
Inventories	1.3	1.2	1.0	1.2	1.2
Current receivables	646.2	661.6	546.5	489.5	450.9
Cash and cash equivalents	111.5	102.9	72.4	114.8	132.3
Total assets	**1,985.5**	**1,891.1**	**1,556.9**	**1,543.1**	**1,336.6**
Shareholders' equity	964.7	916.6	872.7	834.5	793.8
Provisions	52.2	53.7	5.4	63.2	25.9
Loan liabilities, interest-bearing	177.3	126.6	40.4	65.3	0.0
Other liabilities, noninterest-bearing	791.3	794.1	638.4	580.1	516.9
Total shareholders' equity and liabilities	**1,985.5**	**1,891.1**	**1,556.9**	**1,543.1**	**1,336.6**
Cash flow					
Cash flow per share, SEK	5.18	4.79	5.15	4.13	4.14
Cash flow from operating activities, SEK m	157.7	143.8	152.5	118.8	117.1
Cash flow from investing activities, SEK m	-135.7	-115.1	-109.8	-126.1	-73.1
Cash flow from financing activities, SEK m	-18.8	6.7	-86.8	-6.7	-63.5
– of which, shareholder dividend and share repurchases, SEK m	-68.5	-66.6	-66.2	-63.5	-63.3
Return metrics					
Change in net sales, %	15	19	11	6	5
Return on capital employed, %	10.7	13.5	14.7	10.5	15.5
Return on equity, %	8.9	10.8	11.9	7.9	11.3
EBITA margin, %	7.8	8.8	12.1	7.7	10.1
Operating margin, %	5.2	6.6	8.0	6.0	8.6
Profit margin, %	5.0	6.6	8.1	5.9	8.7
Financial metrics					
Interest coverage multiple	17	33	46	44	1 193
Equity/assets ratio, %	49	48	56	54	59
Debt/equity multiple	0.07	0.03	E/T	E/T	E/T
Debt/equity multiple	65.8	23.2	-33.2	-51.3	-134.8
Acid test ratio, %	79	88	98	102	114
Shareholders' equity, SEK m	964.7	916.6	872.7	834.5	793.8
Shareholders' equity per share, SEK	31.70	30.12	29.47	28.36	28.16
Employees					
Number of employees at 31 December	1,277	1,202	934	951	849
Average number of employees	1,160	1,005	890	859	791
Net sales per employee, SEK thousands	1,892	1,891	1,796	1,680	1,725

Annual Report 2016

The Board of Directors and President of Addnode Group AB (publ), with registered office in Stockholm and corporate identity number 556291-3185, hereby submit the Annual Report for the 2016 financial year for the Parent Company and the Group. The Annual Report and Auditors' Report cover pages 34–77. The Corporate Governance Report and the auditors' report on their review of the Corporate Governance Report cover pages 79–88. The results of the year's operations as well as the Parent Company's and the Group's financial position are presented in the Board of Directors' Report along with the accompanying income statements and balance sheets, statements of comprehensive income, statements of cash flows, specifications of changes in shareholders' equity and supplementary disclosures and notes, which comprise the comprehensive annual report.

Board of Directors' Report

Business focus

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 Swedish and Norwegian public administrations. Operations are organised in three business areas:

- Design Management – Software and services for design, product data and property management
- Product Lifecycle Management – Software and services for design and product data management
- Process Management – Software and services for document and case management

Net sales and earnings

Consolidated net sales in 2016 amounted to SEK 2,195.0 m (1,900.8), an increase of 15 per cent. The increase is mainly attributable to the acquisitions carried out in 2015 and 2016. For comparable units, net sales increased by 1 per cent. The Group's revenue from support and maintenance agreements increased by 20 per cent from 2015 to 2016. EBITA amounted to SEK 170.6 m (168.0), corresponding to an EBITA margin of 7.8 per cent (8.8). Scheduled amortisation of intangible non-current assets amounted to SEK 56.9 m (42.1). Operating profit was SEK 113.7 m (126.0), corresponding to an operating margin of 5.2 per cent (6.6). Through business development and acquisitions, the share of proprietary software and applications increased in the IT solutions that the Group offers its customers. In 2016, investments in proprietary software and applications were capitalised in the amount of SEK 42.7 m (43.2).

Net sales for the Design Management business area were level with the preceding year, while EBITA was slightly lower. For Product Lifecycle Management, net sales rose sharply, and EBITA improved compared with the preceding year, mainly owing to acquisitions in 2015. For the Process Management business area, net sales increased, while EBITA was level with the preceding year.

Net financial items for the Group totalled SEK -4.9 m (-1.4). Tax on profit for the year was SEK -26.5 (-29.1). Profit after tax was SEK 82.3 m (95.5).

Key figures by business area

	Net sales		EBITA		Operating profit		Average number of employees	
	2016	2015	2016	2015	2016	2015	2016	2015
Design Management	828.9	827.7	57.1	65.8	32.8	47.0	319	317
Product Lifecycle Mgt	779.0	512.6	62.1	52.7	50.5	46.3	428	281
Process Management	594.8	566.4	78.3	78.6	57.3	61.8	405	400
Central functions	12.6	10.7	-26.9	-29.1	-26.9	-29.1	8	7
Eliminations	-20.3	-16.6	–	–	–	–	–	–
Addnode Group	**2,195.0**	**1,900.8**	**170.6**	**168.0**	**113.7**	**126.0**	**1,160**	**1,005**

Business area performance

Addnode Group's operations are organised in three business areas: Design Management, Product Lifecycle Management and Process Management.

Design Management business area

The Design Management business area is one of northern Europe's leading providers of software and services for design, product data and property management. Through close customer relationships we deliver IT solutions that shorten lead times, lower costs and support operations. Solutions are based on Autodesk software as well as proprietary products and applications. The business area's operations are conducted via the companies Symetri, Symetri Collaboration and 5D Systemkonsult.

Net sales for Design Management amounted to SEK 828.9 m (827.7). EBITA was SEK 57.1 m (65.8), corresponding to an EBITA margin of 6.9 per cent (7.9). The changed business model for Autodesk, entailing a shift from a licence-based to a subscription-based business model, has affected net sales and earnings compared with the preceding year. The effect of the changeover to the new business model is temporary, and both net sales and earnings are expected to return to previous levels in the years ahead. Underlying demand is favourable, and the business area has won numerous contracts in which our expertise, geographic coverage and ability to meet major customers' needs have been decisive factors. Sales to the construction, real estate and infrastructure sectors in Sweden and Norway have continued to develop favourably. The acquisition of 5D Systemkonsult further strengthens our offering to the real estate sector. Our proprietary software for project management of construction of infrastructure projects, Interaxo, has had favourable development with a growing number of users. Earnings in the Norwegian operation have been stable, even though the market has been affected by the low price of oil. A weaker market in the UK, Finland and Denmark has led to lower earnings compared with Sweden and Norway.

Product Lifecycle Management business area

The Product Lifecycle Management business area is one of Europe's leading suppliers of customised PLM systems, with operations in the Nordic countries, Germany, Austria and the USA. Solutions are based primarily on Dassault Systèmes software and proprietary products. The business area's operations are conducted via the subsidiary TechniaTranscat.

Net sales for Product Lifecycle Management amounted to SEK 779.0 m (512.6). EBITA was SEK 62.1 m (52.7), corresponding to an EBITA margin of 8.0 per cent (10.3). The strong growth and improved earnings are largely attributable to the acquisition of Transcat in July 2015. The integration of Technia and Transcat has proceeded well. The combined company has landed new contracts that would not have been possible to win separately, where we have benefited from our aggregate expertise and size in an international market. The lower margin is mainly due to a product mix with a larger share of third-party products. Operations in Germany and the USA have performed well, with favourable demand and a stable capacity utilisation, while sales were down slightly in the Nordic market.

Process Management business area

The Process Management business area offers systems and software for case management, municipal administration, e-archives and geographical IT systems primarily for public administrations in Sweden and Norway. Solutions are based on proprietary systems, applications and complementary products. The business area's operations are conducted in Sweden and Norway via the subsidiaries Arkiva, Decerno, EssVision, Evitbe, Ida Infront, Mittbygge, Mogul, Sokigo, Stamford and Voice Provider, and starting in January 2017 via Projektstyrning Prima (Kompanion).

Net sales for Process Management amounted to SEK 594.8 m (566.4). EBITA was SEK 78.3 m (78.6), corresponding to an EBITA margin of 13.2 per cent (13.9). The business area had continued favourable demand for information and case management systems and won several tenders in the Swedish public sector. Licence sales were favourable, with an increased number of users. Acquisitions carried out during the year developed well. High capacity utilisation primarily in case management projects for government authorities and large development and large system development projects contributed to stable profitability.

Acquisitions in 2016

On 1 February 2016 an agreement was signed to acquire all of the shares in 5D Systemkonsult AB, with possession transferring on the same date. For its financial year May 2014–April 2015 the company had net sales of SEK 22 m and an operating profit of SEK 4 m. 5D Systemkonsult is a Swedish software company that provides property management systems to private and public sector clients. The company has 20 employees and since the date of possession has been part of the Design Management business area, which since previously has had a strong offering of systems to the construction and property sectors. The acquisition further complements and strengthens this offering.

On 1 July 2016 an agreement was signed to acquire all of the shares in EssVision AB, with possession transferring on the same date. The company had net sales of SEK 13 m in 2015 and an operating profit of SEK 2 m. EssVision is a Swedish software company that offers document and case management systems to municipalities, authorities and companies. EssVision has eleven employees and since the date of possession has been part of the Process Management business area, which since previously is one of Sweden's leading providers of IT solutions for document and case management. The acquisition further complements and strengthens this offering.

On 19 August 2016 an agreement was signed to acquire all of the shares in Stamford AB and Stamford Hero i Karlstad AB, with possession transferring on 1 September 2016. The companies had combined net sales of SEK 31 m in 2015 and an operating profit of SEK 6 m. The business is focused on development of IT solutions for companies working in retail and specialty retail, and property companies. The companies together have 36 employees and have been part of the Process Management business area since the date of possession. Operations have been coordinated with Addnode Group's subsidiary Prosilia, which works in the same system environment. The combined business is conducted under the Stamford name. The acquisition strengthens Addnode's offering to existing customers and opens new business opportunities.

Events after the end of the financial year

In December 2016 an agreement was signed to acquire all of the shares outstanding in Projektstyrning Prima AB, which is the legal entity behind the Kompanion planning tool, with possession transferring on 2 January 2017. Prior to this Addnode Group owned 37 per cent of the shares in the company; the acquisition was carried out in accordance with a previously signed shareholder agreement. The business is focused on IT-based planning and follow-up systems that are used by a large number of municipalities and private companies for business support processes in the social services sector, such as home care. The acquisition strengthens the Group's offering in this area. The company has annual net sales of approximately SEK 20 m and is consolidated as from 2017 in the Process Management business area.

In January 2016 an additional SEK 18.9 m was utilised of the credit facility of up to SEK 200 m that was secured in January 2015.

In other respects, no significant events have taken place after the balance sheet date.

Liquidity, cash flow and financial position

The Group's cash and cash equivalents totalled SEK 111.5 m (102.9) on 31 December 2016. Cash flow from operating activities amounted to SEK 157.7 m (143.8) in 2016. Cash flow from investing activities in 2016 included SEK 14.5 m in payments for contracted and previously expensed consideration for company acquisitions carried out in previous years, and SEK 42.7 m (43.2) in payments for proprietary software. During the second quarter, a share dividend of SEK 68.5 m was paid out.

In January 2015 the Parent Company secured an acquisition credit facility with Nordea for up to SEK 200 m. The facility has a term of four years and can be drawn successively. During 2015 SEK 94.0 m of the facility was drawn, an additional SEK 67.5 m was drawn in 2016, and in January 2017 a further SEK 18.9 m was drawn. The respective bank loans have terms of either six or 12 months, however, the debt amount can thereafter be re-borrowed in its entirety within the framework of the credit facility's total amount. In October 2016 the Parent Company secured an additional acquisition credit facility for up to SEK 200 m, which has not yet been utilised. In addition, the Parent Company has an existing bank overdraft facility of SEK 100 m. The Group's interest-bearing liabilities as per 31 December 2016 amounted to SEK 177.3 m (126.6), and the net amount of interest-bearing assets and liabilities was SEK -65.8 m (-23.2). The equity/assets ratio was 49 per cent (48) as per 31 December 2016.

Investments

Investments in intangible non-current assets and in property, plant and equipment amounted to SEK 67.9 m (61.1), of which SEK 42.7 m (43.2) pertains to proprietary software and SEK 16.6 m (17.2) to equipment.

Software development

Through business development and acquisitions, the share of proprietary software and applications has increased in the IT solutions that the Group offers its customers. In 2016, capital expenditures of SEK 42.7 m (43.2) in proprietary software and applications were capitalised. Expenditures for customer-financed development and certain other development work that do not meet the criteria for capitalisation were expensed in the income statement.

Goodwill and other intangible assets

The Group's carrying amount of goodwill on 31 December 2016 was SEK 972.0 m (889.2). Goodwill increased by SEK 59.0 m in 2016 in connection with company acquisitions. The carrying amount of trademarks was SEK 10.6 m (12.1). Other intangible assets amounted to SEK 183.3 m (159.9) and pertains primarily to customer agreements and software.

Deferred tax assets

Total reported deferred tax assets amounted to SEK 5.2 m on 31 December 2016, of which SEK 1.8 m pertains to tax loss carry-forwards. On 31 December 2016 the Group's accumulated tax loss carryforwards amounted to approximately SEK 35 m. Deferred tax assets attributable to loss carryforwards are reported as an asset to the extent it is likely that the loss carryforwards can be offset against surpluses in future taxation.

Shareholders' equity

Shareholders' equity amounted to SEK 964.7 m (916.6) on 31 December 2016. During the second quarter share dividends of SEK 68.5 m were paid out. Changes in the Group's equity are shown on page 42. No share-savings, option or convertible programmes were outstanding as per 31 December 2016.

Provisions

Provisions, which are included reported among non-current and current liabilities on the consolidated balance sheet, amounted to SEK 52.2 m on 31 December 2016, of which SEK 42.3 m pertain to estimated contingent consideration for completed company acquisitions. During the first half of 2016, payments for contracted and previously expensed contingent consideration totalled SEK 9.3 m.

Employees

The average number of employees in the Group in 2016 was 1,160 (1,005). At year-end the number of employees was 1,277 (1,202).

Acquisitions, transfers and holdings of treasury shares

Addnode Group had no holdings of treasury shares on 31 December 2015 nor 31 December 2016. During 2016 no treasury shares were acquired or transferred. The number of registered shares and shares outstanding on both 31 December 2015 and 31 December 2016 was 30,427,256.

Parent Company

The Parent Company's operations consist of joint-Group functions for market communication, financial reporting and control, financing, tax issues, business development and company acquisitions. Net sales in 2016 amounted to SEK 9.1 m (7.3) and pertained mainly to invoicing to subsidiaries for performed services. Profit after financial items was SEK 71.3 m (84.1), including dividends of SEK 47.0 m (55.0) from subsidiaries, Group contributions of SEK 68.2 m (71.0) from subsidiaries, and impairment of shares in subsidiaries of SEK 18.0 m (25.0).

Cash and cash equivalents on 31 December 2016 amounted to SEK 96.6 m (80.3). Investments in shares in subsidiaries amounted to SEK 85.8 m, and transfers of shares in subsidiaries to other Group companies amounted to SEK 21.2 m. No significant investments were made in intangible non-current assets or in property, plant and equipment. During the second quarter share dividends of SEK 68.5 m were paid out. During the first half of 2016 payments of SEK 14.5 m were made for contracted and previously expensed contingent consideration. On 31 December 2016 the Parent Company's provisions for estimated contingent consideration amounted to SEK 41.1 m, which is expected to be paid out in 2017. The Parent Company has an existing bank overdraft facility of SEK 100 m. In addition, since January 2015 the Parent Company has had a credit facility of up to SEK 200 m, with a term of four years, to finance acquisitions. Of the credit facility, SEK 94.0 m was drawn in 2015, SEK 67.5 m was drawn in 2016, and a further SEK 18.9 m was drawn in January 2017. In October 2016 an agreement was signed for an additional credit facility of up to SEK 200 m, which has not yet been utilised.

Environmental impact

The Group does not conduct any operations requiring permits according to applicable environmental regulations.

Sensitivity analysis

The table below shows the impact that various factors have on earnings.

Impact	Change	Impact on earnings*
Net sales	+/- 1%	SEK 0.44
Gross margin	+/- 1%	SEK 0.72
Payroll costs	+/- 1%	SEK 0.29
Other operating expenses	+/- 1%	SEK 0.12

* All else equal, earnings per share before tax for the 2016 financial year.

Risks and uncertainties

In general, Addnode Group's earnings capacity and financial position are affected by customer demand, the ability to retain and recruit competent employees, the integration of newly acquired companies, and risks associated with individual customers and current assignments. The Group's financial risks are primarily related to changes in customers' ability to pay, exchange rates and interest rates. The presentation below is not represented as being comprehensive, and the risks and uncertainties are not listed in any order of significance.

Earnings capacity

Business cycle and external risks

Demand from customers is largely coupled to their confidence in the future and their willingness to invest and may therefore change on short notice. A decline in economic growth could have a negative impact on revenue and profitability. Addnode Group addresses these risks by conducting operations in several business areas with various customer categories and technologies, which creates a diversified spread of risk and security. Operations are conducted in both the private and public sectors in several countries. The Group works actively to adapt its offering and operations to prevailing demand. With several business areas, the Group's resources can be steered towards businesses and market segments with favourable conditions for long-term growth and profitability and where we see opportunities to build and retain leading market positions.

Customer structure, and revenue and cost structure

There is always the risk that one of Addnode Group's major customers may be affected by developments in the market and will reduce its purchasing, resulting in a potential short-term drop in revenue. Addnode Group has a broad customer base of approximately 5,000 customers and is not dependent on individual customers. The 20 largest customers in 2016 accounted for 15 per cent of net sales. The Group's customers are primarily in Sweden, Norway, Finland, Denmark, Germany and the UK, and work in a large number of industries including engineering, medical technology, telecom, the public sector, construction and real estate, technical consulting and media.

In recent years, the proportion of recurring revenue from software with associated support and maintenance agreements has increased, generating more stable earnings capacity. The largest expense items for Addnode Group are purchases of goods and services, and staff costs. Historically, we have largely been able to meet changed costs with more efficient deliveries and adjusted end-customer prices.

Competition

There are no individual competitors for Addnode Group's total offering. In the various sub-markets, Addnode Group encounters a large number of local players and a smaller number of national or multinational companies. Addnode Group's strategy is to be a market leader in niche areas to secure good competitiveness and a strong market position.

Employees and organisation

To be able to continue growing, Addnode Group is dependent on its ability to attract, recruit and develop new employees, as well as retain existing employees and key persons. Each company within the Group is responsible for its own competence succession. Managers are largely recruited internally or through acquisitions.

Products and technology

Addnode Group has a large proportion of proprietary software, SaaS business and systems in the solutions that we provide. To be able to meet evolving customer needs over time, proximity to customers and strategic collaborations with developers of IT platforms and software are an essential part of Addnode Group's growth strategy. Several of the software suppliers we work with, for example, Autodesk, Dassault Systèmes and Microsoft, are market-leading global companies in their respective niches, and there are no indications that they will not remain competitive suppliers also in the future.

Integration of acquired companies

Acquisitions are a natural part of Addnode Group's operations and contribute to the Group's development and growth. To increase growth as well as recruit talented employees and managers, we continuously acquire new operations. Several company acquisitions have been carried out in recent years, and more will be made in the future. Company acquisitions are always associated with risks. Inaccurate estimations of synergies and market potential could have both positive and negative impacts on earnings.

Financial risks

The Group's exposure to various financial risks, including market risks (currency risks, interest rate risks and other price risks), credit risks and liquidity risks, is deemed to be relatively limited. Responsibility for the Group's financial transactions and risks is managed centrally by the Parent Company. The overall objective is to provide cost-efficient financing and to minimise negative effects on the Group's earnings and financial position arising out of market fluctuations or credit losses. See also Note 37 on pages 69–71 for a description of the financial risks identified by Addnode Group and how these are managed.

Other

Addnode Group is party to certain agreements containing stipulations that the agreement may be discontinued if control of Addnode Group changes as a result of a public takeover bid. However, the Board of Addnode Group has deemed that none of these agreements individually have significant bearing on Addnode Group's operations.

Anticipated future development

The Board has not changed its assessment of the future outlook compared with the publication of the 2016 year-end report. The Board provided the following future outlook in the year-end report:

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.

Addnode Group shares and ownership structure

Addnode Group's Class B shares have been listed on Nasdaq Stockholm since 1999. Class A shares carry ten votes each, and Class B and C shares carry one vote each; only Class B shares are listed. Class C shares do not carry entitlement to dividends. On 31 December 2016 the number of Class A shares was 1,053,247, the number of Class B shares was 29,374,009 and the number of Class C shares was 0. In March 2017, 66,073 Class A shares were converted to Class B shares at the request of a shareholder, in accordance with stipulations in the Articles of Association.

The largest shareholder is Vidinova AB, which at 31 December 2016 held 26.8 per cent of the votes and 24.4 per cent of the share capital. The principal owner of Vidinova AB is Dick Hasselström, who is also a director on Addnode Group's board. The second-largest shareholder is Aretro Capital Group AB, which held 23.6 per cent of the votes and 12.4 per cent of the share capital at 31 December 2016. Aretro Capital Group AB is jointly owned by Staffan Hanstorp and Jonas Gejer. Staffan Hanstorp is President and CEO of Addnode Group AB. Jonas Gejer is President of TechniaTranscat AB and President of the Product Lifecycle Management business area.

As far as the Board of Addnode Group AB is aware, there are no agreements between major shareholders that restrict the transferability of shares. Neither are there any restrictions on the transferability of shares posed by stipulations in law or the Articles of Association. There is no limitation on the number of votes each shareholder is entitled to vote for at general meetings of shareholders. According to the Articles of Association, the Board of Directors shall comprise three to eight members, with a maximum of two deputy members. Election of board members and any deputy members is to take place at the Annual General Meeting. The Articles of Association do not contain any general stipulations concerning the appointment or dismissal of board members or amendments to the Articles of Association.

Share-savings programmes, option programmes and convertible programmes

No share-savings, option or convertible programmes are currently in effect.

Corporate governance report, the work of the board of directors, and nomination committee

A separate corporate governance report, which includes a description of the work of the Board of Directors and Nomination Committee, among other things, has been prepared and is presented on pages 79–87 in the printed version of this document. Disclosures about the most important elements of the Group's systems of internal control and risk management in connection with the preparation of the consolidated financial statements are provided on pages 84–85 of the Corporate Governance Report.

Authorisations

The 2016 AGM authorised the Board, on one or more occasions during the period until the next AGM, to decide on acquisitions of a maximum number of Class B treasury shares so that the Company's holding following such acquisition does not exceed 10 per cent of all the shares in the company at any given time. The aim of any buybacks of treasury shares is primarily to enable share transfers in connection with the financing of company acquisitions and other types of strategic investments. Up until the date of publication of this annual report, no shares were acquired with the support of this authorisation. The 2016 AGM also authorised the Board, on one or more occasions prior to the next AGM, to decide on the transfer of Class B shares in the Company to a third party. The number of shares transferred may not exceed the total number of treasury shares held by the Company at any given time. Transfers may take place on or outside of Nasdaq Stockholm, entailing a right to deviate from shareholders' preferential rights. The reason for permitting the Board to deviate from shareholders' preferential rights is to enable financing of potential company acquisitions and other types of strategic investments in a cost-efficient manner. Up until the date of publication of this annual report, no treasury shares were transferred pursuant to this authorisation.

To finance potential company acquisitions using treasury shares, the Board received a mandate at the AGM in April 2016 for the period until the next AGM to make decisions about new share issues. Through decisions pursuant to this authorisation, the share capital may increase by a maximum of SEK 36 m through the issuance of a maximum of 3,000,000 shares upon full subscription. Up until the date of publication of this annual report, no new shares were issued pursuant to this authorisation.

Guidelines for remuneration and other terms of employment for senior executives

Guidelines for remuneration and other terms of employment for senior executives, which were adopted by the 2016 AGM, are described in Note 5 on pages 53–54.

The 2017 Annual General Meeting will decide on guidelines for remuneration of senior executives. By senior executives pertain is meant the President of the Parent Company, other members of Group Management, and other senior executives as described in the corporate governance report on page 87. The Board of Directors' proposed guidelines ahead of the 2017 AGM are as follows:

Remuneration of the President of the Parent Company, other members of Group Management, and other senior executives shall normally consist of a fixed salary, variable remuneration, share-based incentive programmes and other customary benefits and pensions. Fixed salary shall be competitive and ensure that Addnode Group is able to recruit competent executives. As a general rule, the fixed salary is reviewed once a year and is to take into account the individual's qualitative performance. In addition to the fixed salary, variable remuneration may be payable. Variable remuneration shall be based on results achieved and/or individually set specific targets. For the President of the Parent Company, the variable cash remuneration shall be based on earnings achieved by the Group. Variable cash remuneration is capped at 12 months' salary. For other executives in Group Management as well as other senior executives, variable cash remuneration is capped at six months' salary and shall be based primarily on the operation for which the individual is responsible. Share-based incentive programmes shall ensure long-term commitment to the Group's development and promote personal shareholdings in the Company.

Pensions shall always be defined-contribution solutions in order to generate predictability with respect to the Company's future obligations. Pension premiums are payable at a maximum amount of 30 per cent of the individual's current fixed annual salary.

Other remuneration and benefits are to be on market terms and shall support the executive's ability to perform his/her duties. Other benefits pertain primarily to company cars or mileage allowance.

Senior executives' employment contracts include stipulations on notice periods. The policy is that employment may be terminated at the request of one party with a notice period of a minimum of six and a maximum of 12 months. During the notice period, unchanged salary, remuneration and benefits shall be payable.

These guidelines shall apply for employment contracts entered into after the AGM and for any amendments to existing conditions. The Board is entitled to depart from these guidelines only if specific reasons exist in individual cases.

Proposed distribution of earnings

Profit for the year, totalling SEK 54,675,601, and other unrestricted shareholders' equity, totalling SEK 342,527,540, are at the disposal of the Annual General Meeting. The Board of Directors proposes that these earnings be disposed of as follows:

Dividend to the shareholders of SEK 2.25 per share	68,461,326
To be carried forward	328,741,815
Total	**397,203,141**

The Board's reasoned statement regarding the proposed distribution of earnings is available on the Company's website: www.addnodegroup.com. It is also available from the Company upon request.

Consolidated income statements

SEK thousands 1 January–31 December	Note	2016	2015
Net sales	2, 3, 39	2,195,016	1,900,802
Operating expenses			
Purchases of goods and services	39	-863,340	-708,040
Other external costs	6, 9	-257,975	-236,693
Personnel costs	4, 5	-930,966	-817,610
Capitalised work for performed by the company for its own use	16	42,703	43,243
Depreciation/amortisation and impairment of intangible non-current assets and property, plant and equipment	16, 17	-71,745	-55,710
Operating profit		**113,693**	**125,992**
Financial income	10	1,807	2,522
Financial expenses	11	-6,686	-3,944
Profit after financial items		**108,814**	**124,570**
Tax	12, 13	-26,481	-29,084
Profit for the year		**82,333**	**95,486**
Attributable to:			
Owners of the Parent Company		82,333	95,485
Non-controlling interests		0	1
Share data			
Earnings per share before dilution, SEK	15	2.71	3.18
Earnings per share after dilution, SEK	15	2.71	3.18
Shareholders' equity per share outstanding, SEK		31.70	30.12
Average number of shares outstanding before dilution, thousands		30,427	30,017
Average number of shares outstanding after dilution, thousands		30,427	30,017
Number of shares outstanding at year-end, thousands		30,427	30,427
Number of registered shares at year-end, thousands		30,427	30,427

Consolidated statement of comprehensive income

SEK thousands 1 January–31 December		2016	2015
Net profit for the year		82,333	95,486
Other comprehensive income, items that will not be reclassified to profit or loss:			
Actuarial gains and losses on pension obligations		-251	-220
Other comprehensive income, items that may be reclassified to profit or loss:			
Exchange rate difference upon translation of foreign operations		36,566	-27,859
Hedge of net investments in foreign operations		-2,172	811
Total comprehensive income for the year, net after tax	12	**34,143**	**-27,268**
Comprehensive income for the year		**116,476**	**68,218**
Attributable to:			
Owners of the Parent Company		116,476	68,217
Non-controlling interests		0	1

Consolidated balance sheets

SEK thousands per 31 December	Note	2016	2015
Assets			
Non-current assets:			
Intangible non-current assets	16	1,165,928	1,061,170
Property, plant and equipment	17	36,742	34,609
Deferred tax assets	13	5,229	12,892
Long-term securities holdings	20	11,110	9,255
Non-current receivables	21	7,455	7,427
Total non-current assets		1,226,464	1,125,353
Current assets:			
Inventories		1,331	1,245
Trade receivables		430,947	432,110
Tax assets		15,956	13,434
Other receivables		8,040	6,145
Prepaid expenses and accrued income	22	191,251	209,944
Cash and cash equivalents	36	111,473	102,855
Total non-current assets		758,998	765,733
Total assets		**1,985,462**	**1,891,086**
Shareholders' equity and liabilities			
Shareholders' equity:	24		
Share capital	24	365,127	365,127
Other capital contributions		214,394	214,394
Reserves		-9,807	-44,201
Profit brought forward		394,939	381,318
Shareholders' equity attributable to owners of the Parent Company		964,653	916,638
Non-controlling interests		7	7
Total shareholders' equity		964,660	916,645
Non-current liabilities:			
Non-current interest-bearing liabilities	26	9,100	11,911
Deferred tax liabilities	13	51,178	47,485
Provisions	28	7,198	42,776
Total non-current liabilities		67,476	102,172
Current liabilities:			
Current interest-bearing liabilities	26, 29	168,197	114,693
Trade payables		108,624	124,466
Taxes payable		15,866	9,180
Advances from customers		17,973	12,066
Other liabilities		92,474	100,610
Accrued expenses and deferred income	30	505,173	500,281
Provisions	28	45,019	10,973
Total current liabilities		953,326	872,269
Total shareholders' equity and liabilities		**1,985,462**	**1,891,086**

Pledged assets and contingent liabilities are reported in Note 31 and Note 32, respectively.

Consolidated statements of cash flows

SEK thousands 1 January–31 December	Note	2016	2015
Operating activities			
Profit after financial items	33	108,814	124,570
Adjustments for non-cash items	34	79,066	54,389
Income tax paid		-16,377	-20,809
Cash flow from operating activities before changes in working capital		**171,503**	**158,150**
Changes in working capital:			
– Increase in inventories		-82	-98
– Decrease in receivables		43,047	531
– Decrease in current liabilities		-56,714	-14,783
Total changes in working capital		**-13,749**	**-14,350**
Cash flow from operating activities		**157,754**	**143,800**
Investing activities			
Acquisition of:			
– intangible non-current assets		-51,334	-43,747
– property, plant and equipment		-16,600	-17,204
– financial assets		-1,855	-3,425
– subsidiaries and operations	35	-67,537	-53,047
Sales of property, plant and equipment		1,542	2,316
Repayment of receivables		76	—
Cash flow from investing activities		**-135,708**	**-115,107**
Financing activities			
Dividend paid		-68,461	-66,625
Loans raised		67,500	94,035
Repayment of loans		-17,849	-20,667
Cash flow from financing activities		**-18,810**	**6,743**
Change in cash and cash equivalents		**3,236**	**35,436**
Cash and cash equivalents at start of year		102,855	72,397
Exchange rate difference in cash and cash equivalents		5,382	-4,978
Cash and cash equivalents at year-end	36	**111,473**	**102,855**

Consolidated statements of changes in shareholders' equity

SEK thousands	Share capital	Other capital contribu-tions	Reserves[1]	Profit brought forward	Non-con-trolling interests	Total share-holders' equity
	Attributable to owners of the Parent Company					
Shareholders' equity 1 January 2015	**361,062**	**200,911**	**-17,153**	**327,813**	**34**	**872,667**
Comprehensive income						
Net profit for the year	–	–	–	95,485	1	95,486
Other comprehensive income, items that will not be reclassified to profit or loss:						
Actuarial gains and losses on pension obligations	–	–	–	-220	–	-220
Other comprehensive income, items that may be reclassified to profit or loss:						
Exchange rate differences upon translation of foreign operations	–	–	-27,859	–	–	-27,859
Hedge of net investments in foreign operations	–	–	811	–	–	811
Total other comprehensive income	**–**	**–**	**-27,048**	**-220**	**–**	**-27,268**
Total comprehensive income	**–**	**–**	**-27,048**	**95,265**	**1**	**68,218**
Transactions with shareholders						
New issue in connection with company acquisition	4,065	13,549	–	–	–	17,614
Issue costs	–	-66	–	–	–	-66
Dividend	–	–	–	-66,625	–	-66,625
Transfer of treasury shares	–	–	–	24,830	–	24,830
Acquisitions from non-controlling interests	–	–	–	-38	-28	-66
Incentive programme	–	–	–	73	–	73
Total transactions with shareholders	**4,065**	**13,483**	**–**	**-41,760**	**-28**	**-24,240**
Shareholders' equity, 31 December 2015	**365,127**	**214,394**	**-44,201**	**381,318**	**7**	**916,645**
Comprehensive income						
Net profit for the year	–	–	–	82,333	–	82,333
Other comprehensive income, items that will not be reclassified to profit or loss:						
Actuarial gains and losses on pension obligations	–	–	–	-251	–	-251
Other comprehensive income, items that may be reclassified to profit or loss:						
Exchange rate differences upon translation of foreign operations	–	–	36,566	–	–	36,566
Hedge of net investments in foreign operations	–	–	-2,172	–	–	-2,172
Total other comprehensive income	**–**	**–**	**34,394**	**-251**	**–**	**34,143**
Total comprehensive income	**–**	**–**	**34,394**	**82,082**	**–**	**116,476**
Transactions with shareholders						
Dividend	–	–	–	-68,461	–	-68,461
Total transactions with shareholders	**–**	**–**	**–**	**-68,461**	**–**	**-68,461**
Shareholders' equity, 31 December 2016	**365,127**	**214,394**	**-9,807**	**394,939**	**7**	**964,660**

[1] Pertains to exchange rate differences upon translation of foreign operations, and gains and losses attributable to hedging of net investments in foreign operations (see also Note 24).

Parent Company income statements

SEK thousands 1 January–31 December	Note	2016	2015
Net sales	39	9,141	7,285
Operating expenses			
Other external costs	6, 39	-10,978	-9,094
Personnel costs	4	-20,878	-16,592
Depreciation of property, plant and equipment	17	-5	-5
Operating profit		**-22,720**	**-18,406**
Net financial items			
Profit from participations in Group companies	10	97,246	100,906
Profit from other securities that are non-current assets	10	910	—
Interest income and similar profit/loss items	10	1,617	4,935
Interest expense and similar profit/loss items	11	-5,722	-3,304
Profit after financial items		**71,331**	**84,131**
Appropriations			
Provision to tax allocation reserve		-9,539	—
Profit before tax		**61,792**	**84,131**
Tax	12, 13	-7,117	-11,699
Net profit for the year		**54,675**	**72,432**

Parent Company statements of comprehensive income

SEK thousands 1 January–31 December	Note	2016	2015
Net profit for the year		54,675	72,432
Total other comprehensive income for the year, net after tax		0	0
Comprehensive income for the year		**54,675**	**72,432**

Parent Company balance sheets

SEK thousands per 31 December	Note	2016	2015
Assets			
Non-current assets			
Intangible assets:			
Software	16	898	–
Property, plant and equipment:			
Equipment and installations	17	6	11
Financial assets:			
Participations in Group companies	18	1,180,437	1,133,885
Other long-term securities holdings	20	7,050	7,050
Deferred tax assets	13	44	865
Receivables from Group companies		1,054	956
Other non-current receivables	21	341	369
Total financial assets		1,188,926	1,143,125
Total non-current assets		**1,189,830**	**1,143,136**
Current assets			
Current receivables:			
Receivables from Group companies	23	108,656	101,408
Tax asset		–	473
Prepaid expenses and accrued income	22	1,239	452
Total current receivables		109,895	102,333
Cash and bank balances	23	96,585	80,339
Total current assets		**206,480**	**182,672**
Total assets		**1,396,310**	**1,325,808**
Shareholders' equity and liabilities			
Shareholders' equity	24		
Restricted shareholders' equity:			
Share capital	24	365,127	365,127
Statutory reserve		88,965	88,965
Unrestricted shareholders' equity:			
Share premium reserve		125,428	125,428
Profit brought forward		217,100	213,129
Net profit for the year		54,675	72,432
Total shareholders' equity		**851,295**	**865,081**
Untaxed reserves	25	9,539	–
Provisions			
Other provisions	28	41,413	46,709
Non-current liabilities			
Other non-current liabilities	27	4,000	5,097
Non-current liabilities			
Liabilities to credit institutions	26	155,551	107,571
Trade payables		1,000	557
Liabilities to Group companies	23	306,526	286,324
Taxes payable		5,823	–
Other liabilities		11,398	5,941
Accrued expenses and deferred income	30	9,765	8,528
Total current liabilities		**490,063**	**408,921**
Total shareholders' equity and liabilities		**1,396,310**	**1,325,808**

Pledged assets and contingent liabilities are reported in Note 31 and Note 32, respectively.

Parent Company cash flow statements

SEK thousands 1 January–31 December	Note	2016	2015
Operating activities			
Profit after financial items	33	71,331	84,131
Adjustments for non-cash items	34	-48,120	-49,213
Cash flow from operating activities before changes in working capital		**23,211**	**34,918**
Changes in working capital:			
– Change in current receivables		-787	-415
– Change in current liabilities		2,137	1,245
Total changes in working capital		**1,350**	**830**
Cash flow from operating activities		**24,561**	**35,748**
Investing activities			
Acquisitions of intangible assets		-898	—
Acquisitions of and investments in participations in Group companies		-86,249	-277,650
Sale of participations in Group companies		21,250	208,861
Acquisitions of other long-term securities holdings		—	-1,550
Cash flow from investing activities		**-65,897**	**-70,339**
Financing activities			
Paid dividend		-68,461	-66,625
Loans raised		67,500	94,035
Repayment of loans		-15,501	-20,667
Change in intra-Group receivables and liabilities		5,051	74,717
Group contributions received		70,975	21,420
Cash flow from financing activities		**59,564**	**102,880**
Change in cash and cash equivalents		**18,228**	**68,289**
Cash and cash equivalents at start of year		80,339	11,226
Exchange rate differences in cash and cash equivalents		-1,982	824
Cash and cash equivalents at year-end	23	**96,585**	**80,339**

Parent Company statements of changes in shareholders' equity

SEK thousands	Restricted shareholders' equity: Share capital	Restricted shareholders' equity: Statutory reserve	Unrestricted shareholders' equity	Total shareholders' equity
Shareholders' equity, 1 January 2015	**361,062**	**88,965**	**366,796**	**816,823**
Comprehensive income				
Net profit for the year	–	–	72,432	72,432
Total other comprehensive income	**–**	**–**	**0**	**0**
Total comprehensive income	**–**	**–**	**72,432**	**72,432**
Transactions with shareholders				
New issue in connection with company acquisition	4,065	–	13,549	17,614
Issue costs	–	–	-66	-66
Dividend	–	–	-66,625	-66,625
Transfer of treasury shares	–	–	24,830	24,830
Incentive programme	–	–	73	73
Total transactions with shareholders	**4,065**	**–**	**-28,239**	**-24,174**
Shareholders' equity, 31 December 2015	**365,127**	**88,965**	**410,989**	**865,081**
Comprehensive income				
Net profit for the year	–	–	54,675	54,675
Total other comprehensive income	**–**	**–**	**0**	**0**
Total comprehensive income	**–**	**–**	**54,675**	**54,675**
Transactions with shareholders				
Dividend	–	–	-68,461	-68,461
Total transactions with shareholders	**–**	**–**	**-68,461**	**-68,461**
Shareholders' equity, 31 December 2016	**365,127**	**88,965**	**397,203**	**851,295**

Supplementary disclosures and notes

Note 1 Accounting and valuation policies

The most important accounting policies applied when preparing these consolidated financial statements are stated below. These policies have been applied consistently for all years presented, unless otherwise indicated.

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, recommendation RFR 1 Supplementary Accounting Rules for Groups, from the Swedish Financial Reporting Board, and International Financial Reporting Standards (IFRS) as endorsed by the EU. The consolidated financial statements have been prepared in accordance with the cost method, except for remeasurement of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.

Preparing financial statements in conformity with IFRS requires the use of certain important accounting estimates. It also requires management to make certain assessments in applying the Group's accounting policies. The areas involving a high degree of assessment or complexity, or areas where assumptions and estimates are of significant importance for the consolidated financial statements, are addressed in Note 38.

The new standards, amendments and interpretations of existing standards that took effect in 2016 have not had any impact on the Group's financial position or financial statements.

The following standards and amendments of existing standards have been published, but have not yet been applied as of 2016.

- IFRS 9 Financial Instruments (effective as from 1 January 2018, has been endorsed by the EU). IFRS 9 addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014 and replaces the parts of IAS 39 that pertain to classification and measurement of financial instruments. The standard retains, but simplifies, the measurement models and specifies three measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit or loss. Classification depends on the company's business model and the characteristics of the instrument. Investments in equity instruments are to be measured at fair value through profit or loss, but there is the option to recognise the instrument's changes in value in other comprehensive income on initial recognition. No reclassification to profit or loss may then take place when the instrument is divested. IFRS 9 also introduces a new model for the calculation of a credit loss reserve based on expected credit losses.

  The classification and measurement of financial liabilities is not changed, except for liabilities measured at fair value through profit or loss based on the fair value option. Changes in value attributable to changes in own credit risk are to be recognised in other comprehensive income.

  IFRS 9 reduces the requirements for the application of hedge accounting by replacing the 80-125 criterion with a requirement for the economic relationship between the hedge instrument and the hedged item, and for the hedge ratio to be the same as that actually used in risk management. Hedge disclosures have also been changed slightly compared with those provided under IAS 39.

  The Group is currently evaluating the effects of introduction of the standard. The initial assessment is that application will not entail any significant effect on the reporting of the Group's financial statements.
- IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018, has been endorsed by the EU). IFRS 15 is the new standard for revenue recognition and replaces IAS 18 Revenue and IAS 11 Construction Contracts and all associated interpretations (IFRIC and SIC). Revenue is to be recognised when control of the sold goods or service is passed to the customer; this replaces the previous policy of recognising revenue when the risks and benefits have been passed to the buyer. A customer has control of a good or service when it can direct the use of the asset and obtain benefits from it. The core principle of IFRS 15 is that a company recognises revenue that best depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A five-step model framework provides guidance for recognition:

  Step 1: Identify the contract with the customer
  Step 2: Identify the performance obligations in the contract
  Step 3: Determine the transaction price
  Step 4: Allocate the transaction price to the performance obligations in the contract
  Step 5: Recognise revenue when the entity satisfies a performance obligation

  IFRS 15 contains significantly expanded disclosure requirements. The disclosure objective is to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

  A mapping of the Group's revenue flows has been conducted, and the Group is currently evaluating the effects of implementation of the standard.
- IFRS 16 Leases (effective as from 1 January 2019, not endorsed by the EU). IFRS 16 was published in January 2016 and replaces IAS 17 Leases and related interpretations. The greatest effect for lessees is that there will no longer be any difference between operating and finance leases. All lease contracts, including rents of premises, are to be recognised on the balance sheet with the exception of short-term leases and leases of low value. Recognition is based on the view that the lessee has a right to use an asset during a specific period of time and at the same time has an obligation to pay for this right. A lessee shall therefore recognise a leasing asset and a financial liability on the balance sheet. In the income statement, the linear, operating lease cost is replaced by a cost for depreciating the leased assets and an interest expense for the financial liability. At present, lessees do not recognise operating leases on the balance sheet.

  The Group is currently evaluating the effects of introduction of the standard.

Other published new and amended standards and interpretations of existing standards that have not yet come into effect in 2016 are not expected to have any material impact on the consolidated financial statements.

Consolidated financial statements

The consolidated financial statements cover the Parent Company and the companies over which the Parent Company, directly or indirectly, has control. The Parent Company has control of an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its influence over the entity.

The consolidated financial statements have been prepared in accordance with the acquisition method, which entails that the shareholders' equity of subsidiaries on acquisition, determined as the difference between the fair value of the assets and the liabilities, is eliminated in its entirety. Only the part of the subsidiaries' shareholders' equity that accrued after the acquisition is included in consolidated shareholders' equity.

The purchase price for the acquisition of a subsidiary consists of the fair value of the assets transferred to the former owners of the acquired company, the liabilities incurred to the former owners, and the new shares issued by the Group. The purchase price also includes the fair

value of assets or liabilities resulting from a contingent consideration arrangement. Subsequent changes in the fair value of contingent consideration are recognised through profit or loss. Transaction costs in conjunction with acquisitions are expensed in the consolidated income statement when they arise.
Companies acquired during the year are included in the consolidated financial statements in amounts pertaining to the period after the acquisition. Profit from companies sold during the year is included in the consolidated income statement for the period until the divestment date.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). Swedish kronor (SEK), which is the Parent Company's functional currency and presentation currency, is utilised in the consolidated financial statements. All foreign subsidiaries are translated to SEK by applying the current method. This means that all of the assets and liabilities of foreign subsidiaries are translated at the exchange rate in effect on the balance sheet date. All items in the income statements are translated at the average rate for the year. Translation differences are recognised in the consolidated statement of comprehensive income.

Intra-Group transactions and balance sheet items, as well as unrealised gains on transactions between Group companies, are eliminated in their entirety. Unrealised losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset. Where necessary, the accounting policies for subsidiaries have been adjusted to guarantee consistent application of the Group's policies.

The consolidated income statement includes non-controlling interests (previously termed "minority shares") under net profit for the year. In the consolidated balance sheet, non-controlling interests are recognised as a separate item under the Group's shareholders' equity.

In connection with each individual company acquisition, the Group determines whether all non-controlling interests are to be measured at either fair value or at the proportionate share of net assets of the acquired company. Transactions with non-controlling interests that do not result in a change in control are recognised in shareholders' equity. When the Group no longer has control, each remaining holding is measured at fair value at the date on which control ceased. Changes in carrying amounts are then recognised in the consolidated income statement. The fair value subsequently comprises the basis of future recognition of the remaining holding as an associated company, joint venture or financial asset.

Revenue recognition

Service assignments performed on a current account basis are recognised in revenue at the same rate as the services are performed, i.e., both revenue and expenses are recognised in the period in which they are earned and consumed, respectively. Fees earned as per the balance sheet date, that have not been invoiced, are recognised as accrued revenue. When the outcome of a fixed-price assignment can be reliably calculated, income and expenses attributable to the assignment are recognised as revenue and expenses in proportion to the degree of completion on the balance sheet date (percentage of completion). The degree of completion is primarily determined based on the number of hours as per the balance sheet date in proportion to the estimated total number of hours for the assignment. If it is difficult to calculate the earnings of an assignment, yet nevertheless probable that costs incurred will be covered by the customer, revenue is recognised on the balance sheet date at an amount corresponding to the costs incurred for the assignment. Accordingly, no profit is recognised.

When the outcome of an assignment cannot be reliably calculated, only the costs that the client is expected to pay are recognised as revenue. No revenue is recognised if it is probable that costs incurred will not be paid by the client. An expected loss is immediately recognised as an expense to the extent that it can be calculated.

Fixed-price assignments currently make up a small portion of the Group's net sales. Invoiced fees for fixed-price service assignments that have not been performed are recognised as advances from customers.

Revenue for sales of goods is recognised on complete delivery to the customer, and revenue for data operation services is recognised in pace with the services being performed. Licence fees for software and program service agreements for which companies in the Group do not have any commitments to customers are recognised as revenue on the delivery date. Revenue from support and maintenance agreements for which the companies in the Group have a commitment to customers are allocated over the period of agreement.

Income taxes

Reported income taxes include tax to be paid or received for the current year, adjustments of current tax for previous years and changes in deferred tax.

Measurement of all tax liabilities/assets is done at nominal amounts in accordance with the tax regulations and tax rates that have been decided on or announced, and which are likely to be adopted.

Tax is recognised through profit or loss, except when the tax pertains to items recognised in other comprehensive income or directly in shareholders' equity. In such cases, tax is also recognised in other comprehensive income or shareholders' equity.

Deferred tax is calculated using the balance sheet method on all temporary differences arising between the recognised and tax values of assets and liabilities. Deferred tax assets pertaining to tax loss carry-forwards or other future tax deductions are recognised to the extent that it is likely that the deductions can be offset against surpluses in connection with future taxation.

Receivables, and receivables and liabilities in foreign currency

Loan receivables and trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. These items are distinguished by the fact that they arise when the Group provides funds, goods or services directly to a customer without intending to trade in the receivable. These amounts are included under current assets, with the exception of items falling due more than 12 months after the balance sheet date, which are classified as non-current assets. Loan receivables and trade receivables are initially measured at fair value and subsequently at amortised cost by applying the effective interest method, less any provisions for impairment. A reserve is established for impairment when the amount that is expected to be paid following an individual assessment is less than the carrying amount of the asset.

Receivables and liabilities in foreign currency are measured at the exchange rate in effect on the balance sheet date. In cases where currency hedges have been applied, for example forward cover, both the hedged item and the hedging instrument are measured at fair value. Transactions in foreign currency are translated at the spot rate on the transaction date. Exchange rate differences pertaining to operating receivables and liabilities are recognised in operating profit, while exchange rate differences pertaining to cash and cash equivalents and loans are recognised as financial income and expenses in the income statement. Restatement of liabilities at the exchange rate in effect on the balance sheet date for consideration paid and provisions for estimated contingent consideration in foreign currency is recognised in the consolidated statement of comprehensive income if the requirements for hedge accounting of net investments in foreign operations are met.

Non-current assets

Non-current assets are measured at cost less accumulated depreciation and any impairment.

If there is an indication that an asset has declined in value, the recoverable amount of the asset is calculated. If the asset's carrying amount exceeds the recoverable amount, the asset is immediately written down to its recoverable amount.

Intangible non-current assets

Costs for software development

Software development is conducted mainly within the framework of customer assignments.

Costs that are directly related to identifiable and unique software that is controlled by the Group are recognised as intangible non-current assets if there is a clearly defined development project with specific plans for how and when the asset is to be used in the operations, the cost can be calculated reliably, and the asset is expected to generate future financial benefits. In addition, it should also be technically possible to carry out the project, and the resources required to complete development must be available. Other development costs that do not meet these criteria are expensed as incurred. Development costs that were previously expensed are not recognised as an asset in subsequent periods.

The cost of the intangible asset includes direct costs for, for example, consultants and personnel developing proprietary software, and a reasonable share of relevant indirect costs. Scheduled amortisation is done on straight line over the estimated useful life, which is a maximum of five years for operational central software. Amortisation is recognised from the date on which the software is operational.

Goodwill and intangible assets with indefinite useful life

Goodwill consists of the amount by which the cost for acquisition of companies or operations exceeds the fair value of the acquired identifiable net assets on the acquisition date. In the purchase price allocation, acquired intangible assets, such as customer relationships and trademarks, are recognised at market value before the remainder is attributed to goodwill.

Goodwill and other intangible assets with indefinite useful life, such as certain trademarks, are measured at cost less any impairment. Scheduled amortisation is not conducted; instead, the need to recognise impairment is tested yearly or more often if there is an indication of a decline in value.

Other intangible assets

Other intangible assets pertain mainly to customer agreements, acquired software and certain trademarks. These assets are recognised at cost less scheduled amortisation. Amortisation is done on a straight-line basis over the estimated useful life, which is normally between three and ten years. Ten-year amortisation schedules are applied for long-term agreements with companies with a strong market position and very long-term customer relationships.

Property, plant and equipment

Property, plant and equipment are recognised at cost less depreciation. Costs for repairs and maintenance are expensed.

Property, plant and equipment are depreciated on straight-line basis over the estimated useful life of the assets. The asset's residual value is taken into account when determining the depreciable amount of the asset. Equipment and installations are depreciation over a period of three to five years. Depreciation of buildings is done at 4 per cent per year.

Finance leases

When a lease entails that the Group, in its capacity as lessee, essentially enjoys the economic benefits and bears the financial risks attributable to the leased asset, then the asset is recognised as a non-current asset on the consolidated balance sheet. A corresponding obligation to pay future leasing fees is recognised as a liability. Each lease payment is divided into amortisation of the liability and financial expenses to determine a fixed interest rate for the liability recognised in each respective period. The Group did not have any finance leases in 2015 or 2016.

Operating leases

Leases under which a significant portion of the risks and benefits associated with ownership are retained by the lessor are classified as operating leases. Leasing fees for operating leases are expensed in the income statement on a straight-line basis over the term of the lease.

Financial instruments

Financial instruments include cash and cash equivalents, securities holdings, receivables, operating liabilities, liabilities under finance leases, borrowings and any derivative instruments. Purchases and sales of securities and derivative instruments are recognised on the trade date, i.e., the date on which a binding purchase or sale contract was signed.

Securities intended to held in the long term are attributed to the measurement categories of either available-for-sale financial assets, which are measured at fair value, or financial assets at fair value through profit or loss. Holdings of short-term investments are attributed to the measurement categories of either held-to-maturity investments, which are measured at amortised cost, or financial assets at fair value through profit or loss. The measurement category is determined separately for each holding of securities based on nature and the purpose of the holding.

For the financial assets at fair value through profit or loss category, changes in fair value are recognised as financial income and financial expenses, respectively, in profit or loss. However, changes in value regarding forward exchange contracts are recognised in operating profit (see below). For the financial liabilities at fair value through profit or loss category (primarily provisions for estimated contingent consideration), changes in value are recognised in operating profit. Changes in fair value for the available-for-sale financial assets category are recognised in the consolidated statement of comprehensive income over the holding period, and accumulated changes in value in conjunction with sales are recognised as financial income and financial expenses, respectively, in profit or loss. For the latter category, if objective evidence exists to recognise impairment, such as a significant or prolonged decline in fair value, the impairment is recognised as a financial expense in profit or loss. The fair value of market-listed securities is based on the buying price on the balance sheet date.

Outstanding forward exchange contracts are measured at fair value. Forward exchange contracts pertain to hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedges). Hedge accounting according to IAS 39 is applied for certain forward exchange contracts. This means that unrealised changes in value are recognised in the consolidated statement of comprehensive income until the hedged item is to be recognised in the consolidated income statement, at which point the profit or loss for the corresponding foreign exchange forward contract is recognised in the consolidated income statement. When the formal conditions for hedge accounting are not met, outstanding forward exchange contracts are measured as independent financial instruments on their respective balance sheet dates, for which both realised and unrealised changes in value are recognised in operating profit. There were no outstanding forward exchange contracts as per 31 December 2016 or 31 December 2015.

Other financial liabilities are recognised at amortised cost. However, liabilities attributable to future minimum leasing fees under finance leases are recognised at present value.

Inventories

Inventories are measured at the lower of cost or net realisable value. Cost is calculated through application of the first-in, first-out (FIFO) principle. Net realisable value consists of the sales price in the operating activities less the estimated selling costs.

Shareholders' equity

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issuance of new shares are recognised, net after tax, in shareholders' equity as a deduction from the issue proceeds.

When any Group company purchases Parent Company shares (buyback of shares), the purchase price paid, including any directly attributable transaction costs (net after tax), reduces the profit brought forward until the shares are cancelled or sold. If these shares are subsequently sold, the amount received for them (net after any transaction costs and tax effects) is recognised in profit brought forward.

Provisions

Provisions are defined as obligations that are attributable to the financial year or previous financial years and that are certain or likely to arise as per the balance sheet date, but for which the amount and the date on which the obligations are to be realised are uncertain. Provisions for estimated contingent consideration for acquisitions of operations and for restructuring measures that have been decided on are recognised on the balance sheet. A provision for restructuring costs is recognised when a detailed plan for the implementation of the measures exists and when this plan has been communicated to those affected.

Pensions

The Group's pension plans are administered almost exclusively by various insurance institutions. The Group primarily has defined contribution pension plans, although defined benefit pension plans do exist to a certain extent. The Group's payments toward defined contribution plans are recognised as personnel costs in the income statement during the period in which the employee performed the services and that the contributions pertain to.

The defined benefit plans pertain in all essential respects to obligations for retirement pensions and family pensions for salaried employees in Sweden, which are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is classified a defined benefit multi-employer plan. For the 2016 financial year, the Group did not have access to the type of information required for recognising these plans as defined benefit plans. As a result, the ITP (individual supplementary pension) plans that are secured through insurance with Alecta are recognised as defined contribution plans. Contributions are recognised as personnel costs in profit or loss when they fall due for payment. Fees for pension insurance taken out with Alecta amounted to SEK 5,343 thousand (5,346 thousand) in 2016 and are expected to be roughly the same in 2017. Alecta's surplus can be distributed to the policyholders and/or insureds. At year-end 2016 Alecta's surplus in the form of its collective funding ratio was 149 per cent (153). The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its insurance obligations calculated using Alecta's actuarial assumptions, which are not compatible with IAS 19.

The German company Transcat PLM GmbH acquired in 2015 (name subsequently changed to TechniaTranscat GmbH) has defined benefit pension obligations for five employees. The provision recognised on the balance sheet for these pension obligations corresponds to the present value of the obligations on the balance sheet date and have been calculated in accordance with IAS 19 by an independent actuary. The provision as per 31 December 2016 amounted to SEK 6,857 thousand (5,867 thousand) (see Note 28). Actuarial gains and losses are recognised in the consolidated statement of comprehensive income in the periods in which they arise.

Borrowings

Borrowings are initially measured at fair value, net after transaction costs. Borrowings are subsequently recognised at amortised cost, and any difference between the amount received (net after transaction costs) and the repayment amount is recognised through profit or loss, distributed over the term of the loan, using the effective interest method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date.

Trade payables

Trade payables are commitments to pay for goods or services acquired in operating activities from suppliers. Trade payables are classified as current liabilities if they fall due within one year after the balance sheet date; otherwise they are classified as non-current liabilities. Trade payables are initially measured at fair value and thereafter at amortised cost by applying the effective interest method.

Impairment

Assets with indefinite useful life, such as goodwill, are not amortised but are tested at least annually for impairment. When impairment tests are performed, goodwill is distributed between the cash-generating units or groups of cash-generating units, determined in accordance with the Group's operating segments that are expected to benefit from the business combination in which the goodwill item arose.

Depreciated/amortised assets are assessed with regard to any impairment in value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling costs and its value in use.

Reporting for operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function that is responsible for allocating resources and assessing the performance of the operating segments. For the Group, this function has been identified as the President of the Parent Company.

Statement of cash flows, and cash and cash equivalents

The statement of cash flows is prepared in accordance with the indirect method. The reported cash flows include only transactions that involve cash inflows and outflows.

Cash and cash equivalents include cash, bank balances and short-term investments with a remaining term of less than three months from the acquisition date.

Parent Company

The Parent Company's accounts are prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 Accounting for Legal Entities from the Swedish Financial Reporting Board (RFR). The recommendation entails that legal entities whose securities are listed on a Swedish stock exchange on the balance sheet date are, as a main rule, to apply the IFRSs used in the consolidated financial statements along with certain exemptions and additions stated in the recommendation.

The accounting policies and calculation methods for the Parent Company are unchanged compared with the preceding year.

Financial instruments, such as long-term securities holdings, are measured at fair value. Changes in fair value are recognised in accordance with the same principles as for the Group (see the description above). Participations in Group companies are recognised at cost less any impairment. The cost of participations in Group companies includes transaction costs that arose in conjunction with the acquisition. Contingent consideration is recognised as a part of cost if it is probable that such consideration will be paid. Any revaluations of estimated contingent consideration in subsequent periods is recognised as a change in the cost of participations in Group companies. Provisions for estimated contingent consideration in foreign currency may in certain cases be treated in the accounts as a hedge of net investments in foreign operations. The Parent Company then recognises the provisions at the exchange rate in effect on the acquisition date until they are settled, at which point realised exchange rate differences are recognised as a change in the cost of participations in Group companies. Other assets and liabilities are recognised at historical cost less depreciation/amortisation and any impairment. Dividends received and Group contributions received are recognised as financial income.

All leases, irrespective of whether they are operating or finance leases, are recognised in the Parent Company as rental agreements (operating leases).

Note 2 Operating segments

The Group's operations are organised and governed based on the business areas Design Management, Product Lifecycle Management (PLM) and Process Management, which make up the Group's operating segments. In 2016 the former Content Management business area became part of the Process Management business area. The segment breakdown is based on the Group's products and services.

Company management uses revenue, EBITA and operating profit to make decisions on the allocation of resources, performance analyses and assessments of the performance of the segments. Financial income, financial expenses and income tax are handled at the Group level. Segments are reported according to the same accounting policies as the Group. The difference between the amount of the segment's operating profit and consolidated profit before tax pertains to financial income SEK 1.8 M (2.5) and financial expenses of SEK -6.7 M (-3.9).

Design Management sells IT solutions for design, project management and property management. Product Lifecycle Management offers IT solutions for design and product data management. The operations of Process Management are focused on IT solutions for document and case management. Central work pertains to market communication, financial reporting and control, financing, tax issues, business development and company acquisitions.

A breakdown of the Group's net sales by the various types of revenue is provided in Note 3. All of the business areas receive revenue from consulting services, licences, software, and support and maintenance services, although the share of revenue from each type of revenue varies between the business areas. Design Management and Product Lifecycle Management receive revenue primarily from support and maintenance services. For Process Management, consulting services for proprietary software are the primary revenue stream. Revenue for central units primarily pertains to invoicing to subsidiaries for services performed. Transactions between business areas are normally conducted in accordance with normal commercial terms, which also apply for external parties.

	Design Management		PLM		Process Management		Central		Eliminations		Group	
SEK m	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue and earnings												
Revenue from external customers	826.2	824.0	778.6	512.6	589.7	563.6	0.5	0.6	–	–	2,195.0	1,900.8
Transactions between segments	2.7	3.7	0.4	–	5.1	2.8	12.1	10.1	-20.3	-16.6	0.0	0.0
Total revenue	**828.9**	**827.7**	**779.0**	**512.6**	**594.8**	**566.4**	**12.6**	**10.7**	**-20.3**	**-16.6**	**2,195.0**	**1,900.8**
EBITA	57.1	65.8	62.1	52.7	78.3	78.6	-26.9	-29.1	–	–	170.6	168.0
Operating profit/loss	32.8	47.0	50.5	46.3	57.3	61.8	-26.9	-29.1	–	–	113.7	126.0
Other disclosures												
Total assets	825.2	853.3	519.2	491.8	850.1	782.0	301.6	250.9	-510.6	-486.9	1,985.5	1,891.1
Investments in intangible assets and in property, plant and equipment	24.0	26.3	16.6	14.9	26.4	19.9	0.9	–	–	–	67.9	61.1
Depreciation/amortisation and impairment of intangible assets and of property, plant and equipment	-28.8	-23.1	-17.3	-10.6	-25.6	-22.0	–	–	–	–	-71.7	-55.7
Average number of employees	319	317	428	281	405	400	8	7			1,160	1,005

Geographical information

The Group conducts operations primarily in the Nordic countries, the UK and the USA, and starting on 1 July 2015 also in Germany. Most of the Group's operations are in Sweden, where all of the business areas conduct operations. Operations in Norway are mainly conducted by Design Management, but also Product Lifecycle Management and Process Management. Operations in Finland are conducted by Design Management and Product Lifecycle Management. Operations in Denmark and the UK are conducted by Design Management, and operations in Germany and the USA are conducted by Product Lifecycle Management.

The information below regarding revenue from external customers is based on where the customers are domiciled.

SEK m	Revenue from external customers 2016	Revenue from external customers 2015	Intangible assets and property, plant and equipment 2016	Intangible assets and property, plant and equipment 2015
Sweden	1,062.1	1,007.1	677.1	590.0
Norway	251.8	266.4	205.2	190.6
Finland	161.0	170.8	46.7	45.2
Denmark	49.0	48.9	19.7	19.0
Germany	419.6	247.1	219.6	212.1
UK	65.4	78.0	25.6	31.1
USA	74.3	37.8	–	–
Other countries	111.8	44.7	8.8	7.8
Group	**2,195.0**	**1,900.8**	**1,202.7**	**1,095.8**

Note 3 Revenue distribution

Net sales consist of:

	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Consulting services	708,466	633,449	–	–
Licences and software	310,933	297,365	–	–
Support and maintenance	1,108,424	926,688	–	–
Other	67,193	43,300	9,141	7,285
Total	**2,195,016**	**1,900,802**	**9,141**	**7,285**

Note 4 Salaries, other remuneration and social security costs

	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Salaries and other remuneration for:				
Boards of directors, presidents and senior executives	92,199	96,854	10,742	8,563
Other employees	577,024	480,671	3,886	3,658
Pension costs for:				
Boards of directors, presidents and senior executives	12,049	12,442	1,652	1,231
Other employees	48,766	45,243	712	493
Other social security costs	165,360	149,593	5,063	4,103
Total	**895,398**	**784,803**	**22,055**	**18,048**
Salaries and other remuneration for boards of directors, presidents and senior executives above include bonuses and similar, totalling	14,254	15,421	2,749	2,356
Number of persons included in the category of boards of directors, presidents and senior executives above	83	92	10	9

Note 5 Remuneration of the Board of Directors and senior executives

Remuneration and other benefits in 2016

	Base salary/fee	Variable remuneration	Other benefits	Pension costs	Total 2016
Sigrun Hjelmquist, Chairman of the Board	407	–	–	–	407
Jan Andersson, director	234	–	–	–	234
Kristofer Arwin, director	213	–	–	–	213
Dick Hasselström, director	193	–	–	–	193
Annika Viklund, director	178	–	–	–	178
Thord Wilkne, director	178	–	–	–	178
Staffan Hanstorp, President	2,122	1,400	111	612	4,245
Other senior executives (5 persons)	7,637	2,644	227	1,527	12,035
Total	**11,162**	**4,044**	**338**	**2,139**	**17,683**

Remuneration and other benefits in 2015

	Base salary/fee	Variable remuneration	Other benefits	Pension costs	Total 2015
Sigrun Hjelmquist, Chairman of the Board	395	–	–	–	395
Jan Andersson, director	227	–	–	–	227
Kristofer Arwin, director	207	–	–	–	207
Dick Hasselström, director	188	–	–	–	188
Annika Viklund, director	173	–	–	–	173
Thord Wilkne, director	173	–	–	–	173
Staffan Hanstorp, President	1,972	1,530	119	587	4,208
Other senior executives (6 persons)	7,531	2,435	242	1,710	11,918
Total	**10,866**	**3,965**	**361**	**2,297**	**17,489**

Guidelines approved by the Annual General Meeting in April 2016

By senior executives is meant the President of the Parent Company, other members of Group Management, and other senior executives according to the description in the Corporate Governance Report on page 87. The following guidelines for remuneration and other terms of employment for senior executives were approved by the AGM in April 2016:

Remuneration of the President of the Parent Company, other members of Group Management, and other senior executives shall normally consist of a fixed salary, variable remuneration, share-based incentive programmes and other customary benefits and pensions. The fixed salary shall be competitive and ensure that Addnode Group is able to recruit competent executives. As a general rule, the fixed salary is reviewed once per year and is to take into account the individual's qualitative performance. In addition to the fixed salary, variable remuneration may be payable. Variable remuneration shall be based on results achieved and/or individually set specific targets. For the President of the Parent Company, the variable cash remuneration shall be based on the earnings achieved by the Group. Variable cash remuneration is capped at 12 months' salary. For other executives in Group Management as well as other senior executives, variable cash remuneration is capped at six months' salary and shall be based primarily on the operation for which the individual is responsible. Share-based incentive programmes shall ensure long-term commitment to the Group's development and promote personal shareholdings in the Company.

Pensions shall always be defined contribution solutions in order to generate predictability with respect to the Company's future obligations. Pension premiums are payable at a maximum amount of 30 per cent of the individual's current fixed annual salary.

Other remuneration and benefits are to be on market terms and shall support the executive's ability to perform his/her duties. Other benefits pertain primarily to company cars or mileage allowance.

Senior executives' employment contracts include stipulations on notice periods. The policy is that employment may be terminated at the request of one party with a notice period of a minimum of six and a maximum of 12 months. During the notice period, unchanged salary, remuneration and benefits shall be payable.

These guidelines shall apply for employment contracts entered into after the AGM and for any amendments to existing conditions. The Board may deviate from these guidelines only if specific reasons exist in individual cases.

Remuneration and benefits for the Board of Directors and senior executives in 2016

Parent Company board of directors

For the time between the 2016 and 2017 Annual General Meetings, a fixed fee of SEK 360 thousand is payable to the Chairman of the Board and SEK 180 thousand to each of the other board members. A fee of SEK 55 thousand is payable to the Audit Committee chair, and a fee of SEK 35 thousand is payable to each of the two other members of the Audit Committee. A fee of SEK 15 thousand is payable to each of the two members of the Board's Remuneration Committee. No other fees were paid in 2016 for work in addition to board assignments or work on the Audit or Remuneration Committees. No agreements exist regarding pensions, severance pay or other benefits for board members.

Subsidiary boards of directors

No special fee is generally paid to board members of the Group's subsidiaries, nor any pension benefits or other benefits.

President of the Parent Company

The President, Staffan Hanstorp, is employed in the Parent Company. Under his employment contract, remuneration is paid in the form of base salary of SEK 170 thousand per month, variable remuneration, other benefits and occupational pension premiums. Variable remuneration for the 2016 financial year pertains to an expensed bonus that will be paid out in 2017. Variable remuneration is based on the Group's earnings after amortisation of intangible assets. Variable salary is capped at 12 months' fixed salary. Other benefits consist primarily of a car mileage allowance. Pension costs pertain to the cost that affected net profit for the year. Occupational pension premiums are paid in an amount corresponding to 30 per cent of fixed salary.

The President's employment contract has a mutual notice period of six months with a continued obligation to work. In the event the Company serves notice, severance pay equivalent to six months' fixed salary and other benefits will be payable for the same period.

Remuneration of the President of the Parent Company is addressed and set by the Board's Remuneration Committee.

Other senior executives

The category "other senior executives" in the table above for 2016 includes Group Management, in addition to the President of the Parent Company, as well as other senior executives according to the description in the Corporate Governance Report on page 87. Remuneration of other senior executives consists of a base salary, variable remuneration, other benefits and occupational pension premiums. Variable remuneration for the 2016 financial year pertains to expensed bonuses that will be paid out in 2017. Variable remuneration is largely based on operating profit for the year for the executive's area of responsibility before, or for certain executives after, amortisation of intangible assets. Variable salary is capped in an amount that normally corresponds to six months' fixed salary. The level of other benefits in the table above mainly pertains to company cars or a car mileage allowance. Pension costs pertain to the costs that affected net profit for the year. Occupational pension premiums are paid in an amount corresponding to a maximum of approximately 30 per cent of fixed salary.

The employment contracts have a mutual notice period of six months with a continued obligation to work.

Remuneration of other senior executives in the Group is addressed and set by the President of the Parent Company following consultation with the Board's Remuneration Committee.

Note 6 Auditors' fees

	Group		Parent Company	
	2016	2015	2016	2015
Audit assignment				
PricewaterhouseCoopers	1,951	1,885	440	436
Other auditors	992	846	–	–
Auditing activities in addition to the audit assignment				
PricewaterhouseCoopers	153	418	100	320
Other auditors	39	17	–	–
Tax consulting				
PricewaterhouseCoopers	10	41	–	4
Other auditors	145	29	–	–
Other services				
PricewaterhouseCoopers	33	10	10	10
Other auditors	177	188	–	–
Total	**3,500**	**3,434**	**550**	**770**

Fees for auditing activities in addition to the audit assignment include reviews of the interim reports for both 2016 and 2015. For 2015 the figure also includes fees for reviewing opening balance sheets of acquired companies and fees for opinion statements in connection with non-cash issues.

Of the total amounts in the table for the Parent Company in 2015 above, SEK 194 thousand has been capitalised as a cost for acquired subsidiaries. There is no corresponding amount for 2016.

Note 7 Exchange rate differences

Consolidated operating profit includes exchange rate differences attributable to operating receivables and operating liabilities in a net amount of SEK -1,643 thousand (-695 thousand). Forward exchange contracts are used to a certain extent to secure amounts for future payment flows in foreign currencies. Outstanding forward exchange contracts are measured at fair value. Forward exchange contracts pertain to hedges of a particular risk associated with a reported asset or liability or a highly probable forecast transaction (cash flow hedges). Hedge accounting according to IAS 39 is applied for certain forward exchange contracts. This means that unrealised changes in value are recognised in the consolidated statement of comprehensive income until the hedged item is to be recognised in the consolidated income statement, at which point the gain or loss for the corresponding forward exchange contract is recognised in the consolidated income statement. The purpose of hedge accounting is thus for the gain/loss for the hedged item and the corresponding forward exchange contract to be recognised through profit or loss during the same period. Both realised and unrealised changes in value of forward exchange contracts, for which the formal conditions for hedge accounting are not met, are recognised in operating profit. No forward exchange contracts were outstanding as per 31 December 2015 or 31 December 2014.

Further information on the Company's currency hedging policy is provided in Note 37, Financial risks and risk management.

Note 8 Research and development

Research and development costs for the year amounted to SEK 22,166 thousand (20,005 thousand). Cost for investments in proprietary software and applications were capitalised in 2016 in the amount of SEK 42,703 thousand (43,243 thousand) (see Note 16). Amortisation in 2016 of capitalised amounts for proprietary software and applications for the year and previous years amounted to SEK 29,307 thousand (19,822 thousand).

Note 9 Operating leases

The nominal value of future, minimum lease payments for non-cancellable leases is broken down by maturities as follows:

	Group	
	2016	2015
Due for payment within one year	53,002	47,583
Due for payment after more than one year but within five years	58,873	58,847
Due for payment after more than five years	1,199	3,701
Total	**113,074**	**110,131**

Leasing costs for operating leases amounted to the following during the year:

	Group	
	2016	2015
Rental and leasing costs	56,747	47,572
Total	**56,747**	**47,572**

The operating leases pertain primarily to rents of premises.

Note 10 Financial income

	Group	
	2016	2015
Interest income	636	597
Share dividends	910	—
Exchange rate differences	—	1,873
Other financial income	261	52
Total	**1,807**	**2,522**

	Parent Company	
	2016	2015
Result from participations in Group companies		
Share dividends	47,049	54,964
Group contributions received	68,197	70,975
Capital gains/losses	—	-53
Impairment losses	-18,000	-24,980
Total	**97,246**	**100,906**
Profit from other securities that are non-current assets		
Share dividends	910	—
Total	**910**	**0**
Interest income and similar profit/loss items		
External interest income	258	157
Interest income from Group companies	1,359	1,632
Exchange rate differences	—	3,146
Total	**1,617**	**4,935**

Note 11 Financial expenses

	Group	
	2016	2015
Interest expense	-3,253	-2,546
Exchange rate differences	-2,311	—
Other financial expenses	-1,122	-1,398
Total	**-6,686**	**-3,944**

	Parent Company	
	2016	2015
Interest expense and similar profit/loss items		
External interest expense	-2,374	-1,734
Interest expense to Group companies	-180	-228
Exchange rate differences	-2,071	—
Other financial expenses	-1,097	-1,342
Total	**-5,722**	**-3,304**

Note 12 Tax

	Group		Parent Company	
	2016	2015	2016	2015
Current tax on profit for the year	-22,119	-18,790	-6,296	–
Adjustments pertaining to previous years	1,074	-7	–	–
Deferred tax (see Note 13)	-5,436	-10,287	-821	-11,699
Total	**-26,481**	**-29,084**	**-7,117**	**-11,699**

Tax attributable to the subcomponents of other comprehensive income for the Group in 2016 totalled SEK 96 thousand (91) and pertained solely to actuarial gains and losses on pension obligations.

The difference between tax calculated at the nominal Swedish tax rate on profit after tax and effective tax according to the income statement is as follows:

	Group		Parent Company	
	2016	2015	2016	2015
Profit before financial items/profit before tax	**108,814**	**124,570**	**61,792**	**84,131**
Tax calculated according to nominal Swedish tax rate of 22% (22%)	-23,939	-27,405	-13,594	-18,509
Non-deductible expenses	-1 535	-2,010	-4,074	-5,665
Dividends from Group companies	–	–	10,351	12,092
Other tax-exempt income	688	449	200	380
Utilisation of loss carry-forwards and temporary differences for which deferred tax assets were previously capitalised	613	140	–	3
Increase in deferred tax assets for loss carry-forwards and temporary differences	245	2,926	–	–
Increase in loss carry-forwards and temporary differences for which no deferred tax assets were capitalised	-1,423	-820	–	–
Revaluation of deferred tax assets and deferred tax liabilities due to changes in foreign tax rates	626	-31	–	–
Effect of foreign tax rates	-2,830	-2,326	–	–
Adjustments pertaining to previous years	1,074	-7	–	–
Tax according to income statement	**-26,481**	**-29,084**	**-7,117**	**-11,699**

A determination of the future opportunities to utilise tax loss carry-forwards against taxable surpluses is made in connection with every year-end book-closing. The determination in connection with the book-closing as per 31 December 2015 entailed the recognition of a deferred tax recoverable pertaining to loss carryforwards in the amount of approximately SEK 2.9 M in the consolidated income statement for 2015 (see also Note 13).

Non-deductible expenses for the Parent Company include impairment of the value of participations in Group companies for both 2016 and 2015.

Note 13 Deferred tax

Deferred tax assets and deferred tax liabilities pertain to temporary differences and tax loss carryforwards. Temporary differences exist for cases in which the carrying amount and tax values of the assets and liabilities are different. Deferred tax assets pertaining to tax loss carry-forwards or other tax deductions are recognised only to the extent that it is likely that the deductions can be offset against surpluses in conjunction with future taxation.

Deferred tax assets and deferred tax liabilities pertain to temporary differences and tax loss carryforwards on the respective balance sheet dates as follows:

	Group		Parent Company	
	2016	2015	2016	2015
Deferred tax assets				
Intangible non-current assets	1,049	2,768	–	–
Property, plant and equipment	862	708	–	–
Temporary differences in receivables and liabilities	1,535	1,169	44	44
Loss carryforwards	1,783	8,247	–	821
Total deferred tax assets	**5,229**	**12,892**	**44**	**865**
Deferred tax liabilities				
Capitalised costs for development work	8,515	8,420	–	–
Trademarks, customer agreements, software, etc.	32,782	31,622	–	–
Untaxed reserves	9,881	7,443	–	–
Total deferred tax liabilities	**51,178**	**47,485**	**–**	**–**
Deferred tax assets and deferred tax liabilities, net	**-45,949**	**-34,593**	**44**	**865**

The net amount of deferred tax assets and deferred tax liabilities changed during the year as follows:

	Group		Parent Company	
	2016	2015	2016	2015
Opening balance	-34,593	-15,359	865	12,564
Acquired Group companies	-5,268	-10,042	–	–
Recognised in income statement (see Note 12)	-5,436	-10,287	-821	-11,699
Recognised in other comprehensive income (see Note 12)	96	91	–	–
Translation difference	-748	1,004	–	–
Closing balance	**-45,949**	**-34,593**	**44**	**865**

The amounts recognised on the balance sheet include the following:

	Group	
	2016	2015
Deferred tax assets that can be utilised after 12 months at the earliest	3,588	4,567
Deferred tax liability that must be paid after 12 months at the earliest	-43,261	-39,392

Deferred tax assets not recognised as assets

The Group's total tax loss carryforwards amounted to approximately SEK 35 m on 31 December 2016. Deferred tax assets are recognised in the amount of SEK 1.8 m on the consolidated balance sheet as the value of these loss carryforwards. The deferred tax assets attributable to loss carryforwards are recognised as assets to the extent it is likely that the loss carryforwards may be deducted against surpluses in future taxation. The Group's total tax loss carryforwards are partly attributable to foreign companies, where the opportunities for utilisation may be limited since the Group does not currently conduct any operations in the countries in which these loss carryforwards exist. Deferred tax assets that have not been recognised as assets amounted to approximately SEK 6 m (4) on 31 December 2016. There are no established maturity dates for the tax loss carryforwards that the Group had on 31 December 2016.

Note 14 Dividend per share

A dividend of SEK 2.25 per share will be proposed to the Annual General Meeting on 5 May 2017. A dividend of SEK 2.25 per share was paid in 2016, for a total dividend payout of SEK 68,461 thousand.

Note 15 Earnings per share

	Group	
	2016	2015
Earnings per share before dilution		
Reported profit attributable to owners of the Parent Company	82,333	95,485
Profit for calculation of earnings per share	82,333	95,485
Average number of shares outstanding before dilution, thousands	30,427	30,017
Earnings per share before dilution, SEK	**2.71**	**3.18**
Earnings per share after dilution		
Reported profit attributable to owners of the Parent Company	82,333	95,485
Profit for calculation of earnings per share	82,333	95,485
Average number of shares outstanding after dilution, thousands	30,427	30,017
Earnings per share after dilution, SEK	**2.71**	**3.18**

Note 16 Intangible non-current assets

	Goodwill	Trademarks	Customer agreements and similar rights	Costs for software development	Group
As per 1 January 2015					
Cost	768,674	12,446	132,654	149,701	1,063,475
Accumulated amortisation and impairment losses	-30,000	–	-102,664	-55,881	-188,545
Carrying amount	**738,674**	**12,446**	**29,990**	**93,820**	**874,930**
1 January–31 December 2015					
Opening carrying amount	738,674	12,446	29,990	93,820	874,930
Addition from acquired companies	–	–	1,852	39	1,891
Acquisitions for the year[1]	170,195	–	37,074	43,243	250,512
Amortisation during the year	–	–	-13,424	-28,630	-42,054
Translation difference	-19,690	-365	-437	-3,617	-24,109
Closing carrying amount	**889,179**	**12,081**	**55,055**	**104,855**	**1,061,170**
As per 31 December 2015					
Cost	919,179	12,081	171,143	189,366	1,291,769
Accumulated amortisation and impairment losses	-30,000	–	-116,088	-84,511	-230,599
Carrying amount	**889,179**	**12,081**	**55,055**	**104,855**	**1,061,170**
1 January–31 December 2016					
Opening carrying amount	889,179	12,081	55,055	104,855	1,061,170
Acquisitions for the year[1]	59,026	–	18,310	55,203	132,539
Amortisation during the year	–	-1,857	-16,185	-38,869	-56,911
Reclassification	–	–	-644	644	0
Translation difference	23,802	355	1,267	3,706	29,130
Closing carrying amount	**972,007**	**10,579**	**57,803**	**125,539**	**1,165,928**
As per 31 December 2016					
Cost	1,002,007	12,436	190,076	248,919	1,453,438
Accumulated amortisation and impairment losses	-30,000	-1,857	-132,273	-123,380	-287,510
Carrying amount	**972,007**	**10,579**	**57,803**	**125,539**	**1,165,928**

[1] Through business development and acquisitions, the proportion of proprietary software and applications has increased in the IT solutions that the Group offers to customers. In 2016, costs for investments in proprietary software and applications that meet the criteria for capitalisation amounted to SEK 42,703 thousand (43,243 thousand).

Impairment testing of goodwill and other intangible assets with indefinite useful life

Goodwill is distributed among the Group's cash-generating units identified by operating segments. A summary of the distribution of goodwill at the operating segment level is provided in the following tables:

	Design Manage-ment	PLM	Process Manage-ment	Group
As per 31 December 2016				
Sweden	108,934	70,146	363,554	542,634
Norway	163,115	–	–	163,115
Finland	19,788	24,874	–	44,662
Denmark	19,604	–	–	19,604
Germany	–	174,911	–	174,911
UK	22,516	–	–	22,516
Serbia	–	–	4,565	4,565
Total	**333,957**	**269,931**	**368,119**	**972,007**

	Design Manage-ment	PLM	Process Manage-ment	Group
As per 31 December 2015				
Sweden	86,748	70,146	326,714	483,608
Norway	147,887	–	–	147,887
Finland	18,894	23,752	–	42,646
Denmark	18,649	–	–	18,649
Germany	–	167,015	–	167,015
UK	24,932	–	–	24,932
Serbia	–	–	4,442	4,442
Total	**297,110**	**260,913**	**331,156**	**889,179**

Impairment testing of goodwill and other intangible assets with indefinite useful life is conducted yearly or more often if there is an indication of a decline in value.

The recoverable amount for a cash-generating unit is determined based on calculations of value in use. These calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by company management and covering a four-year period. The cash flow forecasts are based on an assessment of the anticipated growth rate and development of the EBITA margin (operating margin before amortisation and impairment of intangible assets), starting from the budget for the next year, forecasts for the next three years, management's long-term expectations on the operations, and the historical trend. The calculated value in use is most sensitive to changes in the assumption about the growth rate, EBITA margin and discount rates. Applied assumptions are based on previous experience and the market trend. The cash flow forecasts for years two to four are based on an annual growth rate of 4 per cent (4) for Product Lifecycle Management and Process Management. For Design Management, against the background of the changed business model for Autodesk products, the assumption is that net sales will increase by 3 per cent from 2017 to 2018, and thereafter increase in the years immediately following by 5 per cent, 6 per cent and 5 per cent, respectively. Cash flow beyond the four-year period is extrapolated using an estimated long-term growth rate of 2 per cent (2) for all cash-generating units. The growth rate does not exceed the long-term average growth rate according to industrial reports for the markets in which each cash-generating unit operates. The discount rate used in calculating the recoverable amount is 9.7 per cent (13) before tax. The required rate of return has been established based on the Group's current capital structure and reflects the risks that apply for the various operating segments.

Based on the impairment testing carried out to date, there is no need to recognise impairment for goodwill or other intangible assets with indefinite useful life at 31 December 2016. An increase of the discount rate by 2 percentage points, a decrease in the operating margin before amortisation and impairment of intangible assets (the EBITA margin) by 2 percentage points, or a reduction in the assumed long-term growth rate by 2 percentage points would each not result in any need to recognise impairment as per 31 December 2016.

	Parent Company	
	31/12/2016	31/12/2017
Software		
Opening cost	0	0
Purchases during the year	898	–
Closing accumulated cost	**898**	**0**
Closing planned residual value	**898**	**0**

Note 17 Property, plant and equipment

	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Equipment and installations				
Opening cost	90,412	79,235	202	202
Addition from acquired companies	719	6,358	–	–
Purchases during the year	16,614	17,213	–	–
Sales/disposals	-9,543	-11,780	–	–
Translation difference	3,206	-614	–	–
Closing accumulated cost	**101,408**	**90,412**	**202**	**202**
Opening depreciation	-55,982	-52,340	-191	-186
Sales/disposals	8,246	9,908	–	–
Translation difference	-2,275	-19	–	–
Depreciation for the year	-14,709	-13,531	-5	-5
Closing accumulated depreciation	**-64,720**	**-55,982**	**-196**	**-191**
Closing planned residual value	**36,688**	**34,430**	**6**	**11**

	Group	
	31/12/2016	31/12/2015
Land and buildings		
Opening cost	814	814
Closing accumulated cost	**814**	**814**
Opening depreciation	-635	-510
Depreciation for the year	-125	-125
Closing accumulated depreciation	**-760**	**-635**
Closing planned residual value	**54**	**179**

Land and buildings pertain to assets in Sweden.

Note 18 Participations in Group companies

	Parent Company	
	31/12/2016	31/12/2015
Opening cost	1,259,695	1,094,962
Investments in subsidiaries during the year[1]	84,802	173,751
Capital contributions to subsidiaries	1,000	199,896
Sales of subsidiaries[2]	-21,250	-208,914
Closing accumulated cost	**1,324,247**	**1,259,695**
Opening impairment	-125,810	-100,830
Impairment losses recognised during the year	-18,000	-24,980
Closing accumulated impairment losses	**-143,810**	**-125,810**
Closing carrying amount	**1,180,437**	**1,133,885**

[1] The year's investments in subsidiaries include estimated contingent consideration (earn-out payments) totalling SEK 4,000 thousand. The outcome is dependent on the revenue and earnings performance of the acquired companies.

[2] The sales in 2016 and 2015 were made to other Group companies.

Company	Corporate identity number	Registered office	No. shares	Share of capital/ votes, %	Carrying amount 31/12/2016	Carrying amount 31/12/2015
Mogul Holding AB	556300-0073	Stockholm	10,275,103	100	62,140	62,140
Mogul AB	556531-1890	Stockholm	20,000	100	–	–
Evitbe AB	556557-7599	Stockholm	20,000	100	–	–
Decerno Göteborg AB	556633-3877	Gothenburg	100,000	100	–	–
Symetri Collaboration AB	556565-2590	Stockholm	500,000	100	–	–
Symetri Ltd	3239798	Newcastle, UK	500,000	100	–	–
Mogul Balkan d.o.o	17598732	Belgrade, Serbia	1	100	–	–
Optosof GmbH	HRB 27754	Wiesbaden, Germany	3	100	–	–
Kartena AB	556751-4749	Stockholm	1,320	100	–	–
Clockwork Group AB	556535-3918	Stockholm	4,586,000	100	–	–
Technia Holding AB	556516-7367	Stockholm	4,533,500	100	136,624	136,624
TechniaTranscat AB	556481-3193	Stockholm	5,000	100	–	–
Addnode India Private Limited[3]	U72200MH2012FTC229607	Thane, India	100	100	–	–
TechniaTranscat AS	880 823 582	Moss, Norway	250	100	–	–
TechniaTranscat Oy	0755401-4	Tampere, Finland	77	100	–	–
Symetri Europe AB	556524-6989	Borlänge	1,000	100	–	–
Mogul Sweden AB	556511-2975	Stockholm	1,000	100	–	–
Addnode Inc	75-3269017	Naperville, IL, USA	100	100	–	–
Addnode Germany GmbH	HRB 27745	Wiesbaden, Germany	1	100	194,408	194,387
Transcat GmbH	HRB 110416	Karlsruhe, Germany	25,000	100	–	–
TechniaTranscat GmbH	HRB 109117	Karlsruhe, Germany	1	100	–	–
TechniaTranscat s.r.o	34196/B	Bratislava, Slovakia	1	100	–	–
TechniaTranscat GmbH	FN 399981 h	Linz, Austria	1	100	–	–
Symetri AB	556359-5429	Borlänge	10,000	100	94,399	93,399
Symetri AS	957 168 868	Oslo, Norway	200	100	70,896	70,896
Symetri Oy	1058681-8	Helsinki, Finland	3,000	100	36,986	36,986
Symetri A/S	13 737 436	Copenhagen, Denmark	60	100	893	893
Symetri Collaboration AS	983 443 117	Oslo, Norway	3,644	100	155,359	155,359
5 D Systemkonsult AB	556247-6662	Stockholm	1,000	100	32,288	–
Ida Infront AB	556316-2469	Linköping	5,894,650	100	119,577	119,577
Ida Infront AS	988 393 568	Oslo, Norway	100	100	692	692
Stamford AB	556413-4939	Karlstad	1,000,000	100	18,244	–
Stamford Stockholm AB	556325-7913	Stockholm	1,000	100	19,417	19,417
Stamford Hero i Karlstad AB	559005-5884	Karlstad	50,000	100	8,514	–
Decerno AB	556498-5025	Täby	10,000	100	43,352	43,352
Decerno Väst AB	556564-9885	Gothenburg	27,990,434	99.97	16,489	16,489
Sokigo AB	556550-6309	Köping	5,000	100	100,874	100,874
Arkiva AB	556313-5952	Västerås	1,000	100	–	–
Abou AB	556786-8046	Stockholm	1,000	100	20,456	20,456
EssVision AB	556373-9225	Stockholm	1,000	100	25,735	–
Voice Provider Sweden AB	556598-3276	Stockholm	215,960	100	18,903	36,903
Mittbygge AB	556586-1555	Växjö	1,000	100	4,000	4,000
Pharmasolutions AS	998 653 886	Oslo, Norway	100	100	137	137
Cartesia Oy	1617126-9	Helsinki, Finland	500	100	54	54
Merged direct holdings in 2016:						
Cartesia GIS AB[4]	556522-5678	Lycksele	5,000	100	–	21,250
Total carrying amount					**1,180,437**	**1,133,885**

[3] The company is 99 per cent-owned by TechniaTranscat AB and 1 per cent-owned by Technia Transcat Oy.

[4] Cartesia GIS AB was merged with Sokigo AB (formerly Tekis AB) in 2016.

Subsidiaries acquired during the year are described in Note 35 Acquisitions of subsidiaries and operations.

All Group companies are consolidated in the consolidated financial statements. The non-controlling interest in Decerno Väst AB (formerly Kartena AB) amounted to 0.03 per cent on 31 December 2016 and is not significant. The operations of Group companies are conducted primarily in the countries in which they are domiciled. There are no significant restrictions to gaining access to the assets of the Group companies and settling the Group's liabilities.

Note 19 Disclosures of financial instruments

The carrying amount of the Group's financial instruments, distributed among measurement categories according to IAS 39, is summarised in the table below. No financial assets or liabilities are recognised at a value that considerably deviates from the fair value. A more detailed description of certain items is provided in separate notes according to the instructions below. Financial risks and risk management are described in Note 37.

		Group	
Assets	**Note**	**31/12/2016**	**31/12/2015**
Loans receivable and trade receivables			
Non-current receivables	21	7,455	7,427
Accounts receivable – trade		430,947	432,110
Other receivables		8,040	6,145
Available-for-sale financial assets			
Long-term securities holdings[1]	20	11,110	9,255
Cash and cash equivalents	36	111,473	102,855

Liabilities			
Financial assets at fair value through profit or loss			
Provisions for estimated contingent consideration[2]	28	42,269	45,675
Other financial liabilities			
Non-current and current interest-bearing liabilities	26	177,297	126,604
Other non-current and current liabilities		–	1,104
Accounts payable – trade		108,624	124,466

[1] Long-term securities holdings pertain to unlisted shares and participations and are attributable to level 3 in the fair value hierarchy according to IFRS 13. Level 3 entails that the fair value measurement is not based on observable market data. The opening carrying amount for the year of unlisted shares and participations was SEK 9,255 thousand (6,231 thousand), the year's investments amounted to SEK 1,855 thousand (3,425 thousand), the year's reclassifications amounted to SEK –thousand (-401 thousand), and the year's closing carrying amount amounted to SEK 11,110 thousand (9,255 thousand) (see Note 20). Dividends received from unlisted shares and participations, totalling SEK 910 thousand (–) have been reported as financial income in the income statement for 2016. Other than that, no result has been recognised in the income statements for 2016 or 2015 from unlisted shares and participations. For shareholdings and participations remaining at 31 December 2016, no gains or losses have been recognised in the income statement or in other comprehensive income for 2016 or prior years. The carrying amounts of the unlisted shareholdings and participations as per 31 December 2016 correspond to the cost for the respective holdings. Reasonable possible alternative assumptions in the measurement of the fair value would not result in any significant impact on the Group's accounting.

[2] Provisions for estimated contingent consideration for acquisitions are attributable to level 3 in the fair value hierarchy according to IFRS 13. The provisions have been measured at fair value based on an assessment of future earnings and to a certain extent on future revenue of the acquired companies or businesses. The opening carrying amount of provisions for contingent consideration for the year was SEK 45,675 thousand (4,189 thousand), additional provisions during the year for acquisitions amounted to SEK 4,000 thousand (46,340), contingent consideration paid during the year amounted to SEK 9,289 thousand (4,175 thousand), exchange rate differences for the year amounted to SEK 1,883 thousand (-679 thousand), and the closing carrying amount for the year was SEK 42,269 thousand (45,675 thousand). No result was recognised in the income statements for 2016 or 2015 for revaluation of contingent consideration. An exchange rate loss of SEK -22 thousand (gain of 14 thousand) was recognised in the income statement, of which no portion was unrealised. An unrealised exchange rate loss of SEK -1,861 thousand (gain of 665 thousand) pertaining to contingent consideration which constitute a hedge of a net investment in foreign operations was recognised in other comprehensive income. Further information about contingent consideration and its measurement is provided in Notes 28 and 35.

During 2016 and 2015 no transfers were made between the levels in the fair value hierarchy according to IFRS 13. The tables below show revenue, expenses, gains and losses attributable to financial instruments, broken down by measurement categories according to IAS 39.

	Group 2016			Group 2015		
	Gain/loss	Interest income	Interest expense	Gain/loss	Interest income	Interest expense
Loans receivable and trade receivables						
Non-current receivables and other current receivables	–	362	–	–	307	–
Financial assets at fair value through profit or loss						
Long-term securities holdings[3]	910	–	–	–	–	–
Cash and cash equivalents	–	274	–	–	290	–
Other financial liabilities						
Interest expense on liabilities to credit institutions	–	–	-2,569	–	–	-1,706
Other interest expense	–	–	-684	–	–	-840
Earnings effect	**910**	**636**	**-3,253**	**0**	**597**	**-2,546**

[3] The gain/loss amount for 2016 pertains to a dividend of SEK 910 thousand.

Note 20 Long-term securities holdings

	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening cost	9,255	6,231	7,050	5,500
Investments during the year	1,855	3,425	–	1,550
Reclassification to participations in Group companies	–	-400	–	–
Other reclassifications	–	-1	–	–
Closing accumulated cost	**11,110**	**9,255**	**7,050**	**7,050**
Closing carrying amount	**11,110**	**9,255**	**7,050**	**7,050**

Company	Corporate ID no.	Registered office	Number of shares	Share of capital/votes %	Carrying amount at 31/12/2016	Carrying amount at 31/12/2015
Projektstyrning Prima AB[1]	556710-4244	Gothenburg	68,800	37.03	5,500	5,500
Walter d.o.o	65-01-0103-11	Sarajevo, Bosnia-Herzegovina		30.00	1,550	1,550
Total holding in Parent Company					**7,050**	**7,050**
Additions in the Group:						
HSB's Ingeborg tenant-owner association in Borlänge	716456-4408	Borlänge			330	330
Optimdata SAS	809 999 188	Bois-Colombes, France	400,000	40.00	3,730	1,875
Closing carrying amount					**11,110**	**9,255**

[1] The company is a wholly owned subsidiary as from 2 January 2017.

The Group's securities holdings are recognised at fair value, which corresponds to the cost of each holding at 31 December 2016. The equity method is not applied for these holdings, since the effects on the Group's accounting would be insignificant. Information about the Company's and tenant-owner association's earnings and shareholders' equity is of minor significance taking into account the requirement for a true and fair view.

All the Group's securities holdings as per 31 December 2016 and 31 December 2015 are attributable to the measurement category "available-for-sale financial assets" according to IAS 39 (see also Note 19).

Note 21 Other non-current receivables

	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening cost	7,427	7,489	369	568
Additions from acquired companies	116	1,613	–	–
Loans provided	260	334	–	–
Endowment insurance (see Notes 28 and 31)	-28	-199	-28	-199
Amortisation and repayment	-826	-1,300	–	–
Exchange rate difference	506	-510	–	–
Closing accumulated cost	**7,455**	**7,427**	**341**	**369**
Closing carrying amount	**7,455**	**7,427**	**341**	**369**

The non-current receivables fall due for payment within five years from the respective balance sheet dates. Interest-bearing receivables amounted to SEK 40 thousand (561 thousand) as per 31 December 2016.

Note 22 Prepaid expenses and accrued income

	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Prepaid rents and leasing fees	7,911	8,043	–	–
Prepaid licences and service agreements	108,689	135,974	–	–
Other prepayments	44,595	51,929	1,239	450
Accrued income	30,056	13,998	–	2
Closing balance	**191,251**	**209,944**	**1,239**	**452**

Note 23 Cash and cash equivalents in Group account

	Parent Company	
	31/12/2016	31/12/2015
Cash and cash equivalents in Group account	96,585	80,338

Cash and cash equivalents on the Group account consists of cash and cash equivalents invested through the Parent Company in a bank account for a joint-Group joint central account system. The funds are available on demand.

Current receivables in Group companies include SEK 64,219 thousand (31,821 thousand) attributable to the Group account, of which SEK 7,694 thousand (6,371 thousand) has been offset against the Parent Company's liabilities to the same Group companies. Current liabilities to Group companies include SEK 357,894 thousand (335,093 thousand) attributable to the Group account, of which SEK 52,778 thousand (51,101 thousand) has been offset against the Parent Company's receivables from the same Group companies.

Note 24 Shareholders' equity

A specification of changes in shareholders' equity is provided in the consolidated and Parent Company statements of changes in shareholders' equity (see pages 42 and 46). Changes in the number of registered shares are stated in the following table:

	A-shares	B-shares	C-shares	Total no. of registered shares
Number on 31/12/2014	**1,053,247**	**29,035,270**	**0**	**30,088,517**
New issue in connection with company acquisition	–	338,739	–	338,739
Number on 31/12/2015	**1,053,247**	**29,374,009**	**0**	**30,427,256**
Number on 31/12/2016	**1,053,247**	**29,374,009**	**0**	**30,427,256**

The share quota value is SEK 12. Class A shares carry ten votes each, and Class B and C shares carry one vote each. Class C shares do not carry entitlement to dividends. All shares have been fully paid for.

Exchange rate differences in shareholders' equity	Group 31/12/2016	Group 31/12/2015
Opening balance	-45,012	-17,153
Change in the year's translation of foreign subsidiaries	36,566	-27,859
Closing balance	**-8,446**	**-45,012**

Hedge of net investments in foreign operations recognised in shareholders' equity	Group 31/12/2016	Group 31/12/2015
Opening balance	811	0
Remeasurement at fair value	-2,172	811
Closing balance	**-1,361**	**811**

Disclosures about equity

Total equity is calculated as shareholders' equity on the consolidated balance sheet. The Group's equity/assets ratio, defined as total shareholders' equity in relation to the balance sheet total, was 49 per cent (48) on 31 December 2016. The Group's dividend policy is described on page 29.

Acquisitions, transfers and holdings of treasury shares

Addnode Group's holdings of treasury shares totalled 479,884 Class B shares on 1 January 2015. The purpose of this holding was to secure future delivery of Class B shares to employees who participated in Addnode Group's share-savings programme, which was in effect during the years 2011-2014. Pursuant to a resolution by the Annual General Meeting on 7 May 2015, this remaining holding of Class B shares could be transferred to a third party listed or unlisted on Nasdaq Stockholm in accordance with the authorisation for the Board of Directors to make decisions about acquisitions and transfers of treasury shares. The purpose of the holding was to enable Addnode Group to transfer shares in connection with the financing of company acquisitions and other types of strategic investments. During the first quarter of 2015, 2,387 Class B shares were transferred to the participants in Addnode Group's share-savings programme, which expired in August 2014, after which all obligations under this programme were settled. In July 2015, 338,739 new Class B shares were issued, and 477,497 Class B shares were transferred as partial payment for the acquisition of Transcat GmbH. Addnode Group thereafter had no holdings of treasury shares. No Addnode Group shares were purchased or transferred in 2016. The number of shares outstanding was 30,427,256 on 31 December 2016 and 31 December 2015.

Transactions with non-controlling interests

The carrying amount for the non-controlling interests pertains to the subsidiary Decerno Väst AB (formerly Kartena AB). In 2016 the Parent Company's holding in this subsidiary did not change, and the share of ownership on 31 December 2016 was 99.97 per cent.

Note 25 Untaxed reserves

	Parent Company	
	31/12/2016	31/12/2015
Tax allocation reserve, 2017 tax year	9,539	–
Total	**9,539**	**0**

Note 26 Interest-bearing liabilities

	Group		Parent Company	
Non-current interest-bearing liabilities	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Due to credit institutions	5,100	6,888	–	–
Other non-current interest-bearing liabilities	4,000	5,023	4,000	5,097
Total non-current interest-bearing liabilities	**9,100**	**11,911**	**4,000**	**5,097**
Current interest-bearing liabilities				
Due to credit institutions	157,935	109,669	155,551	107,571
Other current interest-bearing liabilities	10,262	5,024	10,097	5,097
Total current interest-bearing liabilities	**168,197**	**114,693**	**165,648**	**112,668**
Total interest-bearing liabilities	**177,297**	**126,604**	**169,648**	**117,765**

Due to credit institutions

In January 2015 the Parent Company signed an agreement with Nordea for a credit facility of up to SEK 200 m to finance future acquisitions. The facility has a term of four years and can be drawn successively. In 2015, SEK 94.0 m was drawn from the facility; in 2016, SEK 67.5 m was drawn; and in January 2017 an additional SEK 18.9 m was drawn. The respective bank loans have terms of either six or 12 months, however, the debt amount can thereafter be re-borrowed in its entirety within the framework of the credit facility's total amount. In October 2016 the Parent Company signed an agreement with Nordea for an additional credit facility of up to SEK 200 m, which has not yet been utilised.

Of the Group's amounts due to credit institutions on 31 December 2016, SEK 118,102 thousand (66,103 thousand) was denominated in SEK; SEK 37,449 thousand (41,468 thousand) was denominated in GBP; and SEK 7,484 thousand (8,986 thousand) was denominated in USD. The loans in SEK carry variable interest that is currently 1.2 per cent, with an annual interest rate adjustment in connection with the renegotiation of the respective loans. The loan in GBP carries fixed interest that is currently 1.8 per cent with a half-yearly interest rate adjustment in connection with the renegotiation of the loan. The loan in USD carries fixed interest at a rate of 4.5 per cent.

Other interest-bearing liabilities

The other non-current and current interest-bearing liabilities pertain to liabilities for consideration for company acquisitions. Of the Group's liabilities as per 31 December 2016, SEK 13,262 thousand carries 2 per cent interest and SEK 1,000 thousand carries 1.5 per cent interest. Of the total liability of SEK 14,262 thousand, SEK 9,000 thousand is denominated in SEK and SEK 5,262 thousand is denominated in EUR. The liabilities as per 31 December 2015 carried 2 per cent interest and were denominated in EUR.

The non-current liabilities fall due for payment as follows:

	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Between one and two years after the balance sheet date	7,196	7,217	4,000	5,097
Between two and five years after the balance sheet date	1,904	4,694	–	–
Total	**9,100**	**11,911**	**4,000**	**5,097**

Fair value

The carrying amount of interest-bearing liabilities represents a good approximation of the fair value of the liabilities.

Note 27 Other non-current liabilities

Other non-current liabilities pertain to liabilities for consideration for company acquisitions. The liability as per 31 December 2016 is payable in 2018, carries 2 per cent interest, and is denominated in SEK. The liability as per 31 December 2015 is payable in 2017 and has therefore been reclassified to current liabilities as per 31 December 2016. This liability carries 2 per cent interest and is denominated in EUR. The carrying amount represents a good approximation of the fair value of the liabilities.

Note 28 Provisions

	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Estimated contingent consideration for acquisitions	42,269	45,675	41,072	46,340
Approved restructuring measures	2,750	1,838	–	–
Pension obligations (see below)	7,198	6,236	341	369
Total	**52,217**	**53,749**	**41,413**	**46,709**
Of which, to be settled within 12 months	**45,019**	**10,973**	**41,072**	**9,268**
Of which, expected to be settled after more than 12 months	**7,198**	**42,776**	**341**	**37,441**

	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening provisions	53,749	5,365	46,709	4,757
Provisions during the period for restructuring measures	2,751	1,838	–	–
Utilised during the period	-1,839	-608	–	–
Estimated contingent consideration for acquisitions	4,000	46,340	4,000	46,340
Contingent consideration paid	-9,289	-4,175	-9,289	-4,175
Acquired provisions for pension obligations (see below)	–	5,498	–	–
Change in provisions for pension obligations	689	260	-28	-199
Exchange rate differences	2,156	-769	21	-14
Total	**52,217**	**53,749**	**41,413**	**46,709**

Estimated contingent consideration for acquisitions

The increase in estimated contingent consideration in 2015 pertains to the acquisition of Transcat GmbH (see Note 35). The final consideration that corresponds to the provisions as per 31 December 2016 is mainly dependent on the earnings performance and to some extent on the revenue and sales performance of the acquired companies. The payments are expected to be made in 2017.

Provisions for restructuring measures during the period and amount utilised during the period

The amount of provisions during the period and the amount utilised during the period pertains to costs for personnel.

Pension obligations

The acquired German company Transcat PLM GmbH (name now changed to TechniaTranscat GmbH) has pension obligations under defined benefit pension plans for five employees. The provision for these pension obligations amounted to SEK 6,857 thousand (5,867 thousand) as per 31 December 2016 and was calculated in accordance with IAS 19 by an independent actuary through application of the Projected Unit Credit Method and using a discount rate of 1.75 per cent (2.25) The provision for pension obligations as per 31 December 2016 also includes SEK 341 thousand (369) pertaining to the Parent Company's obligation to pay pension to a former employee. The obligation corresponds to the exact value of a pledged, company owned endowment insurance policy (see Note 21).

Note 29 Bank overdraft facilities

At 31 December 2016 the Group's companies had committed overdraft facilities worth SEK 100,000 thousand (103,197 thousand), of which SEK 100,000 thousand (100,000 thousand) pertains to the Parent Company. The Parent Company has a contracted overdraft facility from previous years of SEK 100,000 thousand with Nordea. The overdraft facilities were unutilised at both 31 December 2016 and 31 December 2015.

Note 30 Accrued expenses and deferred income

	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Personnel-related costs	125,428	117,181	5,566	4,724
Other accrued expenses	42,429	39,291	4,199	3,804
Prepaid income	337,316	343,809	–	–
Closing balance	**505,173**	**500,281**	**9,765**	**8,528**

Note 31 Pledged assets

	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
For rental contracts				
Non-current receivables	5,170	6,103	–	–
Current receivables	801	784	–	–
For fulfilment of obligations under agreements				
Long-term securities holdings	5,500	5,500	5,500	5,500
For pension liabilities (see Notes 21 and 28)				
Non-current receivables	341	369	341	369
Total	**11,812**	**12,756**	**5,841**	**5,869**

Note 32 Contingent liabilities

	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Payment guarantees for leases	298	1,039	298	1,039
Sureties for bank guarantees	292	264	292	264
Conditional government support	–	450	–	–
Total	**590**	**1,753**	**590**	**1,303**

Note 33 Interest and dividends received, and interest paid

	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Interest received	636	597	1,617	1,789
Dividends received	910	–	47,959	54,964
Interest received	-2,861	-1,794	-2,145	-1,311
Total	**-1,315**	**-1,197**	**47,431**	**55,442**

Note 34 Adjustments for non-cash items

	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Depreciation/amortisation and impairment	71,745	55,710	18,005	24,985
Capital gains/losses	-532	-441	–	53
Unrealised exchange rate differences	6,582	-2,323	2,072	-3,276
Personnel costs for incentive programme	–	73	–	–
Changes in provisions	1,271	1,370		
Recognised Group contributions	–	–	-68,197	-70,975
Total	**79,066**	**54,389**	**-48,120**	**-49,213**

Note 35 Acquisitions of subsidiaries and operations

Acquisitions in 2016

Company/operation	Business	Acquisition date	Share of capital/ votes, %
5D System-konsult AB	IT solutions with systems for the construction and real estate sectors	1 February 2016	100
EssVision AB	IT solutions for document and case management	1 July 2016	100
Stamford AB and Stamford Hero i Karlstad AB	IT solutions for the retail sector, specialty retail sector and property companies	1 September 2016	100

The following tables provide information on purchase prices, identifiable net assets and goodwill.

	Acquisitions in 2016
Purchase price	
Cash paid in 2016	71,707
Non-current and current liabilities to sellers	9,000
Estimated contingent consideration[1]	4,000
Total purchase price	**84,707**
Identifiable net assets (see below)	-25,681
Goodwill	**59,026**

[1] The provision for contingent consideration has been reported at the maximum undiscounted amount, which is expected to be paid in cash in 2017. The outcome is dependent on the sales performance of the acquired company for one year from the date of possession.

The acquired companies are knowledge companies, and goodwill is therefore attributable to the worked-up expertise of the staff and the employees' collective knowledge about the respective software and IT systems, as well as synergy effects to a certain extent.

The fair value of the identifiable assets and liabilities included in the acquisition was as follows:

	Acquisitions in 2016
Customer agreements and software	22,179
Property, plant and equipment	719
Financial assets	797
Receivables[2]	13,060
Cash and cash equivalents	18,638
Non-current liabilities	-681
Current liabilities	-23,763
Deferred tax, net	-5,268
Identifiable net assets	**25,681**

[2] Contractual gross amounts correspond, in all material respects, to the above-stated fair values of the acquired receivables.

On 1 February 2016 an agreement was signed to acquire all of the shares 5D Systemkonsult AB, with possession transferring the same day. During the financial year May 2015–April 2015 the company had net sales of SEK 22 m and an operating profit of SEK 4 m. 5D Systemkonsult is a Swedish software company that offers property management systems to customers in both the public and private sectors. The company has 20 employees and is included as from the date of possession in the Design Management business area, which since previously has strong offerings with systems for the construction and real estate sectors. The acquisition complements and further strengthens these offerings. According to the purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising through the acquisition amount to approximately SEK 31 m, entailing a deferred tax liability of approximately SEK 2 m. Other acquired assets and liabilities pertain mainly to trade receivables, cash and cash equivalents, and deferred income.

On 1 July 2016 an agreement was signed to acquire all of the shares in EssVision AB, with possession transferring the same day. In 2015 the company had net sales of SEK 13 m and an operating profit of SEK 2 m. EssVision is a Swedish software company that offers document and case management systems to municipalities, authorities and companies. EssVision has 11 employees and is included as from the date of possession in the Process Management business area, which since previously is one of Sweden's leading suppliers of IT solutions for document and case management. The acquisition complements and further strengthens these offerings. According to the purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising through the acquisition amount to approximately SEK 25 m, entailing a deferred tax liability of approximately SEK 2 m. Other acquired assets and liabilities pertain mainly to trade receivables, cash and cash equivalents, and deferred income.

On 19 August 2016 an agreement was signed to acquire all of the shares in Stamford AB and Stamford Hero i Karlstad AB, with possession transferring on 1 September 2016. In 2015 the companies had net sales of SEK 31 m and an operating profit of SEK 6 m. The business is focused on development of IT systems for the retail sector, specialty retail sector and property companies. The companies have 36 employees and are included from the date of possession in the Process Management business area. Operations are coordinated with Addnode Group's subsidiary Prosilia, which works in the same system environment. The combined operations are conducted under the Stamford name. The acquisition strengthens the offering to existing customers and has opened up new business opportunities. According to the purchase price allocation analysis, goodwill and other acquisition-related intangible assets arising through the acquisition amount to approximately SEK 25 m, entailing a deferred tax liability of approximately SEK 1 m. Other acquired assets and liabilities pertain mainly to trade receivables, cash and cash equivalents, and deferred income.

In 2016 the acquisitions contributed approximately SEK 40 m to consolidated net sales and had a positive effect on consolidated profit after tax of approximately SEK 4 m. If the acquisitions had been carried out as per 1 January 2016, consolidated net sales in 2016 would have amounted to approximately SEK 2,223 m, and profit after tax would have been approximately SEK 83 m. Costs of SEK 0.1 m for carrying out the acquisitions are included in the Group's other external expenses.

In December 2016 an agreement was signed to acquire all of the shares outstanding in Projektstyrning Prima AB, which is the legal entity behind the planning tool Kompanion, with possession transferring on 2 January 2017. Prior to this Addnode Group owned 37 per cent of the shares in this company, and the acquisition was carried out in accordance with an existing shareholder agreement. The business is focused on IT-based planning and monitoring systems that are used by a large number of municipalities and private companies for business support processes in the social services sector, such as home care. The acquisition strengthens the Group's offerings in this area. The company has annual net sales of approximately SEK 20 m and is consolidated as from 2017 in the Process Management business area.

Acquisitions in 2015

Company/operation	Business	Acquisition date	Share of capital/ votes, %
Transcat GmbH with subsidiaries	IT solutions for product information (PLM solutions)	1 July 2015	100

The following tables provide information on purchase prices, identifiable net assets and goodwill.

	Transcat	Other acquisi-tions	Total acquisitions in 2015
Purchase price			
Cash paid in 2015	71,451	359	71,810
Cash paid in previous years	–	400	400
Fair value of issued shares	17,614	–	17,614
Fair value of transferred treasury shares	24,830	–	24,830
Non-current and current liabilities to sellers	10,194	–	10,194
Estimated contingent consideration	46,340	–	46,340
Total purchase price	**170,429**	**759**	**171,188**
Identifiable net assets (see below)	-867	-126	-993
Goodwill	**169,562**	**633**	**170,195**

The acquired companies are knowledge companies, and goodwill is therefore attributable to the worked-up expertise of the staff and the employees' collective knowledge about the respective software and IT systems, as well as synergy effects to a certain extent. The fair value of issued shares was based on the closing quoted price paid for Addnode Group's Class B shares on Nasdaq Stockholm on 1 July 2015. The issue costs of SEK 0.1 m reduced the contributed capital. Calculation of the fair value of the transferred treasury shares was based on the closing quoted price paid for Addnode Group's Class B shares on Nasdaq Stockholm on the respective transfer dates.

The fair value of the identifiable assets and liabilities included in the acquisition was as follows:

	Transcat	Other acquisi-tions	Total acquisitions in 2015
Customer agreements and software	36,470	–	36,470
Other intangible non-current assets	1,891	–	1,891
Property, plant and equipment	6,358	–	6,358
Financial assets	1,613	–	1,613
Inventories	176	–	176
Receivables[3]	67,963	165	68,128
Cash and cash equivalents	26,924	331	27,255
Non-current liabilities	-5,498	–	-5,498
Current liabilities	-124,988	-370	-125,358
Deferred tax, net	-10,042	–	-10,042
Identifiable net assets	**867**	**126**	**993**

[3] Contractual gross amounts correspond, in all material respects, to the above-stated fair values of the acquired receivables.

On 1 July 2015 an agreement was signed to acquire all of the shares in the German company Transcat GmbH, with possession transferring the same day. The company's operations are conducted primarily in Germany, as well as in Austria and Slovakia via subsidiaries. The acquired operations had net sales in 2014 of approximately SEK 450 m and EBITA of approximately SEK 23 m. The companies have approximately 200 employees, based on full-time equivalents. Transcat is one of Europe's leading providers of IT solutions for product information (PLM solutions) based on Dassault Systèmes' brands, complemented by a portfolio of proprietary products. In addition, Transcat offers consulting services, advice on project design, training and user support.

Prior to this acquisition Addnode Group's Product Lifecycle Management business area was already the largest provider of customised PLM systems in the Nordic region and one of the largest in Europe. The business area's operations are conducted primarily via the subsidiary Technia. Transcat has been included in the Product Lifecycle Management business area since the date of possession and complements Technia both strategically and operationally. The acquisition is in line with Addnode Group's strategy to be a leading European supplier of design and PLM products and related services. The combined TechniaTranscat will be a market leader in the European PLM market. The acquisition has given Addnode Group expanded expertise and synergy opportunities, and marked the Group's establishment of operations in Germany.

The purchase price paid on the date of possession consisted of cash payment of SEK 55.4 m, which was financed through existing credit facilities, vendor loan notes extended by Addnode Group corresponding to SEK 10.2 m, newly issued Class B shares and transferred Class B treasury shares in Addnode Group worth SEK 42.4 m. The new issue and transfer of Class B shares were carried out with the support of the authorisation granted by the Annual General Meeting on 6 May 2015. During the fourth quarter of 2015, SEK 10.6 m was paid out in cash to the sellers as settlement for the actual level of net cash and working capital in Transcat on the date of acquisition. Depending on the actual outcome of the acquired companies' earnings during the period 2015–2016, a contingent cash earn-out payment within the interval of zero up to a maximum undiscounted amount of EUR 5 m (corresponding to approximately SEK 46 m) may be paid. According to the purchase price allocation, identified acquisition-related intangible assets amount to SEK 36 m, which gives rise to a deferred tax liability of SEK 11 m. Goodwill amounts to SEK 170 m, and the provision for contingent consideration amounts to a maximum sum of approximately SEK 46 m, which is recognised on the consolidated balance sheet as per 31 December 2015. Other acquired assets and liabilities pertain primarily to trade receivables, prepaid expenses, cash and cash equivalents, and deferred income.

In 2015 the acquisition contributed approximately SEK 264 m to consolidated net sales and had a positive impact of approximately SEK 14 m on consolidated profit after tax. If the acquisition had been carried out on 1 January 2015, consolidated net sales for 2015 would have amounted to approximately SEK 2,128 m, and profit after tax would have been approximately SEK 98 m. Costs of SEK 3.3 m for carrying out the acquisition are included in the Group's other external costs for 2016.

Cash flow from acquisitions of subsidiaries and operations

	Group	
	31/12/2016	31/12/2015
Cash consideration paid	-86,175	-80,302
Cash and cash equivalents in acquired subsidiaries	18,638	27,255
Change in the Group's cash and cash equivalents upon acquisition	**-67,537**	**-53,047**

Cash consideration paid in 2016 included payments of contracted and previously expensed contingent consideration totalling SEK 14,468 thousand (8,425 thousand) for company acquisitions carried out in previous years. In 2015, payment of SEK 67 thousand was also made in connection with the acquisition of additional shares in Decerno Väst AB (formerly Kartena AB).

Note 36 Cash and cash equivalents, and short-term investments

Cash and cash equivalents in the Group and Parent Company included no holdings of short-term investments at 31 December 2016 or 31 December 2015.

Neither the Group nor the Parent Company had any cash and cash equivalents in blocked bank accounts at 31 December 2016 or 31 December 2015.

Note 37 Financial risks and risk management

Financial risks

In the course of its operations Addnode Group is exposed to various financial risks, market risks (including currency risks, interest rate risks and other price risks), credit risks and liquidity risks. Management of these risks is regulated in the finance policy established by the Board of Directors. The Parent Company has overall responsibility for the Group's financial risk management. The overall objective is to provide cost-efficient financing and to minimise negative effects on the Group's earnings and position caused by market fluctuations or credit losses. All in all, the Group's total exposure to various financial risks is deemed to be relatively limited. No changes have been made in this assessment since publication of the preceding annual report; nor have any significant changes been made in the Group's targets, policies or methods for managing financial risks. If the Group's risk exposure were to increase, such as through acquisitions or other events, the Board will make a new assessment of the Group's risk situation as well as of its targets, policies and methods for risk management.

Market risks

Currency risk

Changes in exchange rates affect the Group's earnings and shareholders' equity in various ways:

- Earnings are affected when sales and purchases are made in different currencies (transaction exposure)
- Earnings are affected when assets and liabilities are in different currencies (translation exposure)
- Earnings are affected when the income statements of foreign subsidiaries are translated to SEK (translation exposure)
- Shareholders' equity is affected when the net assets of foreign subsidiaries are translated to SEK (translation exposure on the balance sheet)

The Group's currency risk is relatively low, since Group companies mainly operate in their local markets and therefore have both revenue and costs in the same currency. The Group's finance policy provides the opportunity to hedge net currency flows through external financial contracts if this is possible at a reasonable cost. A large share of the Group's operations are conducted in Sweden.

Transaction exposure

The most significant currencies in terms of transaction exposure are EUR and USD. Certain Group companies' sales in EUR and USD are offset to a certain extent by other Group companies' purchases in the same currencies. If the average exchange rate of EUR vs. SEK had been 10 per cent higher/lower compared with the average exchange rate in 2016, with all other variables constant, consolidated profit after tax for 2016 would have been positively/negatively impacted by approximately SEK 5.3 m. If the average exchange rate of USD vs. SEK had been 10 per cent higher/lower compared with the average exchange rate in 2016, with all other variables constant, consolidated profit after tax for 2016 would have been positively/negatively impacted by approximately SEK 2.2 m. The effects of changed exchange rates were largely offset by adjusted end-customer prices. This means that the sensitivity to currency movements has been historically lower than these stated amount levels.

During 2016 and 2015, no transaction flows in foreign currency were hedged through forward exchange contracts. If the transaction volumes in foreign currency were to increase, the Board's intention would be to make a new assessment of the need for currency hedges.

Translation exposure

The average exchange rate has been used for translation of foreign subsidiaries' income statements. The most significant currency in this context is the euro (EUR). Of consolidated profit after tax in 2016, approximately SEK 17.4 m is attributable to Finnish and German companies. If the average exchange rate for EUR vs. SEK had been 10 per cent higher/lower compared with the average exchange rate in 2016, with all other variables constant, consolidated profit after tax for 2016 would have been positively/negatively impacted by approximately SEK 1.7 m upon translation of the income statements of the foreign companies.

The Group's cash and cash equivalents, trade receivables and trade payables are to a great extent in the respective companies' local currencies, which means that the translation exposure to changed exchange rates will not have any significant impact on consolidated profit. The table below shows the Group companies' cash and cash equivalents, trade receivables and trade payables that are denominated in a currency other than the Group company's local currency, i.e., the amount levels that are exposed to translation exposure.

	Group	
Amounts in SEK m	**31/12/2016**	**31/12/2015**
Cash and cash equivalents		
EUR	6.7	-17.5
USD	3.3	2.6
Trade receivables		
EUR	25.0	17.8
USD	4.4	4.5
Trade payables		
EUR	-33.2	-64.0
USD	-1.6	-2.7
Net amount of items above		
EUR	-1.5	-63.7
USD	6.1	4.4

If the average exchange rate of EUR had been 10 per cent higher/lower compared with the exchange rate on 31 December 2016, consolidated profit before tax for 2016 would have been positively/negatively impacted by approximately SEK 0.2 m (6.4). The corresponding positive/negative earnings effect for a 10 per cent higher/lower exchange rate for USD would have been approximately SEK 0.6 m (0.4). The table also shows that the translation exposure for cash and cash equivalents, trade receivables and trade payables is on the whole higher at 31 December 2016 compared with at 31 December 2015, and that the earnings effects of relatively large currency movements is not significant.

Translation exposure on the balance sheet

The Group's net assets are largely in SEK. Of net assets in foreign currencies on the balance sheet date of 31 December 2016, approximately SEK 242 m are attributable to Norwegian kronor (NOK) and SEK 279 m to EUR. If NOK were to strengthen/weaken by 10 per cent against SEK, the Group's total shareholders' equity would increase/decrease by approximately SEK 24 m. If EUR were to strengthen/weaken by 10 per cent against SEK, the Group's total shareholders' equity would increase/decrease by approximately SEK 28 m. At present no currency hedges have been contracted for net assets in the foreign subsidiaries.

Interest rate risk

Interest rate risk pertains to the risk that changes in market interest rates will have a negative effect on the Group's net interest income. The Group's total interest rate risk is low due to its low level of borrowing. According to the Group's finance policy, derivative instruments may not be used to manage interest rate risks.

The Group's interest income and interest expenses are in all material respects dependent on changes in Swedish and Norwegian market interest rates. For most of the Group's operations, a joint Group account exists for management of the Group's liquidity. The Group's interest-bearing liabilities at 31 December 2016 amounted to SEK 177.3 m (126.6) (see Note 26).

The table below shows the Group's interest-bearing net assets on the respective balance sheet dates. If the market level of interest rates for 2016 had been 1 percentage point higher/lower, the Group's net interest income would have been approximately SEK 0.4 m higher/lower.

	Group	
Interest-bearing net assets (SEK m)	**31/12/2016**	**31/12/2015**
Cash and cash equivalents	111.5	102.9
Interest-bearing receivables	0.0	0.5
Interest-bearing liabilities	-177.3	-126.6
Total	**-65.8**	**-23.2**

Other price risks

At 31 December 2016 there were no significant assets or liabilities with exposure to other price risks.

Credit risk

The Group's operations may give rise to credit risks. Credit risk pertains to the risk of loss as a result of the failure of a counterparty to fulfil its obligations. Addnode Group's credit risk is considered to be low overall. The maximum credit risk is associated with the carrying amount of financial assets on the consolidated balance sheet.

Addnode Group's credit risk is primarily attributable to trade receivables, which are distributed among a large number of counterparties. Of total trade receivables at 31 December 2016, 63 per cent (61) were for amounts of less than SEK 1 m per customer. The Group has established guidelines to ensure that sales are made to customers with suitable credit backgrounds. Historically the Group has had very low costs for bad debts. The provision for bad debts amounted to SEK 2.2 m (1.5) on 31 December 2016, corresponding to 0.5 per cent (0.3) of total trade receivables. Earnings for 2016 were positively affected by SEK 0.1 m (0.1) through the reversal of previous provisions for bad debts.

Concentration of trade receivables (SEK m)	Group 31/12/2016 Amount	Share	31/12/2015 Amount	Share
Trade receivables < SEK 1 m per customer	270.8	63%	263.7	61%
Trade receivables SEK 1–5 m per customer	94.3	22%	100.1	23%
Trade receivables > SEK 5 m per customer	65.8	15%	68.3	16%
Total	**430.9**	**100%**	**432.1**	**100%**

The following table shows the age structure of the trade receivables that were past due on the balance sheet date, but for which no need to recognise impairment was identified:

Past due trade receivables (SEK m)	Group 31/12/2016	31/12/2015
Trade receivables past due 1–29 days	53.0	56.6
Trade receivables past due 30–59 days	10.6	7.8
Trade receivables past due 60–89 days	1.7	2.4
Trade receivables past due 90 days or more	1.9	3.3
Total	**67.2**	**70.1**

Liquidity risk

Liquidity risk pertains to the risk that costs will be higher and financing opportunities limited when loans are to be renegotiated, and that payment obligations cannot be fulfilled due to insufficient liquidity or difficulties in obtaining financing. The Group's liquidity risk is considered to be relatively limited. Liquidity risk is managed by the Group having sufficient cash and cash equivalents and short-term investments in a liquid market to cover future payments and access to financing through committed overdraft facilities when this is deemed necessary.

At year-end 2016 the Group's cash and cash equivalents amounted to SEK 111.5 m (102.9). The Group's interest-bearing liabilities on 31 December 2016 amounted to SEK 177.3 m (126.6). Since January 2015 the Parent Company has had a credit facility with Nordea of up to SEK 200 m to be used to finance future acquisitions, of which SEK 175 m was utilised as of the date of publication of this annual report (see Note 26). The credit facility may also be used to pay contingent consideration. In October 2016 an agreement was signed for an additional credit facility of up to SEK 200 m, which has not yet been utilised. The Parent Company has an existing agreement with Nordea for a SEK 100 m bank overdraft facility. Addnode Group has positive cash flow from operating activities, and the Group's cash and cash equivalents on 31 December 2016 as well as the contracted credit facilities and bank overdraft facility exceed future payments pertaining to reported provisions and financial liabilities according to the table below, which shows undiscounted future cash flows (the differences compared with the amounts reported on the consolidated balance sheet for interest-bearing liabilities pertain to the discount effect).

Provisions and financial liabilities at 31 December 2016 (SEK m)	Falls due for payment Within 1 year	Between 1 and 2 years	Between 2 and 5 years	After more than 5 years
Provisions for contingent consideration	42.3	–	–	–
Provisions for approved restructuring measures	2.8	–	–	–
Other provisions	–	0.3	–	6.9
Interest-bearing liabilities	170.3	6.8	2.7	–
Trade payables and other financial liabilities	108.6	–	–	–
Total	**324.0**	**7.1**	**2.7**	**6.9**

Provisions and financial liabilities at 31 December 2015 (SEK m)	Falls due for payment Within 1 year	Between 1 and 2 years	Between 2 and 5 years	After more than 5 years
Provisions for contingent consideration	9.1	36.6	–	–
Provisions for approved restructuring measures	1.8	–	–	–
Other provisions	–	0.3	–	5.9
Interest-bearing liabilities	116.3	7.7	4.9	–
Liabilities for consideration, noninterest-bearing	0.4	–	–	–
Trade payables and other financial liabilities	125.2	–	–	–
Total	**252.8**	**44.6**	**4.9**	**5.9**

Derivative instruments

The Group had no outstanding forward exchange contracts or other held or issued derivative instruments on 31 December 2016 or 31 December 2015.

Measurement of fair value

No financial assets or liabilities are recognised at a value that considerably deviates from their fair value.

Note 38 Important estimates and assessments for accounting purposes

Carrying amounts are based partly on assessments and estimates. This applies mainly to the regular impairment testing of goodwill and other acquisition-related intangible assets (see Note 16). The carrying amounts of these assets are affected by changes in applied discount rates as well as by assessments of future trends in prices, costs and demand for the products and services that form the basis of the cash flow prognostications.

For certain company acquisitions, contingent consideration (earn-out payments) may account for a large portion of the total consideration for the acquired company and may also amount to considerable sums.

Contingent consideration is normally dependent on the future earnings performance and/or the revenue performance for the acquired company. At the time of acquisition, provisions for estimated contingent consideration are recognised based on forecasts on the future revenue and earnings performance of the acquired companies (see Notes 28 and 35). According to IFRS 3, subsequent revaluations of provisions for contingent consideration and the differences between the reported provision and the actual outcome are to be recognised in the consolidated income statement. This means that future revaluations of reported provisions may significantly affect consolidated earnings, both positively and negatively, in coming years.

Note 39 Related party disclosures

On 31 December 2016, Vidinova AB's ownership amounted to 24.4 per cent (24.4) of the share capital and 26.8 per cent (26.8) of the votes in Addnode Group AB (publ). The principal owner of Vidinova AB is Dick Hasselström, who is also a director on Addnode Group's board. In 2016 and 2015, Vidinova AB leased a workplace at a subsidiary of Addnode Group AB and paid rent of SEK 48 thousand (48 thousand) per year. In 2015 the subsidiary also re-invoiced a cost of SEK 16 thousand to Vidinova AB. Other than this, no transactions were made between companies in the Group in which Vidinova AB is the Parent Company and the companies in the Group in which Addnode Group AB (publ) is the Parent Company.

On 31 December 2016, Aretro Capital Group AB's ownership amounted to 12.4 per cent (12.4) of the share capital and 23.6 per cent (23.6) of the votes in Addnode Group AB (publ). Aretro Capital Group AB is jointly owned by Staffan Hanstorp and Jonas Gejer. Staffan Hanstorp is President and CEO of Addnode Group AB. Jonas Gejer is President of TechniaTranscat AB and head of the Product Lifecycle Management business area. No transactions have been made between Aretro Capital Group AB and companies in the Group in which Addnode Group AB (publ) is the Parent Company.

Remuneration of the Board of Directors and senior executives	Group 2016	Group 2015
Salaries and other short-term employment benefits (see also description in Note 5)	17,683	17,489
Total	**17,683**	**17,489**

Sales to and purchases from other companies in Addnode Group

For the Parent Company Addnode Group AB (publ), 100 per cent (100) of net sales for the year and 19 per cent (23) of purchases for the year pertained to own subsidiaries. For sales and purchases between Group companies, the same policies apply for pricing as in transactions with external parties.

Note 40 Average number of employees, etc.

Average number of employees	2016 Average number of employees	2016 Of whom, men	2015 Average number of employees	2015 Of whom, men
Parent Company	8	6	7	6
Subsidiaries				
Sweden	615	464	595	451
Denmark	18	14	20	15
Finland	69	60	73	64
Norway	97	74	104	78
UK	19	15	22	17
Germany	212	159	102	75
Serbia	19	14	23	18
Slovakia	22	20	11	10
Austria	4	4	2	2
USA	10	7	10	8
India	67	50	36	28
Total, subsidiaries	**1,152**	**881**	**998**	**766**
Group total	**1,160**	**887**	**1,005**	**772**

Board members and senior executives	2016 Number on balance sheet date	2016 Of whom, men	2015 Number on balance sheet date	2015 Of whom, men
Group				
Board members	128	115	125	107
Presidents and other senior executives	108	92	105	93
Parent Company				
Board members	6	4	6	4
Presidents and other senior executives	3	3	3	3

Note 41 Events after the balance sheet date

In December 2016 an agreement was signed to acquire all of the shares outstanding in Projektstyrning Prima AB, which is the legal entity behind the planning tool Kompanion, with possession transferring on 2 January 2017. Prior to this Addnode Group owned 37 per cent of the shares in this company, and the acquisition was carried out in accordance with an existing shareholder agreement. The business is focused on IT-based planning and monitoring systems that are used by a large number of municipalities and private companies for business support processes in the social services sector, such as home care. The acquisition strengthens the Group's offerings in this area. The company has annual net sales of approximately SEK 20 m and is consolidated as from 2017 in the Process Management business area.

In January 2017 an additional SEK 18.9 m was utilised of the credit facility of up to SEK 200 m that was secured in January 2015 (see Note 26).

In other respects, no significant events have taken place after the balance sheet date.

Note 42 Information about Addnode Group AB (publ)

Addnode Group AB (publ) has its registered office in Stockholm, Sweden, and the address of the Company's head office is Hudiksvallsgatan 4B, SE-113 30 Stockholm. The Parent Company's Class B shares are listed on Nasdaq Stockholm.

This Annual Report and consolidated financial statements were approved for publication by the Board of Directors on 23 March 2017.

The income statements and balance sheets for the Parent Company and the Group will be presented for adoption at the Annual General Meeting on 4 May 2017.

Annual Report signatures

The Board of Directors and President affirm that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and that they provide a true and fair view of the Group's financial position and results of operations. The Annual Report was prepared in accordance with generally accepted accounting practice and provides a fair and accurate view of the financial position and earnings of the Parent Company.

The Board of Directors' report for both the Group and the Parent Company accurately reflects the Group's and the Parent Company's operations, financial position and earnings, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 23 March 2017

Sigrun Hjelmquist
Chairman

Jan Andersson
Director

Kristofer Arwin
Director

Dick Hasselström
Director

Annika Viklund
Director

Thord Wilkne
Director

Staffan Hanstorp
President

Our audit report was submitted on 31 March 2017
PricewaterhouseCoopers AB

Magnus Brändström
Authorised Public Accountant
Auditor-in-charge

Auditor's report

To the general meeting of the shareholders of Addnode Group AB (publ), corporate identity number 556291-3185

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Addnode Group AB (publ) for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 34–73 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

Addnode Group acquires, operates and develops enterprise-driven IT companies that provide software and services to markets in which they have, or can take, market-leading positions. The Group's revenue streams come primarily from consulting, service and licensed products. The company's development has been both organic and acquisition driven, and its revenue is relatively contractual and recurring.

An extensive part of the Addnode Group audit takes place in Sweden since the main part of the group's operations are based there. In addition, significant operations are carried out on subsidiaries in Norway, Finland, Germany and England, which are also included in the Group Audit. For the entities selected for audit activities in the Group Audit, we have issued detailed instructions as well as obtained reporting and followed up review in discussions and meetings with local teams to determine that sufficient audit evidence has been obtained for our statement in the Group Audit Report.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key Audit Matter
Fixed price accounting *Addnode Group describes its principles on revenue recognition in Note 1 on page 48. Internal control and risk management are described in the corporate governance report on pages 84–85. Note 3 shows a breakdown of revenue from different products and services.* Addnode Group uses fixed-price components in some customer agreements. This type of business is handled as a fixed price assignment, where revenue is recognized by percentage of completion calculation based on the degree of completion of the project, which sometimes lasts for several years. The degree of completion is assessed on the basis of the amount of contracted delivery completed based on agreed and completed functionality. A comprehensive risk assessment of fixed price assignments as a whole is always done on a case-by-case basis. The degree of completion is determined primarily on the basis of the number of hours per balance sheet date in relation to the estimated total number of hours for the assignment. The portion of revenue not invoiced is reported in the balance sheet as accrued income until the termination of the assignment, which means that the valuation of the balance sheet item is dependent on the management's assessments. This means that the date of revenue recognition usually does not coincide with invoicing and payment from the customer, and that the principles for revenue recognition and valuation of accrued income in the balance sheet require management to make estimates and assessments about the completion of the project.	The most significant audit efforts we have conducted include: • Evaluated customer agreements from a revenue recognition perspective. • Examined that new customer agreements have been signed by persons entitled to subscribe to the company in the respective companies. • Reviewed the assumptions for the revenue recognition and compared the outcome against budgets for previously completed projects. • Analytical review of revenue over the year. • Discussed a selection of ongoing fixed price projects with management. • Estimated the valuation of accrued income, as per year-end, for a selection of ongoing fixed-price projects through recalculating the economic rate of completion, based on costs incurred, and compared it with the technical completion rate. • For a selection of fixed price projects, checked that invoicing has been done in accordance with the agreement. • Verified that revenue has been reported in the correct period and at the correct amount by reviewing earned income at the end of the fiscal year. • Our audit measures of the audited fixed price projects have not recorded any misstatements of accrued income and reported income is estimated to have been reported in the correct period in accordance with the completion date. From this review, nothing has been identified that caused significant observations to be reported to the Audit Committee.
Valuation of goodwill *Addnode Group describes critical estimates and assessments in Note 38 and impairment testing of goodwill in Note 16.* On Addnode Group's balance sheet, SEK 972 million is reported in the form of goodwill linked to acquisitions. This amount represents just over 49% of the group's total assets. Valuation of goodwill depends on management's assessments. The company annually conducts an impairment test of goodwill. The test shows whether there is an impairment requirement (if the book value exceeds the fair value) or not. Assumptions and assessments relate in part to the future, for example, the development of revenue and operating margins, investment needs and applied discount rates. If future performance deviates negatively from assumptions and assessments, an impairment need may arise, even if it is not considered to be the case at the end of the financial year. Addnode Group's impairment test shows that there is no impairment requirement. The impairment test, the accounting and disclosure contained in Note 16 is in accordance with IAS 36 Impairment.	The most significant audit efforts we have conducted include: • Retrieved and reviewed Addnode Group's model for impairment testing to assess the mathematical correctness in the model and reasonableness of assumptions. • Verified that data included in the impairment test complies with the Board's long-term business strategy per cash-generating unit. The focus of the sample selection has been the revenue growth rate, operating margin and its assumed development. • Verified that the discount rate applied by Addnode Group included in the impairment test is reasonable in accordance with the discount rate of external sources to challenge the assumptions and assessments made by management. • Implementation of sensitivity analyses where the effects of changes in assumptions and assessments are analysed to identify particularly sensitive ones. • Reviewed that disclosure requirements under IAS 36 Impairment have been reported in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–33, 78 and 89–93. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Addnode Group AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

Stockholm, 31 March 2017

PricewaterhouseCoopers AB

Magnus Brändström
Authorised Public Accountant
Auditor-in-charge

Continued profitable growth permeates everything we do

Continued profitable growth – both organic and through acquisitions – has been at the top of the Board's agenda during the financial year. Managing our growth with good control permeates everything we do.

We have gone from being a Nordic company to an international group. More than half of our net sales come from customers outside Sweden, with Germany as our second-largest market. It was therefore natural that the Board in 2016 held its annual strategy meeting in Karlsruhe, Germany, at our company TechniaTranscat. In the boardroom we are dedicating more and more time to analysing new, potential markets.

Addnode Group has grown in large part through value-creating acquisitions that have been successfully integrated. A key reason for this is our decentralised organisation, where the decision-making power and resources lie in the business areas and subsidiaries, while the Parent Company supports them with expertise and experience gained from previous acquisitions. We are not in a hurry to integrate new businesses, and we do not integrate for the sake of things. Of course, we coordinate activities that strengthen our opportunity to do more business, and we draw benefits from synergies, but otherwise we let the companies retain their distinctive qualities as part of Addnode Group. For it is our people and the companies out in the organisation that meet our customers, which is why it is important that they can retain their independence.

The issue of competence and leadership succession is always under consideration by the Board, and we continuously make sure that Group Management has processes to address this. Our continued growth is dependent on the involvement of talented employees and leaders. The operational responsibility for competence and leadership succession is managed out in the organisation, adapted to the specific conditions of each business.

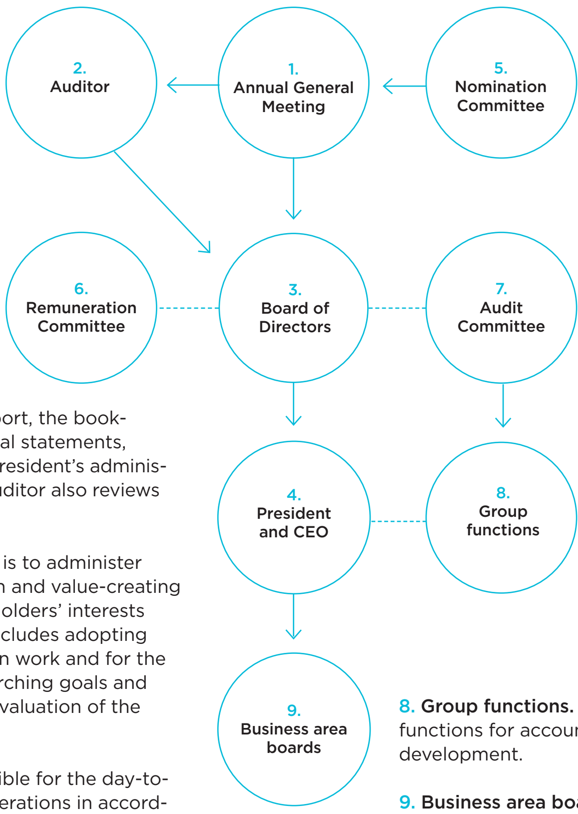
Sigrun Hjelmquist
Chairman of the Board, Addnode Group

Corporate governance report 2016

The Parent Company of the Group is the public Swedish limited liability company Addnode Group AB, corporate identity number 556291-3185, with registered office in Stockholm. The Company's Class B shares are listed on Nasdaq Stockholm, Mid Cap list.

The Group's governance is regulated by both external and internal governance documents. The external governance systems include, among other things, the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers and other applicable laws and regulations. Internal governance systems include the Articles of Association adopted by the Annual General Meeting, the Board's Rules of Procedure, and the Board's instructions for the CEO. In addition, the Board has adopted Group-wide guidelines and policies.

Addnode Group applies the Swedish Corporate Governance Code (the Code). The Code is based on the "comply or explain" principle, which means that a company that applies the Code may depart from individual rules, but must in such case provide an explanation for the departure. In 2016 Addnode Group departed from point 2.6, Composition of the nomination committee. The Code prescribes that the President or other person from the executive management shall not be a member of the nomination committee. Addnode Group does not adhere to this rule, as Jonas Gejer, President of the Product Lifecycle Management business area and President of the subsidiary TechniaTranscat, is a member of the Nomination Committee. Jonas Gejer is a part-owner of Aretro Capital Group AB and has been appointed by one of Addnode Group's major shareholders to serve on the Nomination Committee. Addnode Group's auditors have reviewed the statutory information of the corporate governance report to ensure that it is consistent with the other parts of the annual report and consolidated accounts.



1. The **Annual General Meeting (AGM)** is Addnode Group's highest decision making body and passes resolutions to adopt the income statement and balance sheet, discharge of the members of the Board of Directors and the President and CEO from liability, election of board members and auditors, directors' and auditors' fees, guidelines for remuneration of Group Management and other senior executives, adoption of the annual report, dividends, and other important matters, such as the principles for appointing the Nomination Committee.

2. The **auditor** reports via an audit report on its review of the annual report, the bookkeeping and the consolidated financial statements, and for the Board of Directors' and President's administration of Addnode Group AB. The auditor also reviews the nine-month interim report.

3. The **Board of Directors'** main duty is to administer the Group's operations in a long-term and value-creating way and thereby promote the shareholders' interests in the best possible way. This work includes adopting written Rules of Procedure for its own work and for the Company's conduct in society, overarching goals and strategies, and conducting a yearly evaluation of the President's performance.

4. The **President and CEO** is responsible for the day-to-day administration of the Group's operations in accordance with the Board's guidelines and instructions. The President provides the Board with the necessary documentation for its work both ahead of and between board meetings. The President has appointed a Group Management team to assist him in this work.

5. The **Nomination Committee** is tasked with safeguarding the shareholders' interests and submits recommendations to the Annual General Meeting for appointment of a chairman to preside over the Annual General Meeting, board members, the Chairman of the Board, and the auditor. The Nomination Committee is also tasked with making recommendations for directors' fees, fees for board members' work on committees, and auditors' fees.

6. The **Remuneration Committee** is tasked primarily with representing the Board on matters pertaning to remuneration and terms of employment for the President and other senior executives.

7. The **Audit Committee** is tasked primarily with monitoring the processes surrounding Addnode Group's financial reporting and internal control in order to ensure the quality of external reporting.

8. **Group functions.** Addnode Group AB has Group functions for accounting, communication and business development.

9. **Business area boards.** The business area presidents are responsible for the operations of their respective business area and report to Addnode Group's President and CEO. Overall governance of the business areas is conducted by the business area boards of directors.

Important events 2016

- **Staffan Hanstorp proposed as new Chairman of the Board as from the 2017 AGM. Johan Andersson, currently CFO, will take over the role as President and CEO on 4 May 2017.**
- **The Content Management business area becomes part of the Process Management business area.**

For more information

- **Nasdaq Stockholm, www.nasdaqomxnordic.com**
- **Swedish Corporate Governance Code, www.bolagsstyrning.se**
- **Finansinspektionen, www.fi.se**
- **Addnode Group's website, www.addnodegroup.com**

Ownership structure and voting rights

Addnode Group's shares are serviced by Euroclear Sweden AB. This means that no share certificates are issued and that Euroclear Sweden maintains a shareholder register of owners and administrators in the Company. Addnode Group's share capital is made up of Class A, Class B and Class C shares. A-shares carry entitlement to ten votes each, and B- and C-shares carry entitlement to one vote each. Class A and B shares carry entitlement to dividends. Class C shares do not carry entitlement to dividends.

All shares carry equal entitlement to the Company's assets. However, Class C shares are limited and are not entitled to a larger share of the Company's assets than what corresponds to the share quota value calculated as per the date of distribution, with an interest-rate factor of one month STIBOR plus 4 percentage points calculated from the date of payment of subscription settlement. Class C shares are redeemable upon demand by the Company's. At the request of a shareholder, Class A shares can be converted to Class B shares, and Class C shares can be converted to Class B shares by the Board of Directors.

On 31 December 2016 the number of shareholders was 4,228, and the proportion of foreign-owned shares was 5 per cent. The proportion of institutional owners including mutual funds was 42 per cent. Vidinova AB is the largest shareholder, with 24.4 per cent of the share capital and 26.8 per cent of the votes. Aretro Capital Group AB is the second largest shareholder, with 12.4 per cent of the share capital and 23.6 per cent of the votes. Vidinova AB is controlled by Dick Hasselström, and Aretro Capital Group AB is controlled by Staffan Hanstorp, President and CEO of Addnode Group, and Jonas Gejer, President of the Product Lifecycle Management business area. Jonas Gejer is also President of Addnode Group's subsidiary Technia Transcat.

Nomination Committee

The 2016 Annual General Committee resolved to task the Chairman of the Board to contact the three largest owner-registered shareholders (in terms of votes) in Euroclear Sweden's shareholder register as at 31 August 2016, to each appoint a representative who is not a member of the Company's board, to form the Nomination Committee along with the Chairman of the Board ahead of the 2017 Annual General Meeting. In addition, the Chairman of the Board was tasked to appoint a representative on the Nomination Committee for the smaller shareholders and a representative for the institutional owners. The representative of the largest shareholder in terms of votes is to serve as chair of the Nomination Committee. The Nomination Committee is tasked with submitting recommendations to the next year's Annual General Meeting on the following:

- A chairman to preside over the Annual General Meeting
- Board members
- The Chairman of the Board
- Fees for each of the board members
- Fees for committee work
- Nomination Committee for the following year
- Auditors and auditors' fees

The Board's audit committee assists the Nomination Committee in the work on submitting recommendations for the election of auditors and the auditors' fees. The Audit Committee evaluates the work of the auditors and informs the Nomination Committee about the results of its evaluation.

Nomination Committee ahead of the 2017 AGM

The composition of the Nomination Committee was announced on Addnode Group's website and via a press release published on 16 September 2016. The Nomination Committee is composed of the following members:

- Wilhelm Arnör, appointed by Vidinova AB, the largest owner in terms of votes (committee chair)
- Jonas Gejer, appointed by Aretro Capital Group AB
- Håkan Berg, appointed by Swedbank Robur Fonder
- Richard Hellekant, PSG Capital, appointed by the institutional owners
- Charlotta Karlander, appointed by the smaller shareholders
- Sigrun Hjelmquist, Chairman of the Board

The Nomination Committee held nine meetings prior to the 2017 AGM. The Nomination Committee represented approximately 58 per cent of the shareholders' votes as per 30 December 2016. As the basis for the Nomination Committee's work, company management shared information about the Company's operations and strategic direction. In addition, the Chairman of the Board presented the annual evaluation of the board members' performance. The Chairman of the Board also provided information about the Board's work during the year. All board members, in addition to Jonas Gejer and Wilhelm Arnör, are independent in relation to the Company, company management and the Company's largest shareholders. The Company thus departs from the Code's rules regarding the Nomination Committee. Wilhelm Arnör is a major shareholder indirectly through his ownership in Vidinova AB. Jonas Gejer is a senior executive of the Company as President of the Product Lifecycle Management (PLM) business area and President of the subsidiary TechniaTranscat, and a major owner of Addnode Group AB through his part-ownership in Aretro Capital Group AB.

Annual General Meeting

The shareholders' right to make decisions on Addnode Group's affairs is exercised at Annual General Meetings or, where applicable, at extraordinary general meetings, which are Addnode Group's highest decision-making body. The AGM is normally held in April or May. The AGM passes resolutions regarding the following:

- Adoption of the annual report
- The dividend
- Election of board members and auditors
- Directors' and auditors' fees
- Guidelines for remuneration of Group Management
- The Nomination Committee
- Other important matters

An extraordinary general meeting may be held if the Board deems it necessary or if requested by Addnode Group's auditors or owners with at least 10 per cent of the shares.

Annual General Meeting 2016

The 2016 AGM was held on 28 April 2016. The Chairman of the Board, Sigrun Hjelmquist, was elected as Chairman of the Annual General Meeting, in accordance with the Nomination Committee's recommendation. The minutes from the AGM are available on Addnode Group's website. The AGM resolved in favour of the Board's proposal to pay a dividend of SEK 2.25 per share for the 2015 financial year. Sigrun Hjelmquist was re-elected as Chairman of the Board. Jan Andersson, Kristofer Arwin, Dick Hasselström, Annika Viklund and Thord Wilkne were re-elected as board members in accordance with the Nomination Committee's proposal. The AGM approved the Nomination Committee's proposal for directors' fees as well as the Board's proposed guidelines for remuneration and terms of employment for the President and other senior executives.

Authorisations granted by the AGM

The 2016 AGM authorised the Board, on one or more occasions during the period until the next AGM, to decide on acquisitions of a maximum number of Class B treasury shares so that the Company's holding following such acquisition does not exceed 10 per cent of all the shares in the Company at any given time. Furthermore, the 2016 AGM also authorised the Board, on one or more occasions prior to the next AGM, to decide on the transfer of Class B shares in the Company to a third party. The number of shares transferred may not exceed the total number of treasury shares held by the Company at any given time. The reason for permitting the Board to deviate from shareholders' preferential rights is to enable financing of potential company acquisitions and other types of strategic investments in a cost-efficient manner.

To finance potential company acquisitions using treasury shares, the Board received a mandate at the AGM in April 2016 for the period until the next AGM to make decisions about new share issues. Through decisions supported by this authorisation, the share capital may increase by a maximum of SEK 36 m through the issuance of a maximum of 3,000,000 shares upon full subscription.

Board of Directors

The Board of Directors has overarching responsibility for Addnode Group's organisation and administration.

Composition of the Board

According to the Articles of Association, Addnode Group AB's board of directors shall consist of three to eight members elected by the AGM for a term through the end of the next AGM. The Articles of Association allow the election of deputy board members, however, there are currently no deputy members elected by the AGM. The Articles of Association contain no general stipulations about the appointment or dismissal of board members. The Board of Directors consists of six members. For further information about the board members, see page 82.

Directors' independence

According to the Code, a majority of board members elected by a general meeting shall be independent in relation to the Company and company management, and at least two shall also be independent in relation to the Company's major shareholders. The Board of Directors of Addnode Group is considered to meet the requirement for directors' independence in relation to Group Management. Board member Dick Hasselström was formerly Chairman of the Board of Decernogruppen, formerly President of Decerno, and through his ownership in Vidinova AB is the largest owner of Addnode Group, and has not been judged as being independent in relation to the Company's major owners.

The Board's duties

The Board of Directors' main task is to administer the Group's operations on behalf of the owners in a way that safeguards the owners' interests in obtaining a favourable long-term return on capital. The Board reports each year to the shareholders on how corporate governance in Addnode Group is exercised through the corporate governance report. The Board's work is regulated by – among other things – the Swedish Companies Act, applicable rules for listed companies, including the Swedish Corporate Governance Code, the Articles of Association, other laws and regulations, and the Board's and its committees' internal Rules of Procedure.

The Board handles and decides on Group-wide matters, including:

- Short- and long-term targets
- Strategic direction
- Significant matters such as funding, investments, acquisitions and divestments
- Follow-up and control of information and organisational matters, including evaluation of the Group's organisation and operational management
- Appointment and, where necessary, dismissal of the Company's president
- Overarching responsibility for establishment of effective systems for internal control and risk management
- Group-wide policies

The Board's Rules of Procedure and board meetings

Each year the Board adopts written Rules of Procedure that lay out the Board's responsibilities and regulate the Board's and its committees' internal delegation of duties, including the Chairman's role, the Board's decision-making processes, summonses to board meetings, agendas and minutes, and the Board's work with accounting and audit issues and the financial reporting. Decisions on changes to the instructions may be made at board meetings during the course of the financial year if the Board deems it necessary.

According to the Rules of Procedure, that Chairman shall:

- Consult with the President on strategic issues and, through regular and frequent contacts with the President, closely monitor Addnode Group's performance
- Lead the Board's work and ensure that board members continuously receive the information required to monitor the business performance
- Consult with the President regarding the agenda for board meetings
- Ensure that matters are dealt with in a manner that is not in conflict with the Companies Act, other laws and regulations or the Articles of Association
- Serve as chair of the Remuneration Committee

The Rules of Procedure also include detailed instructions for the President and other company functions concerning issues that require the Board's approval. The instructions stipulate the maximum amount that the various decision-making bodies in the Group are authorised to approve in terms of agreements, credits, investments and other expenditures. According to the Rules of Procedure, a statutory board meeting is to be held immediately after the AGM. At this meeting, decisions are made about who is authorised to sign for Addnode Group and which board members are to serve on the Board's two drafting committees, the Remuneration Committee and the Audit Committee. According to the Rules of Procedure, the Board shall meet at least four times per year and additionally when necessary.

The Board's work in 2016

During the year, the Board held ten meetings, of which one was the statutory meeting held directly in connection with the Annual General Meeting. All board meetings during the year followed an approved agenda, which together with documentation for each item on the agenda was provided to the board members prior to the respective meetings. Meetings normally take half a day, while the Board's annual strategic meeting is held over a full day to allow time for more in-depth discussions. The President and CEO participates in board meetings in a reporting role. The CFO serves as company secretary. Other Group employees attend board meetings to present reports on specific issues when the Board deems it necessary.

At regular board meetings, the President presents a report on the Group's earnings and financial position as well as an outlook for the coming quarter. In addition, risks in ongoing projects, investments, employee development, establishment of new operations, and acquisitions and divestments are also addressed. The business area presidents are invited to board meetings on a regular basis to make presentations on their respective operations.

Ensuring the quality of financial reporting

The Rules of Procedure adopted each year by the Board include detailed instructions about which financial reports and financial information is to be provided to the Board. In addition to the year-end report, interim reports and the annual report, the Board reviews and evaluates extensive financial information pertaining to the Group as a whole and the various units included in the Group. The Board also addresses Information about risk assessments, disputes and any improprieties that may impact the Addnode Group's financial position. The Board also reviews, primarily through the Audit Committee, the most significant accounting policies applied in the Group pertaining to the financial reporting, as well as significant changes in the policies. The task of the Audit Committee includes reviewing reports about internal control and the processes for financial reporting.

The Group's auditors report to the Board at least twice per year and whenever necessary. At least one of these reports is presented without the presence of the President or any other member of Group Management. The Group's auditors also participate in Audit Committee meetings when necessary. The Audit Committee reports to the Board after each meeting. All Audit Committee meetings are documented by minutes, which are available for all board members and the auditors.

Evaluation of the Board of Directors

The Board performs an annual evaluation of its own work. The evaluation pertains to work methods and work climate, the focus of the board's work, as well as access to and the need for specific expertise on the Board, in accordance with the requirements for diversity and breadth laid out by the Swedish Corporate Governance Code. The evaluation is used as a tool to develop the Board's work and is also used as documentation for nomination work by the Nomination Committee.

Directors' fees

Fees paid to the AGM-elected board members are set by the AGM based on the recommendation of the Nomination Committee. For the period between the 2016 and 2017 Annual General Meetings, a set fee of SEK 360 thousand (340 thousand) is payable to the Chairman of the Board, and SEK 180 thousand (170 thousand) is payable to each of the other board members. In addition, a fee may be payable on account for special initiatives (consulting services, etc.) by board members within their respective competency areas, provided that such initiatives are approved in advance by the Chairman of the Board or by two board members. A fee of SEK 35 thousand (30 thousand) is payable to each of the two regular members of the Board's Audit Committee, and a fee of SEK 55 thousand (50 thousand) is payable to the Audit Committee chair. A fee of SEK 15 thousand (15 thousand) is payable to each of the members of the Remuneration Committee. A board member may be given the opportunity to invoice the director's fee provided that it is cost-neutral for the Company and in accordance with applicable legal rules and recommendations. No other fees for work other than board assignments were paid in 2016. There are no agreements concerning pensions, severance pay or other benefits for board members.

Committees

The Board has established a Remuneration Committee and an Audit Committee. The work of the committees is mainly of a preparatory and advisory nature, but the Board may delegate decision-making authority to the committees in special cases. Committee members and the committee chairs are appointed at each year's statutory board meeting.

Remuneration Committee

The Remuneration Committee's main task is to represent the Board on matters pertaining to remuneration and terms of employment for the President and other senior executives based on the guidelines for remuneration and terms of employment for the President and other senior executives adopted by the AGM. The Committee reports on its work to the Board on a regular basis. The Remuneration Committee's members are, since 28 April 2016, Sigrun Hjelmquist, Chairman of the Board (committee chair) and board member Dick Hasselström.

Audit Committee

The Audit Committee's main task is to monitor the processes for Addnode Group's financial reporting and internal control in order to ensure the quality of external reporting. The Audit Committee's members are, since 28 April 2016, Jan Andersson (committee chair), Sigrun Hjelmquist and Kristofer Arwin.

The Committee's work includes:

- Reviewing the financial statements and addressing accounting issues that impact the quality of the Company's financial reporting
- Monitoring the efficiency of internal control, including risk management, over financial reporting
- Monitoring the audit and evaluating the work of the auditors
- Evaluating the auditors' objectivity and independence
- Assisting the Nomination Committee in making recommendations for auditors and auditors' fees

Auditors

At the 2016 Annual General Meeting the chartered auditing firm PricewaterhouseCoopers AB (PwC) was re-elected, with Authorised Public Accountant Magnus Brändström as auditor-in-charge. Magnus Brändström has been an Authorised Public Accountant since 1995. To ensure fulfilment of the information and control requirements placed on the Board, the auditors report to the Audit Committee on a regular basis about all material accounting issues, as well as about any errors or irregularities. In addition, the auditors are invited at least twice per year, and when necessary, to participate in and report at board meetings. PwC submits an audit report for Addnode Group AB, for the consolidated financial statements and for the Board of Directors' and President's administration of Addnode Group AB. The auditors also review Addnode Group's nine-month interim report. The fees paid by Addnode Group to the auditors, for both audit-related and other non-audit-related assignments, are specified in Note 6 of the Annual Report, Auditors' fees.

Main items of business for the Board in 2016:

Feb. Review and adoption of the 2015 year-end report. Decision on proposed dividend. Acquisition of the software company 5D System.

Mar. Decision to lower the required rate of return to 9.7 per cent before tax.

Apr. Review and adoption of the interim report for the period January–March. Statutory board meeting, at which the Board's Rules of Procedure were adopted. Appointment of board members to serve on the Board's committees. Adoption of the CEO's instructions.

June The Board's annual strategy meeting. Adoption of new insider policy. Acquisitions of Essvision and Stamford are discussed.

July Review and adoption of the interim report for the period January–June.

Oct. Johan Andersson is appointed as new President and CEO, effective in May 2017. Review and adoption of the interim report for the period January–September.

Dec. Review and adoption of the budget.

Adoption of updated insider policy.

New segment structure with three business areas.

Group Management

President

The President is responsible for the day-to-day administration of the Group's operations in accordance with the Board's guidelines and instructions.

Group Management

The President has appointed a Group Management team as assistance, which in addition to the President comprises the CFO and the President of the Design Management business area. The members of Group Management are responsible for implementing the Group's strategy in their respective areas and also have overarching responsibility for Addnode Group with respect to long-term and strategic matters, such as the Group's organisation, acquisitions, trademarks, investments and financing. Every month a full-day meeting is held in which the agenda consists of discussions and decisions about the month's results, Group-wide projects and updates of forecasts and the business situation, development projects, acquisition candidates and other Group-wide strategic matters. In addition to these regular meetings, Group Management also regularly reviews matters as necessary. The President and other members of Group Management are presented on page 87.

Business area management

The three business area Design Management, Product Lifecycle Management and Process Management make up Addnode Group's operational structure. In accordance with adopted strategies, the business area presidents are responsible for the operations of their respective business areas and report to Addnode Group's President and CEO. The overarching management of the Design Management, Product Lifecycle Management and Process Management business areas is conducted by the respective boards of the business areas, which meet each quarter. The respective business areas' boards include Addnode Group's President and CEO (Chairman), the CFO, and the business area president. The business area's controller is permanently co-opted to the business area's board meetings, and other members of the business area's management participate when necessary.

Remuneration of Group Management and other senior executives

Guidelines for remuneration of Group Management and other senior executives are decided by the AGM based on a recommendation by the Board of Directors. Remuneration of the President and CEO is addressed and set by the Board's Remuneration Committee. Remuneration of other senior executives in the Group is addressed and set by the President and CEO after consultation with the Board's Remuneration Committee. Remuneration of the President and other senior executives is detailed in Note 5 of the 2016 Annual Report.

Board composition and meeting attendance 2016

Director	Function	Committee assignment	Year elected	Independent in relation to the Company and company management/ owners	Attend-ance at board meetings	Class A shares	Class B shares
Sigrun Hjelmquist [1]	Chairman	Remuneration Committee chair and member of Audit Committee	2009	Yes/Yes	10/10	–	2,000
Jan Andersson	Member	Audit Committee chair	2012	Yes/Yes	10/10	–	15,000
Kristofer Arwin	Member	Member of Audit Committee	2012	Yes/Yes	10/10	–	2,180
Dick Hasselström [2]	Member	Member of Remuneration Committee	2010	Yes/No	10/10	361,667	7,059,783
Annika Viklund	Member	–	2014	Yes/Yes	10/10	–	1,000
Thord Wilkne [3]	Member	–	2008	Yes/Yes	9/10	–	435,000
Total						**361,667**	**7,514 963**

[1] Including spouse's holding of 1,000 shares.
[2] Via the company Vidinova AB.
[3] Including spouse's holding of 35,000 shares.

All board members' shareholdings are reported as per 31 December 2016 and include any changes made thereafter to the Company's knowledge. Fees paid to the Chairman of the Board and board members are shown in Note 5 of the Annual Report.

Internal control over financial reporting

The Board of Directors has overarching responsibility for internal control over financial reporting. The Board has established an audit committee tasked with conducting preparatory work for the Board's work with control over the Company's financial reporting. The following description has been prepared in accordance with the Swedish Corporate Governance Code (the Code) and constitutes the Board's description of the Company's system for internal control and risk management with respect to financial reporting.

Addnode Group's control environment

Addnode Group's control environment includes the values and ethics that the Board, the President and Group Management communicate and work according to, as well as the Group's organisational structure, leadership, decision-making channels, authorisations and responsibilities, and the employees' expertise. The Board works continuously with risk assessment and risk management. Addnode Group's board has chosen to not establish a designated audit function for internal control. The Board is of the opinion that the existing organisation and existing control structures in Addnode Group enable effective operations, identify risks in the financial reporting and ensure compliance with applicable laws and regulations. The business area presidents and controllers regularly monitor compliance with the governance and control systems established by the Company.

Responsibilities and authorisations are defined in instructions for authorisation rights, manuals, policies, routines and codes. A few examples include the Articles of Association, the Board's Rules of Procedure, the instructions for the division of duties between the President and the Board, the instructions for financial reporting, the finance policy, the information policy, and the financial manual including its accompanying accounting manual.

These guidelines, together with laws and external rules and regulations, make up the control environment. All employees are required to follow these guidelines. The Board tests the relevance and pertinence of these instructions on a regular basis. Responsibility for continuously maintaining an effective control environment and the day-to-day work with internal control over financial reporting is delegated to the President. The Group's corporate governance is described on pages 79–84. Group Management and other senior executives have responsibility for internal control within their respective areas of responsibility.

Risk assessment

The Audit Committee continuously assesses the Group's risks and reports to the Board when necessary. The aim is to identify events in the market or in the Group's operations that could result in changes in the value of assets and liabilities. Another important part of risk assessment involves staying abreast of changes in accounting rules and ensuring that any changes are correctly reflected in the financial reporting. The CFO is responsible for the preparatory work behind the Audit Committee's assessments and for operational monitoring of identified risks. A key aspect of risk assessment is the Company's monthly financial reporting and the management reports that are submitted each month by the business area presidents and their directly subordinate managers.

Control structures

The Company's control structures have been designed to manage the risks that the Board and management deem as being the most significant for the operations and the financial reporting. Addnode Group's control structures consist in part of an organisation with clear roles that facilitate an effective and suitable division of duties and responsibilities, and in part of instructions and specific control activities aimed at detecting or preventing risks for errors in the reporting in a timely fashion.

Examples of control activities include:

- Clear decision-making processes and authorisation instructions for important decisions (e.g., purchases, investments, agreements, and acquisitions and divestments)
- Monthly performance analyses with deviation monitoring against budgets and forecasts
- Monthly risk assessments of all fixed-price assignments in excess of SEK 100,000
- Monthly risk assessments of past due accounts receivable
- Automatic controls in IT systems that are essential for the financial reporting and other analytical follow-ups and reconciliations

Monitoring

Monitoring and testing of control activities are performed on a continuous basis to ensure that risks have been identified and addressed in a satisfactory manner. Monitoring is conducted both informally and formally, and involves reconciliation of monthly financial reports against budgets, forecasts and other set targets. Monitoring to ensure the effectiveness of internal control over financial reporting is conducted by the Board, the President, Group Management, the CFO, and individuals in the Group's business areas and companies who are responsible for operations. The Audit Committee reviews reports on internal control as well as the financial reporting processes and analyses by the CFO. The auditors report to the Audit Committee in connection with their review of the nine-month interim report, the year-end report, and the annual report. In addition, the Audit Committee and the auditors maintain regular contact.

Information and Communication

Guidelines for the financial reporting are communicated to employees through targeted communication initiatives, regular information meetings with the Group's controllers and financial managers, and manuals, Group-wide policies and codes that are published via Group-wide systems. Such information includes methodologies, instructions and practical checklists, descriptions of roles and responsibilities, and overarching timetables for e.g., budgets, forecasts, monthly reports, quarterly book-closings and work with the annual report. The CFO is responsible for ensuring that information and training activities are conducted on an ongoing basis with the heads of finance/accounting and administration in the various business areas. The effectiveness of this communication is followed up on a regular basis to ensure receipt of information. In addition, formal and informal channels are in place for employees to communicate important information with relevant recipients – ultimately the Board of Directors where necessary. For communication with external parties, an information policy lays out guidelines for how this communication may take place. The aim of the policy is to ensure correct and thorough compliance with all information obligations.

Financial Reporting and Information

Addnode Group's routines and systems for the issuance of information aim to provide the market on a regular basis with relevant, reliable and correct information about the Group's performance and financial position in accordance with applicable regulations and laws. Via Addnode Group's intranet the employees receive updates about Group-wide policies, governance documents and manuals.

Financial reporting and business information are provided on a regular basis in the following ways:

- Year-end and interim reports, which are published via press releases
- Annual reports
- Press releases on significant events
- Presentations for financial analysts, investors and the media on the same day that year-end and interim reports are published as well as in connection with the publication of other important information
- Meetings with financial analysts and investors

The Board monitors and ensures the quality of the financial reporting through instructions governing the division of duties between the President and the Board, instructions for financial reporting to the Board, and through the information policy. The Audit Committee is responsible for conducting preparatory work for the Board's work with control over the Company's financial reporting. In addition, the Board ensures the quality of the financial reporting by thoroughly reviewing interim reports, the year-end report and the annual report at board meetings. The Board also reviews information about risk assessment, disputes and any irregularities. The Board has delegated responsibility to the executive management for ensuring the quality of press releases with financial content as well as presentation material in connection with meetings the media, owners and financial institutions.

Stockholm, 23 March 2017

Sigrun Hjelmquist Chairman of the Board	**Jan Andersson** Director	**Kristofer Arwin** Director
Dick Hasselström Director	**Annika Viklund** Director	**Thord Wilkne** Director

Board of Directors

Sigrun Hjelmquist

Täby, born 1956. Chairman of the Board, Remuneration Committee chair, member of Audit Committee.

Education and experience: Civil engineer, M. Sc. Engineering Physics from KTH Royal Institute of Technology. Active within the Ericsson Group 1979–2000, most recently as President of Ericsson Components AB. Investment manager at BrainHeart Capital 2000–2005. Currently executive partner at Facesso AB.

Current assignments: Director of Edgeware AB, Eolus Vind AB, Saminvest AB and Ragnsellsföretagen AB.

Shareholding in Addnode Group: 1,000 B-shares, plus 1,000 B-shares owned by spouse.

Jan Andersson

Allerum, born 1959. Director, Audit Committee chair.

Education and experience: Civil engineer with specialisation in computer technology. Co-founder of Readsoft and President 1991–2011.

Current assignments: Chairman of MilDef AB and Fast2 AB, director of Olivetree AB, TimeZynk AB and DH Anticounterfeit AB, among other companies.

Shareholding in Addnode Group: 15,000 B-shares.

Kristofer Arwin

Sollentuna, born 1970. Director, member of Audit Committee.

Education and experience: B.Sc. Business Administration, Finance, Stockholm University. Co-founder of TestFreaks, CEO of TestFreaks 2006–2013, Chairman of TestFreaks since 2013. Founded Pricerunner in 1999 and CEO 1999–2005.

Current assignments: Director of the listed company Unibet Group plc since 2008 and of Alertsec AB since 2007.

Shareholding in Addnode Group: 2,180 B-shares.

Dick Hasselström

Stockholm, born 1949. Director and member of Remuneration Committee.

Education and experience: Civil engineer and D. Econ. Co-founder of Decerno and President 1984–2003. CEO of Decernogruppen 2004–2010.

Current assignments: Chairman of Z-City AB, director of Vidinova AB and Verg AB.

Shareholding in Addnode Group: Via Vidinova AB 361,667 A-shares and 7,059,783 B-shares via the company Vidinova AB.

Annika Viklund

Stockholm, born 1967. Director.

Education and experience: MBA, Henley Business School; 20 years of service with IBM in various positions.

Current assignments: Senior Vice President, Distribution Business Area, Vattenfall; Chairman and director of several Vattenfall subsidiaries.

Shareholding in Addnode Group: 1,000 B-shares.

Thord Wilkne

Stockholm, born 1943. Director.

Education and experience: Secondary school economics degree. Co-founder of WM-data and CEO 1970–1997, Chairman 1998–2004.

Current assignments: Director of Rejlers AB, among other companies.

Shareholding in Addnode Group: 400,000 B-shares, plus 35,000 B-shares owned by spouse.

Group Management

Rolf Kjærnsli
Born 1958. Head of Design Management business area.

Education and experience:
M.Sc., civil engineer, Norwegian Institute of Technology. Active in the Group since 2005, more than 25 years of experience as head of R&D and as CEO in the IT industry.

Current assignments outside the Group: Chairman of WK Entreprenør AS.

Shareholding in Addnode Group:
79,498 B-shares via companies.

Staffan Hanstorp
Born 1957. President and CEO of Addnode Group AB.

Education and experience:
Civil engineer, KTH Royal Institute of Technology. Active in the Group since 2004, more than 30 years of experience as sales manager, marketing manager and CEO in IT sector. Founded Technia in 1994, which was acquired by Addnode Group in 2004.

Current assignments outside the Group: Chairman of Byggnadsfirman Viktor Hansson AB and of IT & telecom companies in Almega; director of the Confederation of Swedish Enterprise.

Shareholding in Addnode Group:
Staffan Hanstorp owns 50 per cent of Aretro Capital Group AB, which owns 625,332 A-shares and 3,154,624 B-shares in Addnode Group. Personal holding of 3,973 B-shares.

Johan Andersson
Born 1974. CFO.

Education and experience:
M.Sc. Econ., Uppsala University. Executive Management Programme, IFL/Stockholm School of Economics. Active in the Group since 2006, more than 15 years of experience in the IT sector, including financing and accounting, company transactions, capital markets and communication.

Current assignments outside the Group: Chairman of Teknik i Media Datacenter Stockholm AB.

Shareholding in Addnode Group:
56,278 B-shares.

Other senior executives

Jonas Gejer
Born 1963, President of Product Lifecycle Management business area.

Shareholding in Addnode Group:
Jonas Gejer owns 50% of Aretro Capital Group AB, which owns 625,332 A-shares and 3,154,624 B-shares in Addnode Group. Personal holding of 3,973 B-shares.

Andreas Wikholm
Born 1974, President of Process Management business area.

Shareholding in Addnode Group:
13,459 B-shares.

Ronny Gustavsson
Born 1960, Head of Group Business Control.

Shareholding in Addnode Group:
5,973 B-shares.

Auditors

At the 2016 Annual General Meeting, the chartered auditing firm PricewaterhouseCoopers AB (PwC) was re-elected, with Authorised Public Accountant Magnus Brändström as Auditor-in-Charge.

Auditor's report on the corporate governance report

It is the Board of Directors who is responsible for the corporate governance statement on pages 79–87 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 – The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures provided in accordance with Ch. 6 § 6 second paragraph, points 2–6 of the Annual Accounts Act and Ch. 7 § 31 second paragraph of the same Act are consistent with the annual accounts and the consolidated accounts, and are in accordance with the Annual Accounts Act.

Stockholm, 31 March 2017

PricewaterhouseCoopers AB

Magnus Brändström
Authorised Public Accountant
Auditor-in-charge

Key ratios and definitions

Use and reconciliation of Alternative Performance Measures

Guidelines for information about Alternative Performance Measures (APMS) 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 from 3 July 2016 and onwards. Alternative Performance Measures refer to financial measures of historical or future development of earnings, financial position, financial results or cash flows that are not defined or stated in applicable rules for financial reporting. Certain performance measures are used in the annual report which are not defined in IFRS, with the purpose to give investors, analysts and other interested parties clear and relevant information about the Company's business and performance. The use of these performance measures and reconciliation to the financial statements are presented below. Definitions are provided on page 90.

EBITA

EBITA is a measure that the Group considers to be relevant for investors, analysts and other interested parties in order to understand profit generation before investments in intangible non-current assets. The measure is an expression of operating profit before amortisation and impairment of intangible non-current assets.

Net debt

The Group consider this key ratio to be useful for the users of the financial statements as a complement in evaluating the capacity to pay dividends, to execute strategic investments and to evaluate the Group's ability to meet its financial obligations. The key ratio expresses the level of financial borrowing in absolute amounts after deducting cash and cash equivalents.

Reconciliation of EBITA	2016	2015
Operating profit	113,693	125,992
Depreciation, amortisation and impairment of intangible non-current assets	56,911	42,054
EBITA	**170,604**	**168,046**

Reconciliation of net debt	31/12/2016	31/12/2015
Non-current liabilities	67,476	102,172
Current liabilities	953,326	872,269
Noninterest-bearing non-current and current liabilities	-843,505	-847,837
Total interest-bearing liabilities	**177,297**	**126,604**
Cash and cash equivalents	-111,473	-102,855
Other interest-bearing receivables	-40	-561
Net debt	**65,784**	**23,188**

Definitions

Average number of employees
Average number of full-time employees during the period.

Shareholders' 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 (full-time 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 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.

Debt/equity ratio
Net debt in relation to shareholders' equity (including equity attributable to non-controlling interests).

Interest coverage ratio
Profit before tax plus interest expenses as a percentage of interest expenses.

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

Shareholders' 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/shareholders' 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.

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

Glossary of industrial terms

BIM – Building Information Modeling
IT systems for 3D digital representation and information processing in e.g., buildings and facilities.

CAD – Computer Aided Design
IT systems for design and construction of products, buildings and facilities. Using a CAD system, designers can visualise their designs, ensure defect-free construction and improve documentation for all aspects of the manufacturing process.

Design Management
One of our business areas. Provides software and services for design and construction for the construction and property sectors, infrastructure society, manufacturing industries and the marine sector. One of northern Europe's leading providers of such solutions. .

ECM – Enterprise Content Management
Business systems for processing the type of information associated with a company's or organisation's processes. Examples of processes and systems include document and case management, e-archives, geographical information systems and web solutions.

FM – Facility Management
A collective name for spaces, infrastructure and people within an organisation, and often associated with administration of properties, office buildings and hotels.

GIS – Geographical Information Systems
IT systems for geographical information that analyse and present the results with map data as a foundation. The term GIS is not to be interchanged with "geographical information", such as a map symbol or line representing a road. GISs are used to create, edit and research land area.

Open source
Open source, or open software, is a computer program in which the source code is freely accessible for anyone to use, read, modify or further distribute.

PDM – Product Data Management
A tool for tracing and controlling components and data about a given product. Used mainly to ensure that the technical specifications during an entire development and manufacturing process are the same for all people working with the project. PDM is commonly used in conjunction with PLM systems.

PLM – Product Lifecycle Management
One of our business areas. Provider of software and services for product data information. One of Europe's leading providers.

The PLM market can be divided into three different segments:

- Tools for creating, analysing, visualising, modelling and documenting information about products, buildings and facilities. CAD programs are one of the most commonly used tools in this work.
- Tools for capturing, managing, sharing, visualising and enabling collaboration. PLM systems are one of the most commonly used tools in this work.
- Tools for planning processes, resources, production layout, and for analysis and simulation of production processes.

Process Management
One of our business areas. Provider of IT systems for document and case management. One of Sweden's and Norway's leading providers to municipal administrations and authorities.

SaaS – Software as a Service
A model for offering software as a service, where users gain access to the applications via the internet, i.e., without themselves having the system, service or program install on their own computers or servers.

Addresses

Addnode Group AB (publ)

Hudiksvallsgatan 4 B
SE-113 30 Stockholm
Tel: +46 8 630 70 70
www.addnodegroup.com

Design Management business area

5D Systemkonsult AB
Bruksgatan 17
SE-632 20 Eskilstuna
Tel: +46 16 13 55 00
www.5d.se

Symetri AB
Korta Gatan 7
SE-171 54 Solna
Tel: +46 8 704 22 00
www.symetri.se

Symetri A/S
Robert Jacobsens Vej 70
DK-2300 Copenhagen
Denmark
Tel: +45 5577 8383
www.symetri.dk

Symetri Oy
Äyritie 8 B
FI-01510 Vantaa
Finland
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www.symetri.fi

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Norway
Tel: +47 22 02 07 00
www.symetri.no

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www.symetri.co.uk

Product Lifecycle Management business area

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Tel: +43 732901565-00
www.techniatranscat.com

TechniaTranscat Slovakia
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81101 Bratislava
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Tel: +421 4151392-00
www.techniatranscat.com

Process Management business area

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Box 217
SE-721 06 Västerås
Tel: +46 21 18 70 10
www.arkiva.se

Decerno AB
Electrum 234
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Tel: +46 8 630 75 00
www.decerno.se

Decerno Göteborg AB
Vasagatan 45
SE-411 37 Gothenburg
Tel: +46 31 777 77 90
www.decerno.se

EssVision AB
Upplagsvägen 1
SE-117 43 Stockholm
Tel: +46 8 595 13 400
www.essvision.se

Evitbe AB
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Tel: +46 771 213 213
www.evitbe.com

Ida Infront AB
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SE-581 07 Linköping
Tel: +46 13 37 37 00
www.idainfront.se

Kompanion
Första Långgatan 22
SE-413 28 Gothenburg
Tel: +46 31 750 62 00
www.kompanion.se

Mittbygge AB
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SE-352 31 Växjö
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Stamford AB
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Tel: +46 54 13 79 90
www.stamford.se

Stamford Stockholm AB
Hudiksvallsgatan 4 B
SE-113 30 Stockholm
Tel: +46 8 20 29 50
www.stamford.se

Voice Provider AB
Hudiksvallsgatan 4 B
SE-113 30 Stockholm
Tel: +46 8 525 080 00
www.voiceprovider.com

For other local addresses, please refer to the respective companies' websites.

Information for Addnode Group's shareholders

Annual General Meeting
The Annual General Meeting of Addnode Group AB (publ) will be held on Thursday, 4 May 2017, at 6 p.m. (CET), at the Westmanska Palatset, Holländargatan 17, Torsgatan Stockholm. The doors will open at 5 p.m. Shareholders who wish to participate must be listed in the shareholder register maintained by Euroclear Sweden AB not later than Thursday, 27 April 2017.

Notification
Notification must be made to the Company not later than Thursday, 27 April 2017.

Notification should include the shareholder's name, personal identity number or corporate identity number, address, telephone number, as well as the name(s) of any accompanying assistants (maximum of two). Representatives and proxies for legal entities are requested to present authorisation documentation prior to the AGM. Power of attorney forms are available from Addnode Group's website: www.addnodegroup.com.

Notification to attend Addnode Group's Annual General Meeting may be made in any of the following ways:

By letter sent by post to:
Addnode Group AB
Hudiksvallsgatan 4B
SE-113 30 Stockholm

By telephone:
+46 (0) 8 630 70 70

By e-mail:
bolagsstamma@addnodegroup.com

Trustee-registered shares
To be able to participate at the AGM, shareholders whose shares are trustee-registered through a securities institution or other trustee must temporarily re-register their shares in their own name in the shareholder register maintained by Euroclear Sweden AB. Such re-registration, so-called voting registration, must be executed not later than Thursday, April 27, 2017, which means that shareholders must inform the trustee of their voting registration in ample time prior to this date.

Dividend
The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 2.25 per share.

Financial information
Interim reports, annual reports and Addnode Group's press releases are available at www.addnodegroup.com. To request printed versions, please contact:

Addnode Group AB
Investor Relations
Hudiksvallsgatan 4B,
SE-113 30 Stockholm

Shareholder contact
Please contact us if you have questions or comments.

CFO and IR Manager, Johan Andersson
Direct: +46 (0)8 630 70 77
Mobile: +46 (0)704 20 58 31
johan.andersson@addnodegroup.com

Financial calendar 2017

27 April
Interim report, first quarter 2017

4 May
Annual General Meeting

21 July
Half-year interim report

26 October
Nine-month interim report

5D SYSTEM
ADDNODE GROUP

MOGUL
ADDNODE GROUP

ARKIVA
ADDNODE GROUP

PHARMASOLUTIONS
ADDNODE GROUP

DECERNO
ADDNODE GROUP

SOKIGO
ADDNODE GROUP

ESSVISION
ADDNODE GROUP

STAMFORD
ADDNODE GROUP

EVITBE
ADDNODE GROUP

SYMETRI
ADDNODE GROUP

IDA INFRONT
ADDNODE GROUP

SYMETRI COLLABORATION
ADDNODE GROUP

KOMPANION
ADDNODE GROUP

TECHNIA TRANSCAT
ADDNODE GROUP

MITTBYGGE
ADDNODE GROUP

VOICE PROVIDER
ADDNODE GROUP

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