

AddNode
Interim report
January 1 – September 30, 2006

Continued increase in earnings

January – September 2006 compared with January – September 2005

- Net sales amounted to SEK 657.3 M (corresponding period of preceding year: 408.2).
- EBITA* amounted to profit of SEK 43.7 M (50.3, of which 18.5 derived from capital gains attributable to the sale of subsidiaries). Adjusted for the capital gain in the year-earlier period, EBITA improved to profit of SEK 11.9 M.
- Operating profit amounted to SEK 33.2 M (40.5 including capital gain of 18.5). Adjusted for the capital gain in the year-earlier period, operating profit improved to SEK 11.2 M.
- Profit after tax totaled SEK 26.0 M (32.7 including capital gain of 18.5). Adjusted for the capital gain in the year-earlier period, profit after tax in the year-earlier period improved to SEK 11.8 M.
- Earnings per share after tax amounted SEK 1.14 (1.84) and shareholders' equity per share to SEK 19.92 (December 31, 2005: 18.56).
- Cash flow from operating activities amounted to SEK 11.1 M (35.9).

Q3 2006 compared with Q3 2005

- Net sales amounted to SEK 200.7 M (corresponding period of preceding year: 115.8).
- EBITA* amounted to profit of SEK 9.6 M (8.8).
- Operating profit amounted to SEK 5.9 M (6.6).
- Profit after tax totaled SEK 5.1 M (4.8).
- Earnings per share after tax amounted to SEK 0.20 M (0.23) and shareholders' equity per share to SEK 19.92 (December 31, 2005: 18.56).
- Cash flow from operating activities was a negative SEK 12.6 M (positive: 4.7).

Key events during the third quarter

- Acquisition of IDA Infront forms foundation for new business area: Process Management.

Key events after period end

- Sale of the Financial (SIX) business area is preliminarily estimated to generate a capital gain of approximately SEK 50 M.
- The Board of Directors has decided to review the current dividend policy.

CEO'S COMMENTS

AddNode reports stable earnings for the third quarter, considering the fact that the acquired portions of operations reported seasonal deficits, for which a couple of million of Swedish kronor have been charged against earnings (EBITA). Comparable operations showed sales growth of 8.5 percent.

Our business model is based on the performance of consulting services, but also includes license revenues from the IT platforms upon which our consultants design their customer solutions. The licenses derive from proprietary software but primarily from third-party software, for which contracts have historically been signed during the first and the fourth quarter. We're looking forward to a strong close to the year.

The Group has acquired IDA Infront, which forms the foundation for a new business area called Process Management. We view the company's focus on secure information transfer and large-scale automatic task management as an attractive growth area. The acquired operation, which has been consolidated since September 1, 2006, is traditionally strong during the autumn.

In October, we signed an agreement concerning the sale of the Financial business area. Placing SIX and Ecovision under a joint owner who conducts similar operations is industrially correct. AddNode retains a 19-percent interest in Ecovision, as well as loan receivables for facilitating completion of the transaction. Ecovision is listed on First North and we regard our holding as a financial investment.

We continuously analyze various operations that complement our four business areas and acquisitions will be made in the future. At the same time, we are taking actions affecting the operations that are not generating satisfactory profitability. These actions could involve everything from internal reorganization to divestment. For example, the operations of Knowledge Partner, which is part of the Media business area, have now been fully focused on training activities, which has resulted in adjustment costs this year.

In view of our stable earnings capacity and the increase in net cash assets that will result from the sale of Financial, AddNode may join the group of listed companies that pay an annual dividend. The Board of Directors will present a new dividend policy no later than in connection with publication of the year-end report.

Bo Strandberg, CEO and Managing Director

FUTURE OUTLOOK

As in the preceding period, demand for IT solutions and the price scenario for IT consulting services remained stable during the third quarter. Although the Board of Directors foresees a seasonally strong close to the current year, it has opted not to issue a forecast. The long-term outlook is that investments in IT will continue to grow faster than total investments in the industry and service sectors.

AddNode's strategy is to grow both organically and through acquisitions in selected industries and technologies, in order to expand the Group's operations and increase profitability.

AddNode's financial goals are to achieve an operating margin of 7–10 percent, before amortization and impairment of intangible assets (EBITA) over a complete business cycle.

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