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# Addnode Group AB (ANOD.B.SE)

Q1 2024 Earnings Call

### CORPORATE PARTICIPANTS

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**Daniel Thorsson** 

Analyst, ABG Sundal Collier AB

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**Anton Hoof** 

Analyst, Redeye AB

### MANAGEMENT DISCUSSION SECTION

### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

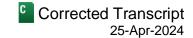
Thank you all for listening in to our Q1 Presentation for 2024. I'm the CEO, Johan Andersson. And with me, I have our CFO, Kristina Elfström Mackintosh. We will guide you through the Interim Report today and also a short introduction to Addnode Group before we start. So, with that, and we will, of course, end with a Q&A. And for those of you who are new to our group if we did not mention it, our reporting currency is Swedish crowns.

So, look at Addnode Group. What do we do? We are all about digitalization for a better society. This is why we exist and what we want to achieve in everything we do. We believe digitalization is the only way to provide decision bases for our future. We are confident in the capacity of humanity to do good, make sustainable decisions if the tools are right.

Our digital solutions transform the private and the public sector to design, build and operate more sustainable products, buildings and societies. Our key markets enjoy a strong and continued growth, driven by global trends in urbanization, digitalization, automation, Al and sustainability. To clarify what we mean by digitalization for a better society, we have updated our brand identity, which is reflected in our new visual identity, logo, website and the interim that we have published today, interim report.

We are a decentralized group organized in three divisions: division Design Management with company specializing in design, BIM and facility management software. The offerings in the division is both own developed software and we are one of the largest Autodesk partners in the world. Division Product Lifecycle Management are experts in software and digital solution for simulation, design and virtual twins, led by the company Technia, global partner to Dassault Systèmes. Division Process Management is a portfolio company specializing in case management and geographical information solutions for the public sector.

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Addnode Group. We are an add-on growth accelerator for digital companies, providing for a sustainable future. We invest in companies within software, digital twin solutions and lifecycle management solutions, all with the intention to increase efficiency, predictability, and increased knowledge to build a more sustainable society.

While operations take place in our companies, we act as a catalyst to amplify their performance. We do that by providing resources, knowledge and support, and we speed up growth and expansion. At the core of our sustainability agenda lies the management and operation of companies to deliver digital solutions for clients that will enable them to deliver sustainable products and service to their customers.

Looking at, we will also take the opportunity to present to a few sustainability cases what we are doing for our customers. You will find more of them in the appendices and you will also find more on our website. So, please take the opportunity to update yourself on what we are doing. We will not spend so much time on that in this presentation here, but I want to make sure that you know where you can find information.

So, looking at the Addnode Group in numbers. We are a large cap company, 2,700 employees. This morning, we had a market cap of SEK 15 billion. We have a net sales trailing around SEK 7.8 billion, we are – [indiscernible] (00:04:01) SEK 0.7 billion. We're active in 19 countries and you as the shareholder have received a return of investment by 247% for the last five-year period ending this quarter up until today.

So, with that as an introduction to Addnode Group, let's step into Q1. Q1 2024, we started 2024 with strong growth, earnings improvements, and a strong cash flow. The stronger market in the US, the acquisition of Team D3, and cost efficient measures contributed to a 15% increase in earnings per share. Net sales increased by 22% to SEK 2.4 billion, and the EBITA margin improved to 10.5% compared to 10.2%. All the ratios contributed to the increased EBITA, with the big effect year-on-year coming from the acquisition of Team D3 and cost efficiency in both defined – in division Design Management and Product Lifecycle Management.

The first quarter is a strong quarter due to high volume of Autodesk agreements up for renewal in Q1. We have a seasonal pattern with a strong Q1 and a stronger finish in Q4, but with a slower Q2 due to the seasonal pattern. And this has also been in force with acquisition of Team D3. Cash flow from operating activities increased to SEK 381 million. The first quarter is traditionally strongest in terms of the cash flow as a large share of our support and maintenance contracts are invoiced in advance.

And with that as an introduction to Q1, I would like to hand over to our CFO, Kristina Mackintosh.

### Kristina Elfström Mackintosh

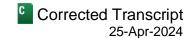
Chief Financial Officer, Addnode Group AB

Thank you very much. And I'm going to go through this slide. We have three graphs that I'm going to take you through. And if we're starting from the left, you can see our trend in net sales over the past five years and the last year is the rolling for – the last 12 months in 2024 and you can also see that Addnode has had a substantial growth mainly in the last three years in net sales and we ended the last 12 months about SEK 7.9 billion.

You can also see that the EBITA has increased from last year. We saw a slight drop between 2022, 2023. Now, the peak is going upwards. So – and moving then to the pie chart in the middle, we have a graph over the different categories of sales and you can also see that the recurring revenue amounts now to 76% of net sales and the recurring revenue consists of both third-party sales and also revenue from our own solutions.

Services, about 20% had an increase of 11% in the quarter, and that also consists of services both related to our own software offerings and also customer-specific solutions. And the total growth for the quarter mainly relating to

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acquisitions as Johan just presented. And then, going to the graph – pie graph all the way to the right side, we can see a split on sales in geography, and you can also see that the US market now is 34% of total sales. And that is now the third quarter in a row where United States market has been the largest one. Previously, Sweden was the largest market and its number two now of 25%.

And by that, I would like to hand over Johan, going into more details about the division, individual divisions for the quarter.

#### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Thank you, Kristina. So, looking first at Design Management, net sales increased to SEK 1.6 billion. It's a growth of 34%, which was acquisition-related. Organic growth and currency adjusted organic growth was minus 1%. EBITA increased to SEK 168 million, and the EBITA margin was 10.3%. The acquisition of Team D3 completed in July 2023, contributed positively to net sales and earnings for the quarter and cost reductions implemented in the US operations in 2023, contributed also to the division's improved earnings. The first quarter is the strong quarter, as I mentioned before, for Symetri due to high volume Autodesk agreements up for renewals. We can also say that we were able to increase the sales of three-year deals that also contributed to the net sales in this quarter.

Looking at demand, demand for Symetri's offering to the engineering industry remained stable in both Europe and USA. While we can see that demand from architects and technical consultant is on the rise in the US from a low volume, but we are seeing a slowdown in Europe from a high demand. Looking at Service Works Global, which provides digital solution for facility management and Tribia, which provides collaborative solutions for the construction infrastructure sector, we can see continued stable growth. So, all in all, a good quarter for design, showing that we are able to grow and with the acquisitions holding, organic growth stable, of course, minus 1% but quite okay in this market and we can see the positive effect of cost reductions.

I would like to take the opportunity to remind you that we are entering a phase with a new transaction model for the Autodesk business. This will mean, if you look at the – this is a display of a, and what we'll say an illustrative way of what is happening. It's not related to an actual number, but it shows you how the business model will change.

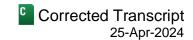
In the column current VAR model, you will see that what happened is that today, when we sell an Autodesk subscription, we get a cost of sales from Autodesk. That gives us a gross profit. Going forward, we will get a commission on the sales of the Autodesk software that will – and it will also have the impact that we will have no cost of sales. This will also mean that our gross profit margin will go up on the business.

We are expected to have the similar gross profit and similar earnings out of it. But our gross profit and our EBITA margin will go up. This will happen in the US market starting June, has been communicated both to customers and other markets. In Europe, it's expected to happen later. The exact date have not been communicated for that yet. So, we'll have to come back. But what has been communicated is that this will happen latest 2025.

So, with that, let's move on to our PLM division. For PLM, net sales increased to SEK 454 million, it's a growth of 5%. Organic growth of 3%, and adjusted for currency, the organic growth was 2%. EBITA increased by 58% to SEK 41 million and the EBITA margin increased to 9%. While market conditions remain stable, customers decision-making processes related to larger PLM system projects are still slow.

However, the division's positive and well-established customer relationships frequently present opportunities for upselling of design and simulation software and expanding current assignments. Customers are continuing to

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demand time-finite leasing of licenses, instead of license purchases with perpetual right of use. We go in more to a rental model [indiscernible] (00:12:40).

The restructuring measures implemented in 2023 have had the planned impact. The cost level has been reduced and the delivery organization's utilization rate has improved. So, all in all, we can say that we're able to increase profit as we expected due to the measures that we made in 2023. And the market is what we call stable, meaning that nothing has really changed in the market, still taking a little bit slower for bigger projects, but we're able to expand current offering.

So, go – looking at we did – at Addnode Group, we are a growth platform for entrepreneurs. We acquire and support entrepreneurial companies in their effort to become even better. We support our companies in the growth journey by providing not only capital for product development acquisition, but also valuable knowledge and an extensive international network of experienced leaders. 2024, we have completed three acquisitions and we see good opportunities to carry out further acquisitions during the rest of the year.

Our latest acquisition is Optimec that you can see on this slide. It's a good example of an add-on acquisition supporting Technia's growth strategy to be the best Dassault Systèmes Partner in the world. Optimec adds simulation components and customers within research and development and manufacturing in the automotive, aerospace, industrial equipment and consumer packaged goods industries. Optimec, there are 20 employees and has a net sales of SEK 40 million.

So, looking at Process Management. Net sales increased to SEK 342 million. It's a growth of 2%. And adjusted for currency, it's still 2%. Demand for case management and geographic information systems in the public sector remained stable, with some restraint continuing among municipalities and public authorities with respect to new investments in large projects.

But the division's good and well-established relationships with the large public sector customer base frequently present opportunities for recurring sales and expansion of current assignments. Here, we can see that Easter came early. So, it means that we had a slightly few working days in this division compared to last year. But EBITA increased to SEK 65 million and the EBITA margin was stable at 19%.

So, with that on the introduction to our divisions, I would like to hand over to our CFO again.

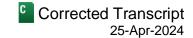
#### Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

Thank you for that. And I would like to take you through the cash flow for the quarter in comparison to last year. And looking for – looking at the cash flow from operation, you can see that it was a strong quarter. It amounted to SEK 381 million compared to SEK 269 last year. And the increase of SEK 112 million in the current quarter was attributable mainly to the operating profit increase and also a positive change in working capital in the quarter.

Looking at investment activities further down. You can see that it's mainly the impact of the quarter, the investment and acquisitions in the quarter. It ended up at SEK 142 million (sic) [minus SEK 142 million] (00:16:27). And that is also include some earn-out payment for previous acquisitions. And also for Addnode, it's important that we do invest in our own solutions, future products. That is key for Addnode's continuation. And we continue to do so and invested approximately just over SEK 40 million in the quarter in capitalized development costs.

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From – cash flow from financing activities, mainly relating to the lease, and also in additional loan for one of the acquisitions in the quarter. I would also like to draw your attention to the proposal by the board of directors to the AGM, dividend of SEK 1 per share, that is intended to be distributed to the shareholders in the middle of May 2024.

So, that was the cash flow and then we're moving on to the financial position of the company. And here, you can see balance sheet and operating balance sheet. And you can also see that we continue to have a resilient balance sheet, strong balance sheet, which is important for the foundation of our continued growth, both organically and through acquisitions.

And obviously, you can see that the changes in the balance sheet is mainly relating to the acquisitions of the three companies that we just recently made. And we also have a slightly change in the currency, which also had an effect on the balance sheet. And going down, you can see that the net working capital is negative and continue to do so. And our business model allow us to operate with a negative working capital.

And moving down the line to provisions, taxes and other debt, that's where we have our earn-out for the recent acquisitions and the past acquisitions. And as of March 31, 2024, the total earn-outs and liabilities to sellers were around SEK 0.6 billion. And the majority, of course, is relating to the acquisitions in the United States. We had a net debt of SEK 816 million. And you can also see that that is a decrease from year-end, the 1st of December 2023 by SEK 183 million. And that was mainly due to the strong cash flow from operations.

Finally, I would also like to mention that we have [ph] all shares (00:19:32) held in custody, its 1,210,000 [ph] all B shares (00:19:37). And that's used for – the purpose of that is for the upcoming incentive programs that we have outstanding. And you can also – further down see that the cash position was about SEK 1 billion, a net increase from SEK 300 million last year, the end of December. And we have total facilities of SEK 2.6 billion, and we have unutilized about SEK 1.1 billion of those that are available for future acquisitions and growth in the company.

So, that was the balance sheet, and I would hand back to Johan to discuss a little bit more about Addnode as an investment.

#### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Thank you, Kristina. Before we enter Q&A, just want to take a few minutes to remind you about what you can expect from Addnode as an investment, basically what is our strategy going forward. It's the same in short. We see that the demand for the digital solutions offered by companies extends beyond and across economic cycles driven by customer needs for digitalization, automation, urbanization, and sustainability.

Our strategy is to, with a sound risk taking, capitalize on [ph] these trends (00:20:58) by continuously acquiring new businesses and actively supporting our subsidiaries to generate sustainable value growth and drive organic earnings growth. We have a business model with a high portion of recurring revenue, usually prepaid giving a solid cash generation. Looking at our customer base, the 10 largest customers represent 6% of net sales, and the 100 largest customers represent roughly 23% of net sales. That means that we have a good risk and [ph] diversement (00:21:29) there.

As of now, the economic situation remains uncertain. But demand in most of Addnode Group's market is stable. We will continue to pursue daily improvements, while also investing in new digital solutions and acquisitions. I believe that the strength and capability of our companies, our healthy financial position, and our acquisition capacity provide a solid foundation for continued value creation.

So, with that as an introduction to our Q1, we would like to open up for questions.

# **QUESTION AND ANSWER SECTION**

**Operator**: [Operator Instructions] The next question comes from Daniel Thorsson from ABG Sundial Collier. Please go ahead.

#### **Daniel Thorsson**

Analyst, ABG Sundal Collier AB

Yes. Hi. Thank you very much. I start off with a question on the Design Management and the new transaction model. You said that it's going to start off in the US in June here. How should we think about the phasing of that transaction model? I mean, how much is going to affect your sales development in the coming quarters? In your illustration, you show that sales are down some 55% and that's kind of end of 2025. How much do you think that will affect Q2, Q3, Q4? Is there something that can indicate?

#### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

I think looking at Q2, we will not see that much effect, but of course, what will happen is that it will be one out of three month only in the US market. So, it will not affect what we are doing in Europe with that. So, roughly half of the business for one-third in Q2 in Design. And then, we will have the sort of in Q3 and Q4, you will have the effect in the US market because it will continue basically. Europe is a little bit tougher because there is no date set.

So, I can't really give you an update, but I don't expect it to happen. Because looking at what happened first, first, it was – it happened in Australia in Q4. And then, it took a couple of months to do it in the US now and then will probably take a couple of months before it is introduced in Europe as well. So, that's probably the best reaction I can give you right now.

But what we have done in the meantime to help you sort of evaluate the business going forward as well, is that if you look at the interim report, we have a news there, and that is – that we are displaying gross profit by division. So, that means that going forward from Q1 and this report, you will be able to see gross profit for each division going forward. And that is probably the best to follow any progress in the business going forward and sort of trying to take out the effect of the transaction model.

#### **Daniel Thorsson**

Analyst, ABG Sundal Collier AB

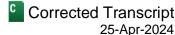
Yeah. No, that makes sense. Of course, that's helpful. And then, a follow-up on that one. The seasonality in the Design Management, you said that Q1 is strong because of out of this fiscal year and so on. How should we think about sales and gross profit in Q2 versus Q1? I mean, is it going to be lower from that effect or how does it look with Microdesk and Team D3 now into the books?

### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

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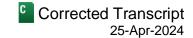
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Yes, it's going to be lower. And there is definitely a cyclicality, if Q1 is the strongest year for our Autodesk business, Q2 is - quarter Q2 is lowest. **Daniel Thorsson** Analyst, ABG Sundal Collier AB Yeah. Johan Fredrik Andersson President & Chief Executive Officer, Addnode Group AB And we have had that effect if you going back historically as well. And then, we have probably 2022 was an abnormality in that. But if you look at the rest of the years and in 2023, even though 2023 was disturbed by sort of a downturn in the market as well, you can still see that Q2 was the sort of where we have the less renewal of contracts. So, don't be alarmed if Q2 is performing less than in Q1 because that is according to plan. **Daniel Thorsson** Analyst, ABG Sundal Collier AB Yeah. That's clear. Final question for me. In Process Management, do you foresee further pressure on organic growth during 2024 from constrained IT budgets for public customers, which we hear from lots of other companies here in the sector? Johan Fredrik Andersson President & Chief Executive Officer, Addnode Group AB We don't expect any sort of high growth in that. We are, right now, traveling around 2% organic growth. There is possibilities to do that going forward as well, but we don't expect to do more than that. **Daniel Thorsson** Analyst, ABG Sundal Collier AB Okay. Johan Fredrik Andersson President & Chief Executive Officer, Addnode Group AB We have a lot of ongoing, like we mentioned, that even though we're not – the tenders are sort of less in – right now, but we still have a solid customer base [ph] than we are before (00:26:40). So, there is opportunities to do business, but we don't expect any high growth there. **Daniel Thorsson** Analyst, ABG Sundal Collier AB Yeah. That's clear. Thank you very much. Johan Fredrik Andersson President & Chief Executive Officer, Addnode Group AB Thank you, [ph] Daniel (00:26:54).

**Operator**: The next question comes from Daniel Djurberg from Handelsbanken. Please go ahead.

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### **Daniel Djurberg**

Analyst, Svenska Handelsbanken AB

Thank you, operator, and good morning and congratulations on the strong results. Clearly impressive, good OpEx discipline, much better than some analyst was thinking about. Yeah. But to the question then, starting off with Design Management, obviously, I had more or less the same question as Daniel. But perhaps if – is it possible to do any lesson learned from Australia, i.e., when we talk about other risks than the top line losing [indiscernible] (00:27:37) with customers or if it's larger vendors in the channel, that gets out better than smaller or any lesson learnt really, that you could help us with?

#### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Thank you, Daniel, for your question. It's still early. So, I would say that we haven't really sort of any big conclusions [ph] arrived (00:28:00). But I think it's important to understand that half of the gross profit from our operations within our – what I would call our Autodesk business in Symetri is from own add-on products to the portfolios [indiscernible] (00:28:14) and those will still be continued to be invoiced from us as well. So, that will not change as they will – customers will still get an invoice from us. I think we are in a good position with regards to that.

What will change now going forward and then you noticed on it, but for the rest of the call probably is that we will still be the one facing the customers, having discussion with them, send them a quote, but the actual invoice will come from Autodesk. So, that is sort of the big change with regards to the customer relationship.

And with that, we haven't seen it, but we truly believe that there is a – there's a good thing about being big in this because it means that you can invest and you can transform and you can make sure to do necessary things with administration and come out as a winner. We truly believe that. But too early to say that we can draw that conclusion from the changes being made in the Australian market because it's just a few months, but that's what we are expecting and feel to be proven.

### Daniel Djurberg

Analyst, Svenska Handelsbanken AB

Yeah. And your best guess on Europe, should we expect it this year or it's the 2025 [indiscernible] (00:29:29)?

#### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

It could happen this year. If we – if sort of the – everything is going along with things in the US, it could happen this year, but we can't make any promises about that because we...

#### Daniel Djurberg

Analyst, Svenska Handelsbanken AB

Of course.

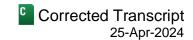
#### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

...are not fully in control of that.



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### **Daniel Djurberg**

Analyst, Svenska Handelsbanken AB

Of course. And if I may ask also on changes in working capital, it seems to be strong in the quarter. And if you can help to give some more details on the accounts receivables, if it's the shorter DSOs or volume FX invoicing later in the quarter or early in the quarter or on the other side of the balance sheet that is helping you? Thanks.

### Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

Yes. It's mainly the improvement in the operating cash flows. It's mainly relating to Design, also in Design Management division. And we can see that in the cash flow from accounts receivable has improved somewhat. So, that are the major – the major reasons for the improvement.

#### **Daniel Djurberg**

Analyst, Svenska Handelsbanken AB

Okay. Thanks. No more question from my side. Thank you and good luck in Q2.

#### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Thank you, Daniel.

**Operator**: [Operator Instructions] The next question comes from Mikael Laséen from Carnegie Investment Bank. Please go ahead.

### Mikael Laséen

Analyst, Carnegie Investment Bank AB

Yes, good morning. Hi. I have three questions. First of all, you mentioned that an increase in three-year agreements has supported sales growth in the Design Management segment. Could you please elaborate on this impact and how we should reconsider this contract mix in our expectations for the coming quarters and how this could impact the seasonality going into Q2 from Q1?

### Johan Fredrik Andersson

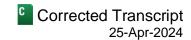
President & Chief Executive Officer, Addnode Group AB

Thank you, Mikael. What we said is that we could see that we, earlier, we had said that we were expecting that three year – sales of three-year contracts were, as a total, we would expect to be dropping. What we can see is that we are able to uphold that sales of customers contract. And I don't really expect it to change the seasonality because it was something that add to do what we did this year. It was not sort of what explained the total growth, but it totally added to the growth. So, obviously, for us, it's not the main thing that's happened, but something that added in Q1.

And then looking at Q2, as we are saying that we are able to uphold the sort of [indiscernible] (00:32:23) agreement, it could have a positive effect on Q2, but still we have a lower contract base in Q2 in total. So, don't expect any sort of high additions of that, but it could still add to it in Q2. And what happened is that probably when things are happening in the market, some big customers want stability.

So, basically, what I'm saying with this change, the [ph] ongoing (00:32:51) transaction model, there are some customers who feel comfort in being able to secure their contracts for the coming period during the transition.

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Because you have to remember, this is very sensitive to their businesses because this is their main tool that they are using to produce value for the customers and then they want to lock in what they're expecting to pay for it. So, could be some part of that driving sort of the sales of three-year contracts as well.

Mikael Laséen

Analyst, Carnegie Investment Bank AB

Okay. All right. So, going into Q2, sequentially, you don't expect any major mix shift in the contract length. But probably then, of course, year-on-year, it could be supportive.

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

It could be supportive year-on-year, but we are not expecting that it will sort of have either or not sort of a – one could argue that would it have a negative effect on Q2 because we have sold more now in Q1? No, we don't expect that. And the other way around, we don't expect any sort of big change. So, it's more that we can sort of continue to sell three-year contracts, earlier on believe that it was harder to sell them. Now, we can see that we're still able to do that. Does that make sense?

Mikael Laséen

Analyst, Carnegie Investment Bank AB

All right. Yeah. Got it. That's clear. And, yeah, could you also discuss the market activities in UK, Germany, and the Nordic region for the Design Management and Product Lifecycle segments more in detail, please? What's going on there?

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Yeah. So, if we start with the design, you can see that we still – and then you have to look at different end customers. If you look more at the engineering discrete manufacturing for Design for some, but it's basically the same for PLM as well. We can see that there is a stable market there. And the customers are – because they are using these tools for R&D or design of new products and it seems like they are – and we have a broad customer base and they are still sort of using the software – a stable market, I would argue. And that goes both from Nordic and the UK and sort of the Nordic Europe where we are active in.

And then, if you look at more of the AEC market, meaning Architect, Engineering and Construction, we can see that we have had a – sort of a very – not high, but a good growth in the UK and in the Nordic market. And we can see that it's slower now, still sort of good, but it's coming from a very – not strong. It's not the right word, but a solid demand. And now, it's a little bit less but still stable, I would argue. So, it's going down, but still okay if you look at the AEC market.

Mikael Laséen

Analyst, Carnegie Investment Bank AB

Okay. But you still have growth year-on-year for the AEC side or [indiscernible] (00:35:56)...

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

We – no, we don't – no, not in Q1, no. But it's still – but it reflects if you look that we had a minus 1% growth. So, you can – organic growth in the division and that probably reflects where we are.

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# Mikael Laséen Analyst, Carnegie Investment Bank AB Yeah. Okay. Okay. Fair enough. And then, just curious here if you could also disclose gross margins or gross results from the historical periods Q2 last year, for example, [indiscernible] (00:36:30) if you have any color to that. I couldn't find it in the report. Johan Fredrik Andersson President & Chief Executive Officer, Addnode Group AB You can find it in the - if you go to the report, I think it's page... Kristina Elfström Mackintosh Chief Financial Officer, Addnode Group AB We have it in the – at the back in the key figures in the table. Johan Fredrik Andersson President & Chief Executive Officer, Addnode Group AB We have this in [ph] page 4 (00:36:48). Mikael Laséen Analyst, Carnegie Investment Bank AB Okay. Excellent. Kristina Elfström Mackintosh Chief Financial Officer, Addnode Group AB Yeah. Mikael Laséen Analyst, Carnegie Investment Bank AB Yeah. Johan Fredrik Andersson President & Chief Executive Officer, Addnode Group AB So, you can have it because for the last two years, you can find it for all divisions. Kristina Elfström Mackintosh Chief Financial Officer, Addnode Group AB Yeah. From page 20 and forward. Johan Fredrik Andersson President & Chief Executive Officer, Addnode Group AB By division... Mikael Laséen Analyst, Carnegie Investment Bank AB

Yeah. Okay.

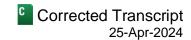
# $Addnode\ Group\ AB\ {\scriptstyle (ANOD.B.SE)}$

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Johan Fredrik Andersson President & Chief Executive Officer, Addnode Group AB	А
[ph] sales, gross profit and et cetera (00:37:01) so, you can find it there.	
Mikael Laséen Analyst, Camegie Investment Bank AB	Q
Can I also ask another question? Final one, if I may	
Johan Fredrik Andersson President & Chief Executive Officer, Addnode Group AB  Yeah.	A
Mikael Laséen Analyst, Carnegie Investment Bank AB	Q
It's a follow-up on the previous question that you got. If you have any feedbacks or insights from transaction model change with your customers, what they think and how you prepare for this operawhat are your plans and what are your – what is the feedback?	_
Johan Fredrik Andersson President & Chief Executive Officer, Addnode Group AB	А
No. The feed – if we can start with the plan, and this is something we have planned for a long time, you talk with the customers, go to market, operations, administration, et cetera. So, I think that's so path. And with regards to the customers, it's quite new to them, because even though we have sort a long time, they are getting the message now. It was explained to them externally in Q4.	rt of on a good
And then, to be honest, all the customers are – they are in the progress of sort of understanding it. feel that we can handle it. And they still believe that we are the one that they are doing business wi think that has changed from the customer perspective. So, I would always – so please ask me that next time we meet and then I probably have some more flavors of it. And then, we have seen the fi implementation of the new transaction model and that's usually when you sort of get the proof of the [indiscernible] (00:38:37). So, I – please ask me that question next quarter and then we'll have some to it.	th. So, I don't question the rst e
Mikael Laséen Analyst, Carnegie Investment Bank AB	Q
All right. Thank you so much.	
Operator: The next question comes from Anton Hoof from Redeye. Please go ahead.	
Anton Hoof Analyst, Redeye AB	Q
Hi. Good morning. Two quick questions from me. The first one is on Design Management. I mean, seems to have had a large contribution on Q1 compared to recent quarters. I mean, is that manage seasonality, better market or the integration being fully completed?	

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#### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Thank you for the question. Team D3, just to – they started out in Q3 last year, was the first quarter that they were part of the Addnode Group and that was sort of an integration quarter, meaning that they were not contributing profit wise in that quarter. Q2 – the third quarter last year, that was – they performed as expected and that's according to their business plan.

Q1 here, definitely, they contributed and they have the same seasonality than the rest of the Symetri business. So, yes, they performed well, but they also have a seasonality like the rest of the team as well adding to it. So, I think it's both the mix of that they are performing as expected. And on top of that, you have the seasonality as well

**Anton Hoof** 

Analyst, Redeye AB

And the integration, it's going the right way [indiscernible] (00:40:12)?

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Yeah, yeah. Definitely. It's a really good team and we do like them.

Anton Hoof

Analyst, Redeye AB

Good. And the last one is on the Autodesk model. If you can remind us of the cash flow impact. I mean, now, when Autodesk will invoice the customer, will it take longer time for you to get paid from, yeah, from the end customer?

Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

Yes. I can try to answer that. And as you know that we will now receive the commission income instead, so that volume will be lower. We are benefiting from the larger sales of the actual solutions, Autodesk solutions today. But we also must remember that we are repaying the supplier also in that sense. But in some instances, in the three-year contract, we still can receive an upfront payment for the three years, even though the customers are allowed to pay sequentially year-after-year. So, we'll still expect the cash flow coming in as a net profit or a net cash flow in the same way as it did before. But of course, the three-year contract could have [ph] an impact on the cost (00:41:35).

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

But we are not expecting any big changes in the net cash flow with regards to timing, et cetera. So, we're still expecting to operate with a negative...

Kristina Elfström Mackintosh

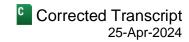
Chief Financial Officer, Addnode Group AB

Yes, that's right.

Д



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ohan Fredrik Andersson resident & Chief Executive Officer, Addnode Group AB	A
balance sheet going forward.	
Kristina Elfström Mackintosh Thief Financial Officer, Addnode Group AB	Α
eah. Yeah.	
Inton Hoof nalyst, Redeye AB	C
So, you don't have to wait Autodesk – sorry – you don't have to wait for Autodesk to, let's say, get paid from the ndiscernible] (00:41:56) customer and then you have to wait 30 days from Autodesk to pay you?	he
ohan Fredrik Andersson resident & Chief Executive Officer, Addnode Group AB	Α
No. The – what Autodesk is saying and what we are expecting is that the cash flow and operating profit is expected to be similar to what it is today. What will change is that we will receive a commission instead of sells the customer to get a cost of sales. That's different. With regards to the earnings that we're expecting from and the cash flow, it's sort of the same pattern going forward that we are expecting.	_
anton Hoof nalyst, Redeye AB	C
Good. Okay. Thank you.	
<b>Operator</b> : There are no more questions at this time. So, I hand the conference back to the speakers for any losing comments.	

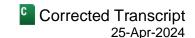
### **Johan Fredrik Andersson**

President & Chief Executive Officer, Addnode Group AB

Thank you all for listening to our presentation and thank you.

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