ADDNODE GROUP

Digitalization for a Better Society

ANNUAL REPORT 2023

Contents

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This is a translation of the original in Swedish. In the event of any discrepancies between the two versions, the original Swedish version shall apply.

Addnode Group

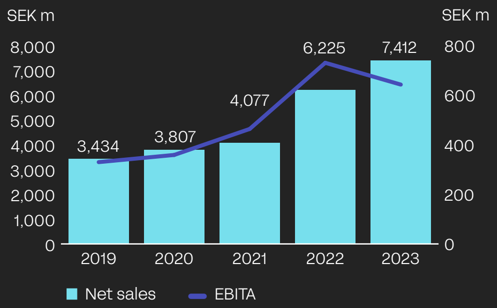
Strategy

Addnode Group acquires, operates and develops cutting-edge businesses that digitalize society. We generate sustainable value growth by continuously acquiring new businesses and actively support our subsidiaries to drive organic growth.

SUSTAINABLE GROWTH IN VALUE

Acquisitions	Organic development
Complementary businesses or market	Decentralized responsibility and authority
Values-based leadership	Strategic support
Attractive valuation	Synergies and collaborations

PROFITABLE GROWTH, 2019–2023



Read about our strategy on pages 8–20

Market position

Addnode Group delivers digital solutions that enable the design, production, management and administration of a sustainable society. The Group's largest markets are Sweden, the UK, the USA and Germany. Our operations are organized in three divisions.

Design Management division

Design Management is a leading global provider of digital solutions and services for design, building information modeling (BIM) and product data for architects and engineers in the manufacturing, construction, civil engineering and process industries. The division also has a strong digital offering for project collaboration and facility management in the Nordic countries and the UK.

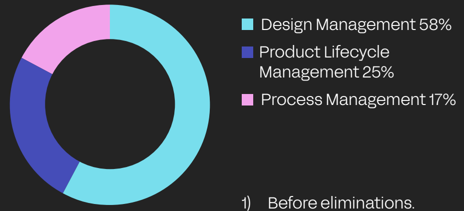
Product Lifecycle Management division

Product Lifecycle Management is a global provider of solutions for digitalizing a product's or facility's complete lifecycle – from idea, design, simulation and construction to sale, aftermarket and recycling. For our customers, this means shorter lead-times, more innovation, increased efficiency, and traceability.

Process Management division

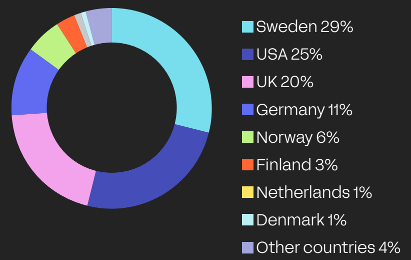
Process Management is a leading provider of digital solutions to the public sector. Its solutions streamline case management, simplify administration and quality-assure processes in contacts between the authorities and citizens. The division has operations in Sweden and Norway.

NET SALES BY DIVISION, 2023[1)]

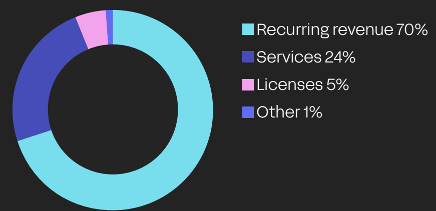


1) Before eliminations.

NET SALES BY COUNTRY, 2023



NET SALES BY REVENUE STREAM, 2023



Read about our divisions on pages 21–29

Sustainability agenda

Addnode Group contributes to sustainable development by giving cutting-edge businesses and authorities the right conditions to grow. The digital solutions we develop in close partnership with our customers help create a more sustainable society by enabling our customers to in turn deliver sustainable products, properties, infrastructure, assets and services to their customers.

Addnode Group has defined five focus areas for the Group's sustainability work:

1. Digital solutions that contribute to sustainable development
2. Care for people and the planet in our own operations
3. Our work with partners and suppliers
4. Long-term financial viability
5. Sustainability management and governance

Each focus area has key performance indicators (KPIs) that are monitored yearly to continuously develop the Group's sustainability work. These KPIs are reported in the Sustainability Report, which is part of Addnode Group's Annual Report.

Read our Sustainability Report on pages 33–57

Summary of 2023

Significant events

- Acquisition of the Swedish company FAST2 Affärssystem AB, with net sales of approximately SEK 80 m. Now part of SWG in the Design Management division.
- Acquisition of Key Performance, with net sales of approximately SEK 25 m and operations in the USA and Sweden. Now part of Technia in the Product Lifecycle Management division.
- Acquisition of Team D3 in the USA on July 1, with net sales of approximately SEK 1,300 m. Now part of Symetri in the Design Management division.
- Credit line increased by SEK 1,000 m to a total of SEK 2,600 m. SEK 1,600 m revolving credit facility extended by one year to June 2026.
- The Board decided to adjust the dividend policy to 30–50 percent of the Group's profit after tax.
- Nasdaq Stockholm announced the outcome of its yearly segment review, which resulted in Addnode Group's share moving up to the Large Cap segment.
- Elisabeth Forslin took up the position of Head of M&A and became a member of Group Management.
- Addnode Group's CFO Lotta Jarleryd announced that she is leaving her role.
- Kristina Elfström Mackintosh took up the position of CFO and became a member of Group Management.
- Petra Ålund elected as a new Board member.
- Autodesk announced that it will transition from a reseller model to an agent model. This change means that net sales will decrease, while gross profit is expected to remain unchanged and the EBITA margin will increase. The change will take place gradually and is expected to be fully implemented by the end of 2025.

Financial key ratios	2023	2022	2021
Net sales, SEK m	7,412	6,225	4,077
Gross profit	3,703	3,234	2,309
Gross margin, %	50.0	52.0	56.6
EBITA, SEK m	640	728[1)]	461
EBITA margin, %	8.6	11.7[1)]	11.3
Operating profit, SEK m	410	527	305
Operating margin, %	5.5	8.5	7.5
Profit after tax, SEK m	279	382	223
Earnings per share, SEK	2.09	2.86	1.66
Cash flow from operating activities per share, SEK	3.63	5.34	3.26
Dividend per share, SEK	1.00[2)]	1.00	0.75
Net debt, SEK m	999	463	368
Equity/assets ratio, %	29	32	39
Debt/equity ratio, multiple	0.47	0.22	0.22
Average number of employees	2,455	2,137	1,776
Total number of employees at end of period	2,654	2,370	1,897

1) EBITA includes a capital gain of SEK 24 m related to the sale of an office property.
2) Board of Directors' proposal to AGM.

+19%
Net sales growth compared to 2022

70%
Share of recurring revenue 2023

8.6%
EBITA margin

2.09
Earnings per share, SEK

Growth journey continues in an international market

I am proud of our ability to navigate a year of big change. In a challenging environment, we delivered stable earnings and continued to see strong growth from acquisitions. Our earnings per share have more than doubled in the last five years. The strength of our companies, our healthy financial position and our acquisition capacity provide a solid foundation for continued growth. Addnode Group has a clear direction and a strong focus on what we do.

A year of growth and efficiency improvements
Addnode Group became an even more international company in 2023, and the acquisition of Team D3 means that the USA is now our largest market. Net sales increased by 19 percent to SEK 7,412 m (6,225). We made a total of three acquisitions that added SEK 607 m to our net sales. The adjusted EBITA margin was 8.9 percent (11.3). The comparative margin was historically high as the Design Management division in particular had a very strong margin last year. We are continuously implementing efficiency improvements in order to strengthen our margin. Cash flow from operating activities amounted to SEK 485 m (714).

Macrotrends driving demand
The digitalization of society is widespread, and our digital solutions are continuing to attract customers. Both private companies and public organizations have a long digitalization journey ahead of them – and automation and AI will be a natural part of this journey. Our services for the construction and real estate sector play a key role in the urbanization of society and the urban development projects arising as a result of this trend. Our digital solutions create efficiency gains and facilitate climate-smart decisions.

In product development, from early design to launch and use, our solutions help make material choices and processes more sustainable. They shorten lead-times and optimize the use of resources throughout the process. Our services and products have a natural place in a world where sustainability is becoming increasingly important.

Acquisitions make us stronger
We remain firm in our successful growth strategy: growing through organic growth and smart acquisitions. In 2023, we made our largest acquisition to date when we acquired Team D3. The new company has strengthened Symetri, enabling it to become Autodesk's largest global partner. We also conducted two add-on acquisitions during the year: FAST2 and Key Performance. We will continue to execute on our acquisition strategy and have good candidates in all divisions.

New transaction model in the Design Management division results in higher margins
The Design Management division's operations in digital solutions for design, BIM and product data, which are conducted under the company Symetri, experienced weaker demand at various points in the year, mainly from customers in the construction industry, particularly in the USA. Demand was also negatively affected by Autodesk's changes to its payment model for three-year agreements.

In 2023, our partner Autodesk announced that it will transition from a reseller model to an agent model. We will continue to build the business, offering and ensuring the delivery of software and services. The difference will be that Autodesk will invoice customers for its own software and pay us commission for the work we perform. This change means that net sales and the cost per product sold will decrease, but gross profit is expected to remain unchanged, which means that the EBITA margin as a percentage will increase. The change will take place gradually and is expected to be fully implemented by the end of 2025. I welcome this change as it demonstrates the value of Symetri's offering and its broad portfolio of proprietary complementary products. Half of Symetri's gross profit already comes from its own products and services, which complement the Autodesk portfolio.

Streamlining of the Product Lifecycle Management division
The Product Lifecycle Management division is made up of Technia, a global provider of digital solutions for sophisticated product and production development. Technia has experienced a stable market in the

UK and Germany. The Nordic market was weaker, particularly in the first part of the year. We implemented a cost-saving program that was charged to earnings in an amount of SEK 20 m, with the goal of reducing costs by SEK 40 m. Savings were realized gradually in 2023 and are expected to reach full effect in 2024.

Clearer offering in the Process Management division

The Process Management division's offering of proprietary software for the public sector experienced good growth in 2023, supported by favorable market conditions. The new company Icebound was established, with an offering aimed at the forest sector and other primary industries. We also decided to merge S-GROUP Solutions and Sokigo. This will provide a clearer offering for the public sector in digital and sustainable social building. The new company has 300 employees and has been operating under the name Sokigo since January 2024.

Creating a culture of innovation and AI

In 2023, Addnode Group enhanced its internal expertise, invested in skills enhancement activities in AI and encouraged collaborative innovation to drive growth and maintain its competitiveness.

Becoming an AI-driven organization requires investments in knowledge and skills. For example, a training program has been introduced for the management teams of Addnode's subsidiaries, covering three stages: introduction to AI, practical applications of AI, and how to create a foundation for AI and manage risks. The program has been positively received and is a good example of how we are building a culture of innovation and AI in a decentralized organization.

We have identified opportunities to enhance our internal efficiency and started implementing AI in our customer solutions. One example of a proprietary product where AI has been implemented is Naviate Zero, which enables smarter and more sustainable material choices by giving the user direct feedback on how design and material choices affect a building's carbon footprint. Our major partners, Autodesk and Dassault Systèmes, have also invested in AI to develop even better customer solutions.

A clearer brand reflects our identity

We have not changed our fundamental culture or identity. Our way of working – with decentralized responsibility through independent companies with access to the Group's resources – is a winning concept. Our rapid growth has made us a larger and more international company. To clarify what we stand for, we have updated our brand identity to better reflect the value Addnode Group adds for our customers, employees, subsidiaries, investors and other stakeholders. This branding work is explicitly reflected in this Annual Report through a new visual identity and our new logo.

Growth strategy that delivers sustainable results

For our shareholders, sustainable growth in customers, business and profit is important. Our clear strategy, the strength of our companies, our investments in competence and products, our implemented efficiency improvements, our healthy financial position and our acquisition capacity provide a solid foundation for continuing our growth journey and delivering higher profit and value to our shareholders.

Finally, I would like to thank all of our employees who, with their skills and never-ending energy, continue to make us relevant to our customers and to develop Addnode Group year after year.

Johan Andersson
President and CEO, Addnode Group

"In 2023, Addnode Group became an even more international company and the acquisition of Team D3 means that the USA is one of our largest markets"

Addnode Group as an investment

Addnode Group's class B share is listed on Nasdaq Stockholm, and has been in the Large Cap segment since January 2023. In the most recent five-year period, its share price has increased by 233 percent, which can be compared against the broad OMX Stockholm index, which has increased by 72 percent in the same period. The OMX Stockholm Technology sector index, which Addnode Group's share is part of, rose by 70 percent in the same period.

1. Sustainable digital solutions

Addnode Group delivers digital solutions that enable the design, production, management and administration of a sustainable society. Global trends like digitalization, automation, urbanization and sustainability are driving the demand for our solutions. The regulatory environment is also setting more stringent transparency and traceability standards. Customers are mainly in the construction and real estate sectors, the manufacturing and automotive industries, life science and within the public sector.

2. Organic and acquisitive growth

Addnode Group's strategy is to generate sustainable value growth by continuously acquiring new operations, then managing them with a focus on organic growth and profitability. We have executed 75 acquisitions since the company started, which means we have accumulated substantial experience and refined our acquisition process over time. We have demonstrated that we can grow with good profitability. Yearly average net sales and EBITA growth over the last five years (2019–2023) were 21 and 18 percent respectively. In 2023, the EBITA margin amounted to 8.6 percent.

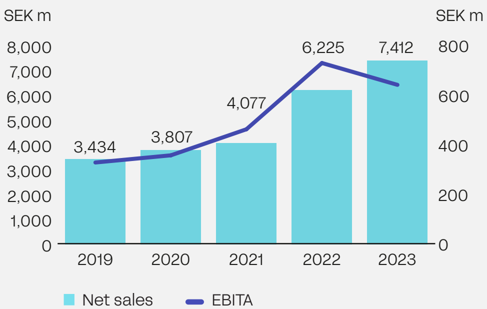
3. Attractive business model

Addnode Group's business model entails that a high share of the Group's net sales are recurring revenue. Our services usually relate directly to the digital solutions we offer, which means that our customers frequently return to us for advice on their enhancement and integration with other systems. We have strong cash flow generation thanks to a high share of advance payments and a low investment requirement other than for product development.

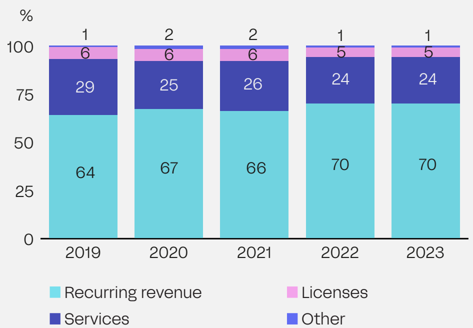
4. Diversification spreads risk

Addnode Group's operations and offering are diversified in several respects, reducing business risk. Our solutions are in demand by private and public sector customers, across a wide variety of industries and in many different geographical markets. The Group consists of around 20 companies, and we have our own representation in 19 countries. We are not dependent on individual customers but have built many long-term customer relationships.

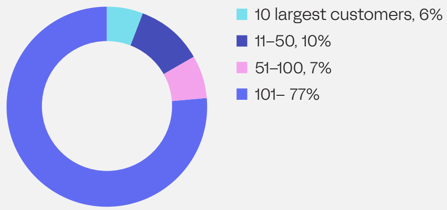
PROFITABLE GROWTH, 2019–2023



DISTRIBUTION OF REVENUE BY REVENUE STREAM, 2019–2023



BREAKDOWN OF REVENUE BY CUSTOMER SIZE, 2023

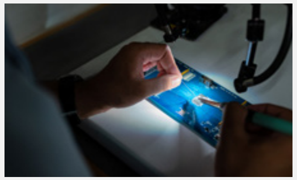
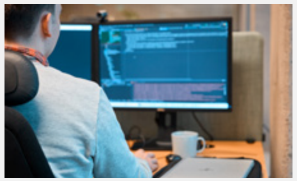


Strategy

Within Addnode Group, Technia was involved in the development of a digital platform specifically aimed at electric and hybrid vehicles during the year. The platform allows car manufacturers to more easily meet requirements pertaining to weight, materials and engine capacity. This marks another step in the green transition.

Global trends driving development

Addnode Group delivers solutions that digitalize society. Our main geographical markets are Sweden, the UK, the USA and Germany. Underlying demand is being driven by global trends such as digitalization, sustainability, urbanization and automation.

	Growth segments	Drivers and growth	Market growth	
	**Architecture, engineering, construction (AEC) and BIM** Addnode Group is a leading global provider of design and BIM software as well as digital solutions and services to address the needs of architects, engineers and designers. Our product portfolio supports the work of these different actors from initial project planning to managing completed buildings. The largest markets are the Nordics, the UK and the USA.	**Urbanization and BIM** Growth is being driven by urbanization and the growing need to build efficiently and sustainably. To become more efficient, customers are digitalizing processes and implementing new working methods. Customers are also increasingly demanding more widespread adoption of digital working methods based on BIM, the collective term for digital modeling of a building or infrastructure and related assets throughout the lifecycle.	10–14 %	Zion Market Research estimates that the AEC market will grow by about 10.2 percent annually between 2023 and 2030. Markets and Markets estimates the yearly growth of the global BIM market at approximately 13.7 percent between 2023 and 2028. **Operations in this segment are mainly conducted in the Design Management division as well as the Product Lifecycle Management division.**
	**Facility management** Addnode Group has a broad portfolio of software and digital solutions for customers in the administration and maintenance of real estate, facilities and workplace services. The largest markets are the Nordics and the UK, with growing operations in North America and Australia.	**Streamlined facility management** Growth is being driven by customer needs for more efficient management, outsourcing of management services and regulatory requirements concerning the environment, health and safety. Customers are increasingly demanding better systems for detailed monitoring and control as well as transparency surrounding the environmental impact of properties and facilities.	14 %	Markets and Markets estimates the yearly growth of the global market for digital FM solutions at approximately 13.8 percent between 2023 and 2028. **Operations in this segment are conducted in the Design Management division.**
	**Product Lifecycle Management (PLM)** Addnode Group is a global provider of PLM software, such as virtual twins, and services for sectors like manufacturing, life science, R&D, automotive and transportation. Addnode Group offers customers digital support end to end in lifecycles, from simulation and design of a product to maintenance and aftermarket. The largest markets are the Nordics, the UK and Germany.	**Complete, traceable product development** Growth is being driven by customer efforts to continuously launch new and sustainable products with a good economic performance throughout the lifecycle, and regulatory requirements for comprehensive traceability and product ownership. Product information also needs to be efficiently shareable internally as well as with subcontractors and partners.	9 %	Based on information from CIMdata, yearly growth for the global PLM market is expected to be approximately 9 percent in the years 2023–2027. **Operations in this segment are conducted in the Product Lifecycle Management and Design Management divisions.**
	**Digital government** Addnode Group has a broad portfolio of software and digital solutions in segments such as case management, e-archiving, GIS services, public e-services and digital administration support. Our main customers are government agencies, regional authorities and municipalities. The largest market is Sweden.	**Digitalization and sustainability standards** Growth is driven by urbanization, and a growing array of sustainability standards in the social building segment. In parallel, continuously rising public expectations, accentuated by political initiatives, are accelerating the digitalization of public administration. Our digital solutions can help enable more efficient processes and more equitable and sustainable decisions.	2 %	Radar's forecast for the IT market in Sweden is that demand will increase by 2.2 percent in 2024. **Operations in this segment are conducted in the Process Management division.**

Strategy for profitable and sustainable growth

The companies in Addnode Group develop and deliver solutions that digitalize society. We see major business opportunities in the wake of global trends such as digitalization, sustainability, urbanization and automation. We capitalize on these trends by using sound risk-taking to continuously acquire and develop new, promising businesses and actively support our subsidiaries in generating sustainable profit growth. Our organization is decentralized, with responsibility and authority for managing businesses delegated to each division and subsidiary.

Vision
Addnode Group's vision is for its solutions to contribute to a sustainable future.

Strategy
Addnode Group acquires, operates and develops cutting-edge businesses that digitalize society.

SUSTAINABLE VALUE GROWTH

Acquisitions

Complementary businesses or market

Values-based leadership

Attractive valuation

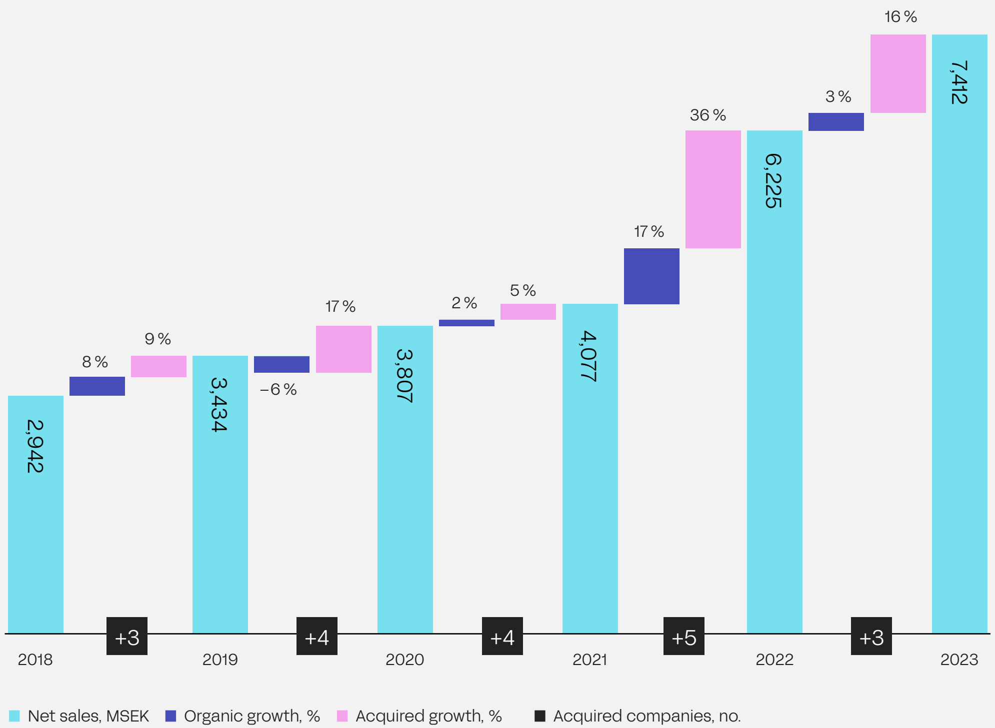
Organic development

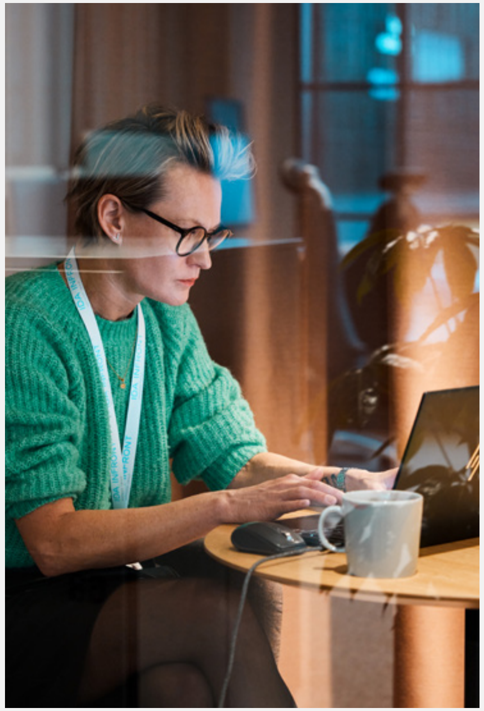
Decentralized responsibility and authority

Strategic support

Synergies and collaborations

ORGANIC AND ACQUIRED GROWTH, 2018–2023





Strategy for profitable and sustainable growth, cont.

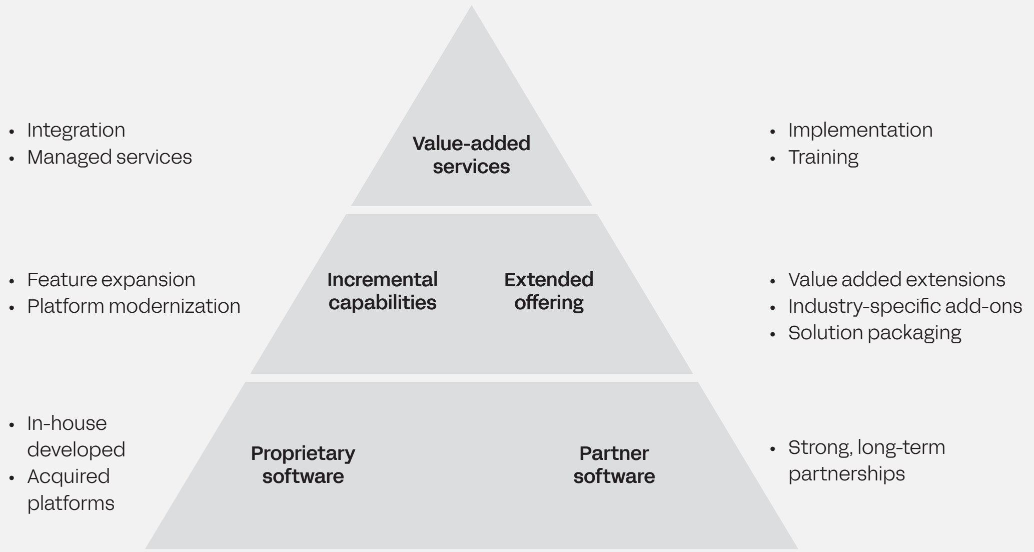
Business model

Through its subsidiaries, Addnode Group offers digital solutions that enable the design, production, management and administration of a sustainable society.

The foundation of the Group's offering of digital solutions consists of both proprietary and partner-owned software. We work continuously on enhancing our proprietary software, while simultaneously consolidating our offering by developing applications that can be used in combination with software from our partners. Our development of software and applications is complemented by a broad service offering based on a high level of skills, long-term experience and good sector knowledge.

An investment in digital solutions is a long-term commitment for us as a provider, and for our customers. Many of our customer relationships extend over 20 years back in time. Our customers come back to us to renew, expand or upgrade software, which generates recurring revenue. Many customers also return for our service portfolio in connection with customization, integration and training.

DIGITAL SOLUTIONS BACKED BY SERVICE OFFERINGS



Governance model

Values-based leadership and delegated responsibility

One fundamental structure of our business is our decentralized organizational model, which gives companies and people room to grow. The responsibility and authority for running the business lies with our subsidiaries, which helps us to maintain each company's entrepreneurial spirit to innovate and make decisions. To make this organizational model work, we utilize a values-based leadership approach. It rests on these core values:

- Entrepreneurial spirit: Our mindset encompasses innovation, creativity, curiosity, adaptability and a passion for delivering value in the marketplace. We identify opportunities and act to ensure success.
- Long-term commitment: Our investments and commitments are made with determination, patience, resilience, and focus on long-term development and growth.
- Simplicity: Our focus is set on the business. We strive for simplicity in everything we do, meaning that we don't get lost in details or inefficient organization.

Code of Conduct and Sustainability Policy

Addnode Group's Code of Conduct and Sustainability Policy are based on our strategy, values and internationally recognized standards. Our Code of Conduct and Sustainability Policy provide guidelines for our day-to-day conduct and our sustainability work in a number of key segments that include consideration and respect for people, wider society and the environment. Everything we do is done with a long-term approach, with the aim that the digital solutions provided by our companies will create value – both today and in the future. We support and respect human rights as stated in the International Bill of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work.

Read more about our Code of Conduct and Sustainability Policy at addnodegroup.com

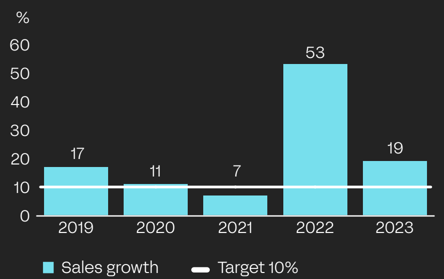
Stable growth and global expansion

Addnode showed stable growth during the year, with an increase in net sales of 19 percent to SEK 7,412 m. The company's strategy to invest in new companies and software has resulted in a larger global presence. The acquisition of Team D3 positioned Addnode Group as the largest Autodesk partner in the world and increased its presence in the USA. The company's healthy financial position, including an expanded credit line, provides opportunities for continued investment and implementation of its acquisition strategy.

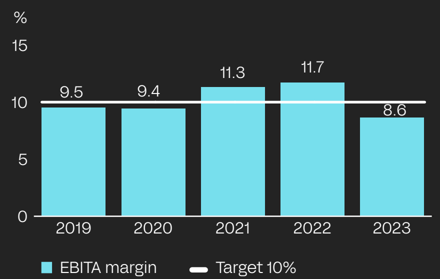
	Growth	Profitability	Dividend policy
Targets set by the Board of Directors	**10%** Addnode Group's goal is to achieve minimum yearly net sales growth of 10 percent.	**10%** Addnode Group's goal is to achieve a minimum operating margin before amortization and impairment of intangible assets (EBITA margin) of 10 percent.	**30–50%** Addnode Group's dividend policy is to distribute 30–50 percent of the Group's profit after tax to share-holders, providing its net cash position is sufficient to operate and develop its business.
Performance in 2023	**19%** In 2023, growth amounted to 19 percent (53), of which 3 percent (17) was organic growth, including 0 percent (13) currency-adjusted organic growth.	**8.6%** The EBITA margin was 8.6 percent (11.7).	**48%** For the 2023 financial year, the Board of Directors pro-poses an unchanged dividend of SEK 1.00 (1.00) per share, corresponding to a dividend pay-out ratio of 48 percent of the Group's profit after tax. See page 131 for a graph of dividend per share in SEK in 2019–2023.

Target and five-year performance

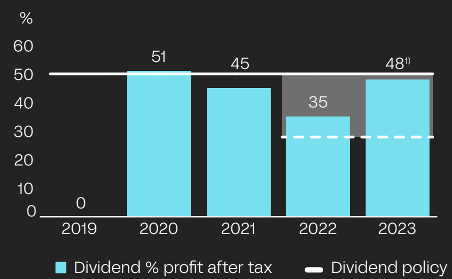
SALES GROWTH



EBITA MARGIN



DIVIDEND PAY-OUT RATIO



1) Board of Directors' proposal.

Robust company with the ability to make decisions

This is my first annual report as the newly appointed CFO of Addnode Group. I can only say how impressed I am with the expertise and commitment of our employees, along with the company’s ambitions and financial strength. I also see a group with impressive operations conducted by subsidiaries that are able to make rapid decisions and continuously develop new products and services.

KRISTINA ELFSTRÖM MACKINTOSH, CFO

Acquisitions contribute to target achievement

Addnode Group continued to perform well in 2023 despite a somewhat subdued global economy impacted by inflation and rising interest rates. Net sales for the year increased by 19 percent to SEK 7.4 billion, which was just over SEK 1 billion better than in 2022. A number of acquisitions – one of which was the largest in Addnode Group’s history – contributed to the growth, while organic growth struggled to surpass the record-breaking levels noted in 2022, the company’s strongest result to date. Organic growth amounted to 3 percent in 2023, compared to 17 percent in 2022. The growth for the year, supported by acquisitions, helped us to once again exceed our long-term target of at least 10 percent growth.

During the spring, demand from some customers and markets was weaker and we noted longer sales cycles and delayed purchasing decisions in several businesses. To counteract the effects of the changed market situation, efficiency improvements were initiated in the affected operations and restructuring programs were implemented in our second-largest company, Technia. These measures began to take effect in the autumn. The adjusted EBITA margin was 8.9 percent and included restructuring costs of SEK 20 m. Our long-term goal is to achieve an EBITA margin of 10 percent.

Strong balance sheet with continued growth opportunities

During the year, the credit line was increased by SEK 1 billion to a total of SEK 2.6 billion and the SEK 1.6 billion revolving credit facility was extended by one year to June 2026. At year-end, the Group’s cash and cash equivalents and the unutilized portion of the credit facility totaled SEK 1.8 billion, leaving us well equipped for future acquisitions and the development of our existing operations.

The divisions' ability to adapt– a success factor

In the face of a challenging global backdrop in 2023, our decentralized structure provided a major advantage, allowing well-informed decisions to be made more quickly and operations to be adapted to the prevailing conditions.

I see a resilience and responsiveness in the Group, which the organization demonstrated in 2023 as the subsidiaries resourcefully implemented restructuring measures and efficiency improvements. These measures are expected to take full effect from the first quarter of 2024, putting us in a good position to continue delivering on our international growth strategy.

International expansion spreads risk

Addnode Group continued to grow in the USA through the acquisition of Team D3 in July 2023. One advantage of geographical expansion is that it allows us to diversify our economic risks since we operate in multiple markets that will recover at different rates. This reduction in market concentration thus makes us less vulnerable to fluctuations in individual markets.

When I summerize Addnode Group’s performance in 2023, I see a robust company with stable cash flow, low debt and a strong balance sheet. The Group’s innovative operations and investments in new products and services are success factors and mean that we are well positioned to meet global demand driven by digitalization, automation, urbanization and an increased focus on sustainability

Kristina Elfström Mackintosh
CFO, Addnode Group

Continuous evaluation of acquisition opportunities

Addnode Group acquires companies that strengthen its existing operations and provide opportunities for further organic growth. Leaders throughout our organization are active in the continuous mapping of potential acquisition candidates. Finding the right companies that complement our existing subsidiaries is part of Addnode Group's recipe for success. We build long-term relationships with attractive businesses, so we are well positioned when an acquisition opportunity appears. Our extensive acquisition experience, combined with good financial capacity, enables us to act quickly when opportunities arise.

Acquisition strategy

Our acquisition strategy is long term and designed to complement our existing operations and develop offerings for our markets.

Addnode Group seeks acquisitions that satisfy at least one of the following two criteria:

1. Expand or consolidate our existing businesses geographically.
2. Add new offerings in geographical markets where we already operate.

Over and above satisfying at least one of the above two criteria, an acquisition candidate should also have:

- A proven business model that is profitable at the time of acquisition.
- Leadership featuring sound values and that shares our focus on good relationships with customers and colleagues.
- A culture featuring simplicity and an entrepreneurial spirit.

By continuously making many acquisitions, we have refined and improved our acquisition processes both at Group level and in our divisions and subsidiaries. A well-established and decentralized acquisition process is a critical success factor. As the Group has grown, so has the scale of our acquisitions. Since it was founded in 2003, Addnode Group has completed 75 acquisitions, most of which were companies with sales of between SEK 50 m and SEK 100 m. The Group's largest acquisitions to date are the US companies Microdesk, which was acquired in 2022 and had annual sales of approximately SEK 1,000 m at the time, and Team D3, which was acquired in 2023 and had sales of about SEK 1,300 m.

Continuous evaluation of acquisition candidates

Decentralized screening of acquisition candidates

Division presidents, subsidiary managers and other leaders in our organization have central roles in our acquisition strategy. They are all encouraged to actively seek and identify potential acquisition candidates and build relationships with these businesses. Our decentralized working method means we constantly maintain a list of current acquisition candidates, a list that also grows as Addnode Group's operations expand to new segments and geographies. This results in well-supported ownership of the acquired entity within Addnode Group at an early stage.

The overwhelming majority of acquisition candidates are identified through our own operations, but because Addnode Group is a serial acquirer, we also have many candidates introduced to us by external contacts. Addnode Group has a central function that is responsible for supporting the divisions in their screening of potential acquisition candidates, and for leading and managing the acquisition processes we decide to progress with.

Execution and due diligence

When we have reached an indicative agreement on the terms of a potential acquisition with the acquisition candidate, we progress to the evaluation phase. All acquisitions that Addnode Group conducts are preceded by thorough due diligence. The purpose of this process is to gain further knowledge of the company, identify and mitigate risks, and confirm our valuation assumptions. In those areas that relate to legal issues, taxation and IT security, we often consult external expertise. For the business-related parts of the due diligence process, such as commercial and financial evaluations, we use our own resources as much as possible. In 2023, we strengthened the sustainability-related aspect of the due diligence process, and this work will continue in the coming years.

We involve employees of the acquired entity with Addnode Group at an early stage, which is usually also an advantage for the target company's managers and employees. Our working method enables us to be flexible and adapt our process to the target company to avoid it taking more focus than necessary from operating activities.

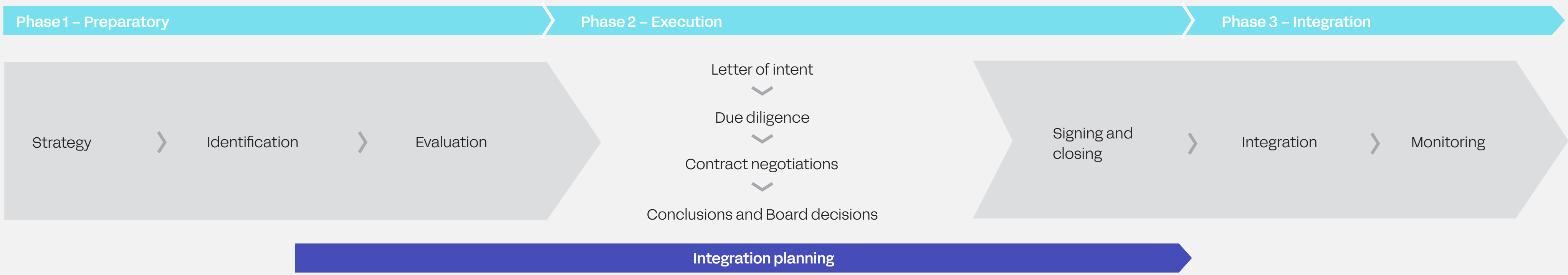
Apart from the straightforward legal, financial and technical issues, we place considerable emphasis on the cultural aspects of our due diligence. Consensus on future strategy, business and integration plans are decisive for a successful acquisition. It is also critical that the acquired company shares our values of taking responsibility, simplicity, and focus on customers and employees. The cultural evaluation process enables relationship building and promotes integration.

Integration and follow-up

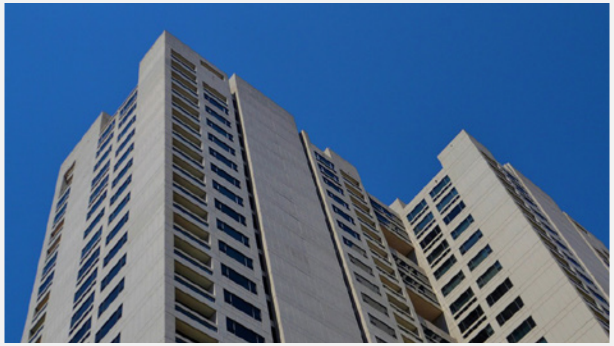
Work on integration planning begins as early as in the evaluation phase. The division presidents and subsidiaries work closely with the acquired company's management to formulate a common plan, supported by, and agreed with, both parties. The integration plan covers everything from resolving organizational issues and welcoming new employees to commercial considerations and implementation of Addnode Group's financial reporting procedures. For acquired businesses that integrate into the companies Symetri and Technia, integration often also involves a change of corporate name.

Our decentralized governance model is about retaining as much local entrepreneurship as possible in each subsidiary, so we refrain from any more changes than are necessary to acquired companies' operations.

After an integration project is complete, we conduct a follow-up, whose purpose is to learn from completed projects and re-use this knowledge to continuously improve the process for forthcoming acquisition projects.



Three new acquisitions in 2023



FAST2

FAST2 is one of Sweden's leading providers of ERP systems for municipal real estate companies. The company's proprietary ERP system is used by nine of the 13 largest public housing corporations in Sweden. The system handles both technical and financial management. FAST2 is now part of SWG, and together we have more than 400 customers, of which 200 are in the Nordic region.

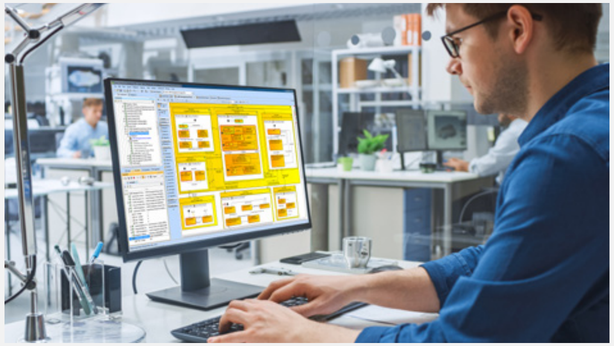
Design Management division

New employees

50

Annual sales

SEK 80 M



Key Performance

Key Performance operates in North America and Europe and specializes in model-based systems engineering (MBSE) consulting services, software, training and certification for the public and private sectors. The acquisition strengthens Technia's digital twin offering and market position as a global Dassault Systèmes Platinum Partner.

Product Lifecycle Management division

New employees

3

Annual sales

SEK 25 M

Team D3

Team D3 is an Autodesk Platinum Partner and one of the company's largest partners in the USA. The acquisition of Microdesk in 2022 established Symetri in the USA, especially in the AEC segment, and on the east and west coasts. The acquisition of Team D3 has consolidated Symetri's position in the manufacturing and process industry segments and geographically in the central USA. Symetri is now Autodesk's largest partner globally.

Design Management division

New employees

200

Annual sales

SEK 1,300 M

Team D3 – an acquisition that creates a strong platform for growth in the USA

Through the acquisition of Team D3, Symetri gets an expanded offering to the manufacturing, process and civil engineering industries. Customers include architects, designers, engineers and contractors. The acquisition also strengthens the Group's position in the USA and means that the subsidiary Symetri is now Autodesk's largest partner globally.

Following Symetri's successful acquisition of Microdesk, now Symetri USA, in 2022, the Group was looking for an opportunity to expand its offering to customers in both the manufacturing and construction industries in the USA. The acquisition of Team D3 was completed in summer 2023. Following the acquisition, Symetri has the broadest portfolio of complementary products and services. The deal strengthens both Addnode Group and its subsidiary Symetri, which is a leading provider of digital BIM, product design and product lifecycle solutions.

"Team D3 is a great fit both strategically and operationally with its industry expertise and presence in the US Midwest.. The team will not only help to broaden our geographical reach and the AEC services we can offer, but will also provide us with a strong presence among customers in the manufacturing, construction, civil engineering and process industries. We will also improve our ability to offer our intellectual property, such as Naviate, Sovelia and CQ, to these customers in the US market," says Jens Kollserud, CEO of Symetri.

Customer and market focus

A match between Symetri and Team D3 was possible because the companies share a common vision, goals and customer focus. The two companies clearly see how they complement each other and how their joint offering strengthens and contributes to increased customer value globally. When Team D3 began considering different strategic choices to take the company to the next level, one thing was clear: they wanted to partner with someone who puts the customer and innovation at the heart of everything they do. Together with Symetri, Team D3 believes that the businesses offer excellent development opportunities for both customers and employees.

"Right from the start, we were struck by the similarity of the journeys our companies have been on, the closeness we feel to our customers and the importance we place on being a good employer. When we looked at Symetri's proprietary technology and the investments made in product development every year, we realized the value it could offer our customers. We are delighted to be joining forces with Symetri and look forward to building a successful global business that will benefit both our customers and our employees," says Kevin Schlack, CEO of Team D3.

Major international player

Together, Symetri and Team D3 have more than 400,000 daily users, 25,000 customers and around 1,000 employees across Europe and the USA. The companies' combined resources provide the customer base with specialized industry expertise and strong development capabilities, enabling our customers to achieve innovative ways of working more efficiently, intelligently and sustainably.

Stronger together

From the beginning, Team D3 has actively contributed to a positive integration with Symetri. Initially, this mainly been involved an exchange of skills and resources in customer projects and setting requirements in product development processes. In November 2023, Team D3 and Symetri participated with a joint booth at the annual Autodesk University user conference in Las Vegas. The joint booth highlighted the fact that the two brands now belong together, while showcasing the Naviate and Sovelia product families to the more than 10,000 visitors attending the conference.

About Team D3

Team D3 is a leading Autodesk Platinum Partner and an established systems integrator that extends the flow of information about a product's performance and use in order to solve its clients' mission-critical problems. The company connects every phase of a client's project, from design to manufacturing, construction, production, and beyond. By integrating these stages seamlessly, Team D3 drives continuous innovation and improvement for its clients in the manufacturing, construction, civil engineering and process industries.

- Founded in 1999
- 200 employees
- 3 offices in the USA
- Net sales at the time of acquisition SEK 1,300 m
- Autodesk Platinum Partner

JENS KOLSERUD
CEO OF SYMETRI

KEVIN SCHLACK
CEO OF TEAM D3

Platform for business development and organic growth

Acquisitions and organic growth are the two fundamental components of Addnode Group's strategy. To achieve good organic growth, the companies in Addnode Group have excellent opportunities to conduct their operations independently, while also gaining access to a broad range of resources and expertise.

Strategy for organic growth
Addnode Group's strategy for driving organic growth starts with offering an attractive platform that entrepreneurial businesses can grow and evolve from. This platform offers:

- Decentralized responsibility and authority.
- Strategic skills, financial resources and M&A expertise.
- Value-creating synergies and collaborations.

An important strategic principle within Addnode Group is that all business decisions are made in the divisions and individual companies. This basic principle is a prerequisite for our companies to drive incremental development and organic growth.

In the past three years, Addnode Group has achieved average organic growth of 7 percent. At the same time, 12 companies have been integrated into the Group in this period.

A platform for business development and organic growth, cont.

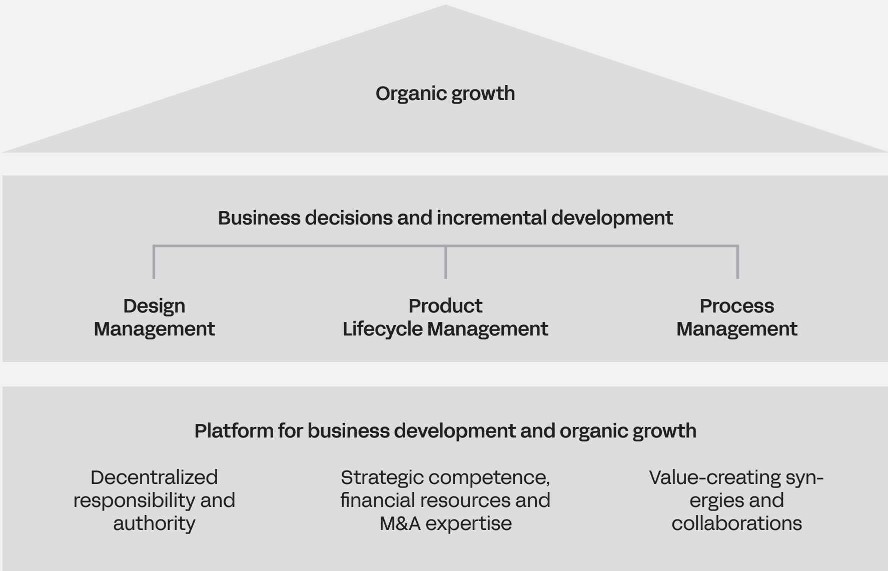
Decentralized responsibility and authority

Our operational governance model is based on decentralization, and delegates responsibility with authority to subsidiaries. Operational decisions should be taken as close to customers and end-users as possible, which requires skilled, expert executives that take responsibility for developing their business in their markets in good times and bad.

To ensure a long-term perspective in business development, each subsidiary pursues a strategic five-year plan, updated regularly as their business environments change. Subsidiaries enjoy operational freedom to manage their businesses, while having to comply with Group-wide policies and guidelines on financial reporting, internal controls, regulatory compliance, and our Code of Conduct.

Group companies manage their operations under their individual corporate name in a collective structure where Addnode Group is a cohesive and supporting brand. This means the enterprises can retain their individuality and entrepreneurial spirit, while simultaneously enjoying the benefits that a large, listed company brings in the form of recognition, credibility, financial stability and access to capital for continued organic expansion and acquisitions.

ADDNODE GROUP'S MODEL FOR ORGANIC GROWTH



Strategic competence, financial resources and M&A expertise

Being part of Addnode Group provides subsidiaries with access to relevant skills at a strategic level. Because there are clear contact points between companies and divisional operations, this also creates the potential for a valuable exchange of best practice, in business strategy, product development, brand portfolios, cybersecurity, sustainability, customer offerings and cost rationalization, for example.

With operations in over 20 countries, a large employee headcount and a listing on the Stockholm Stock Exchange, Addnode Group's overall size is also an asset to its subsidiaries. Addnode Group has the financial capacity to support its subsidiaries' expansion and investment needs, which may involve supplementary acquisitions or product development. This capability is not only an inherent strength, but also helps make our companies more attractive in their relationships with customers and employees.

Value-creating synergies and collaborations

Activities and collaborations are continuously carried out within our three divisions and across divisional boundaries to leverage synergies in areas such as sales, product development and delivery capacity. These activities are initiated both through regular scheduled forums and meetings, and through spontaneously initiated contacts.

Examples of activities that promote synergies within the Group:

- **Exchange of skills and best practice**. Some functions and skills segments offer substantial potential to share experience and best practice, and sometimes resources within the Group. These opportunities usually arise in business development, cybersecurity, accounting and finance, sustainability, HR, communications, and marketing.
- **Upselling opportunities**. Opportunities for upselling by supplying ancillary products and services from another Group company and/or offering products and services to customers of other Group companies.
- **Stronger employer branding**. The subsidiary's attractiveness as an employer is enhanced through access to Group-wide activities, such as leadership programs, trainee programs and innovation competitions. Being part of a larger Group also means more career opportunities.
- **Delivery capacity**. Alongside their Group counterparts, companies can achieve the necessary critical capacity to take on larger assignments than they could independently. The Group also offers access to competence centers like Addnode India, with 220 employees who support other Addnode Group companies on software development and implementation services.
- **Strong partnerships**. Access to the Group's partnerships with software providers. This results in better profitability and a superior customer offering for each subsidiary.

Addventure creates and retains intrapreneurs

Addnode Group was founded out of an entrepreneurial spirit. Each subsidiary is autonomous, which creates ample scope for innovation. Our employees are encouraged to develop and nurture their intrapreneurial spirit in order to continue innovating and solving customer challenges.

Inspiring innovation

To inspire and create synergies among Addnode Group's highly innovative companies, the Group organizes an annual internal – and now global – innovation competition known as Addventure. Addventure started in 2017, and in 2023 the competition was expanded to include all Group companies. The competition is an excellent platform for intrapreneurs around the world to meet and be inspired by each other and to create new channels for collaboration between companies.

The appeal of current topics

Most of the entries in the 2023 competition were in the areas of AI, sustainability and digital twins – areas that are highly relevant to Addnode Group and fields of innovation where the company welcomes exciting new ideas and cross-company innovation.

Addventure is a natural forum for getting to know colleagues in different subsidiaries and in other parts of the world. Many of the ideas are developed and pursued at the grassroots level within the subsidiaries, which provides each individual employee with a greater sense of ownership over their innovative power.

Driving the business forward

Six finalists are selected by a jury consisting of leaders from the subsidiaries and Addnode Group Board members. In the next stage of the competition, the employees of the companies vote for two worthy winners in a live final show. The winners are then offered the opportunity to develop their idea into a prototype with support from the Parent Company in the form of resources and expertise. Several of the ideas that emerged from the competition have been commercialized and developed into existing products and solutions.

Part of something larger

Addventure is an example of how subsidiaries can create opportunities for each other when the employees come together across company boundaries. Another example of this type of collaboration is Addnode Group's annual hackathon, where representatives of various companies meet to solve concrete technical challenges. The management teams of the subsidiaries also hold annual gatherings where they meet to exchange experiences and knowledge and to learn from each other. Although Addnode Group has grown rapidly in recent years, its entrepreneurial spirit is very much alive in all of its divisions.

"We see Addventure as a way to strengthen ties between our subsidiaries and inspire innovation and collaboration across company boundaries."

JONAS GEJER
VP BUSINESS DEVELOPMENT, ADDNODE GROUP

Addventure at a glance

Number of entries: 78
Participating Group companies: 20
Participating countries: 10
Minutes of presentation per idea: 5
Finalists: 6
Winners: 2

Operations

Addnode Group's subsidiary Canella created the Candos digital dose dispensing system for efficient dose dispensing of medicines, promoting patient safety and reducing environmental impact through resource efficiency.

Three divisions

Addnode Group's operations are organized in three divisions: **Design Management, Product Lifecycle Management** and **Process Management**. Each subsidiary in the divisions develops its operations in accordance with strategies, guidelines and Group-wide values. The Group's decentralized governance model means that mission-critical decisions are taken close to the customer and market and that the subsidiaries can retain their individuality and entrepreneurial spirit. The divisions are the operating segments that Addnode Group uses to monitor the development of its business.

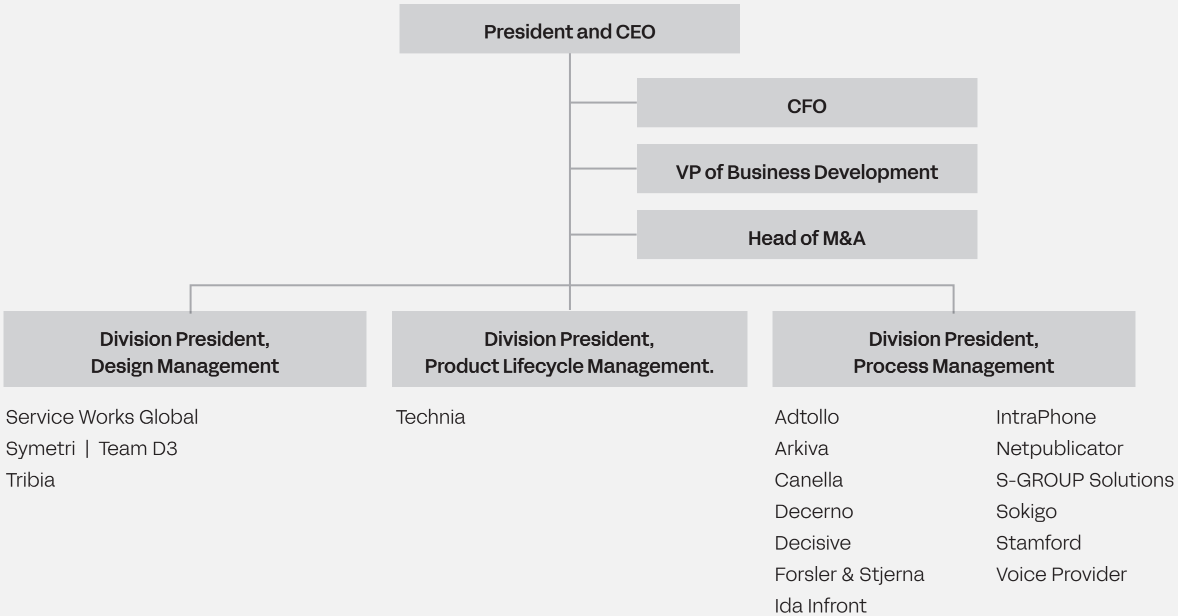
Organization

Group Management consists of the President and CEO, CFO, VP of Business Development, Head of M&A, the Division President, Product Lifecycle Management, the Division President, Process Management, and the CEO of Symetri.

Group Management supports the CEO on strategic and operational issues. Pursuant to adopted strategies and targets, the division presidents are responsible for the subsidiaries in their individual divisions and report to Addnode Group's President and CEO.

Central functions at Addnode Group's head office are responsible for coordination, financial follow-up and reporting, policies and guidelines at an overall level. They also contribute expertise in finance, acquisitions, business models, cybersecurity, brands, sustainability and communication.

OPERATIONAL GROUP STRUCTURE, DECEMBER 31, 2023



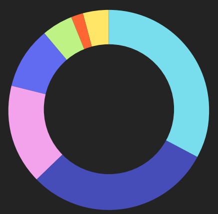
Three divisions, cont.

Addnode Group's three divisions develop and deliver software and digital solutions for industries such as construction and real estate, manufacturing, automotive, and life sciences as well as the public sector. Their solutions help to streamline everything from design, construction and product data management to case management and public dialogue. Together, Addnode Group is digitalizing society to enable a sustainable future.

Design Management division

A leading global provider of digital solutions and services for design, BIM and product data for architects and engineers in the manufacturing and construction industries. The division also has a strong digital offering for project collaboration and facility management in the Nordic countries and the UK.

NET SALES BY COUNTRY

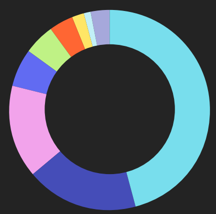


Net sales: SEK 4,292 m
EBITA: SEK 334 m
EBITA margin: 7.8%
Average number of employees: 1,016

Product Lifecycle Management division

A global provider of solutions for digitalizing a product's or facility's complete lifecycle – from idea, design, simulation and construction to sale, aftermarket and recycling. For our customers, this means shorter lead-times, more innovation, increased efficiency, and traceability.

NET SALES BY COUNTRY

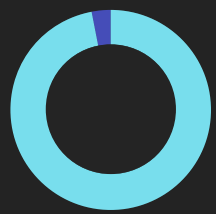


Net sales: SEK 1,884 m
EBITA: SEK 143 m
EBITA margin: 7.6%
Average number of employees: 740

Process Management division

A leading provider of software and digital solutions for the public sector. Its solutions streamline case management, simplify administration and quality-assure processes in contacts between the authorities and citizens. The division has operations in Sweden and Norway.

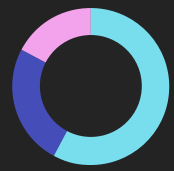
NET SALES BY COUNTRY



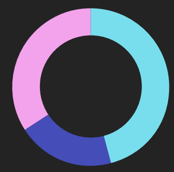
Net sales: SEK 1,281 m
EBITA: SEK 244 m
EBITA margin: 19.0%
Average number of employees: 686

Addnode Group

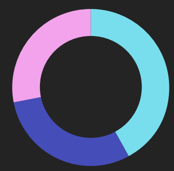
NET SALES[1)]



EBITA[1)]



NUMBER OF EMPLOYEES



1) Before eliminations/central costs.

Net sales: SEK 7,412 m
EBITA: SEK 640 m
EBITA margin: 8.6%
Average number of employees: 2,455

Design Management division

Operations in the Design Management division are conducted through the companies Symetri, Team D3, Tribia and Service Works Global (SWG). The companies in the division offer digital solutions and services for design, BIM and product data for architects and engineers in the manufacturing and construction industries. The division also has a strong digital offering for project collaboration and facility management in the Nordic countries and the UK.

The year in brief

The Design Management division's operations in digital solutions for design, BIM and product data, which are conducted by Symetri, experienced a decline demand at various points in the year. This decline was particularly noticeable among customers in the construction industry, especially in the USA. Demand was also negatively affected by Autodesk's changes to its payment model for three-year agreements.

With the acquisition of Team D3 in June 2023, Symetri became the world's largest Autodesk partner, while also broadening its offering and strengthening its global expertise in the manufacturing industry and the AEC segment.

Service Work Global (SWG) and Tribia, which offer proprietary BIM software, collaborative solutions for the construction and infrastructure sector, and facility management, delivered a stable performance during the year. During the year, FAST2 Affärssystem AB was acquired, which specializes in developing and providing systems that support and streamline the management of municipal housing company operations. The acquisition strengthened SWG's offering.

Autodesk's new transaction model and Symetri's adaptation

In 2023, our partner Autodesk announced that it will transition from a reseller model to an agent model. We will continue to build the business, offering and ensuring the delivery of software and services. The difference will be that Autodesk will invoice customers for its own software and pay us commission for the work we perform. This change means that net sales and the cost per product sold will decrease, but gross profit is expected to remain unchanged, which means that the EBITA margin as a percentage will increase. The change will take place gradually and is expected to be fully implemented by the end of 2025. I welcome this change as it demonstrates the value of Symetri's offering and its broad portfolio of proprietary complementary products. Half of Symetri's gross profit already comes from its own products and services, which complement the Autodesk portfolio.

Offering

The division's companies offer digital solutions that contributes to the efficiency and quality assurance of the customers various processes, from early design proposals to the operation and maintenance of a completed building or facility.

Symetri's and Team D3's offerings are based on Autodesk products, complemented by their own software and services, for 3D design, BIM and simulation of products, infrastructure, facilities and buildings. Symetri's proprietary products include product data management and management of local standards and norms in digital design processes.

SWG is a product company that delivers digital solutions for property management and maintenance as well as workplace and property services solutions in a large number of markets globally.

Tribia is a product company that delivers cloud-based collaboration tools for construction projects to both clients and construction companies in the Norwegian and Swedish markets.

Customers

The division's companies have a broad customer base in the real estate, construction, manufacturing and marine industries as well as the public sector. Examples of customers in 2023 include Alfa Laval, Blue Origin, Ericsson, Foster & Partners, Heathrow Airports, Skidmore, Statkraft, Tetra Pak, Vattenfall and AMF Pension.

Market position and competitors

Symetri already had a strong position in the Nordics, the UK and Ireland. Following the acquisitions of Microdesk in 2022 and Team D3 in 2023, the company has now also established a position in the USA, making it one of the leading global providers of Autodesk solutions. Symetri has over 1,000 employees, 25,000 customers and 400,000 daily users. Symetri's competitors are mainly global software companies such as Dassault Systèmes, Nemetscheck and Siemens as well as other Autodesk partners such as GRAITEC, NTI and Rand Worldwide. The company's proprietary software and related services, combined with a competent and experienced organization with a global reach, are important competitive advantages.

SWG has a leading market position in digital facility management (FM) solutions for the real estate sector in Sweden and the UK and customers in Australia, Canada and the Middle East. SWG has a particularly strong global position in FM solutions for public-private partnership projects. In 2023, FAST2 was acquired, which develops business systems for municipal housing companies in Sweden. FAST2 is now part of SWG and strengthens the company's social building offering.

Tribia holds a strong position in Sweden and Norway in the market for digital project collaboration solutions for the AEC sector.

SWG and Tribia's competitors are mainly local, but also include international companies such as IBM, Planon and Trimble.

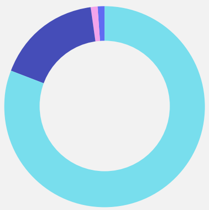
"With the acquisition of Team D3, Symetri became the world's largest Autodesk partner, while also broadening its offering and strengthening its global expertise in the manufacturing industry and the AEC segment."

JOHAN ANDERSSON
DIVISION PRESIDENT, DESIGN MANAGEMENT.

Design Management division, cont.

Financial key ratios	2023	2022	2021
Net sales, SEK m	4,292	3,494	1,852
EBITA, SEK m	334	398	204
EBITA margin, %	7.8	11.4	11.0
Operating profit, SEK m	226	315	146
Operating margin, %	5.3	9.0	7.9
Average number of employees	793	793	560

NET SALES
by revenue stream, 2023



- Recurring revenue 81%
- Services 17%
- Licenses 1%
- Other 1%

NET SALES GROWTH
compared to 2022

+23%

EBITA GROWTH
compared to 2022

-16%

In 2023, net sales increased by 23 percent (29) to SEK 4,292 m (3,494). In organic terms, net sales decreased by -2 percent (24) in 2023. Adjusted for currency, the decrease was -4 percent (19).

Symetri digitalizes fire protection planning for increased sustainability

Ordering the wrong materials or building incorrectly from a fire safety point of view is costly for both the environment and your wallet. Working with 3D design in BIM makes it possible to predict the consequences of different design solutions at the design stage.

Brandskyddslaget, Sweden's leading consulting company specializing in fire protection and risk management, has extensive experience of using Bimfire, a plugin from Symetri. In addition to contributing to resource-efficient fire protection design, the company is seeing growing market interest in BIM as stricter fire protection requirements are introduced.

Right from the start

There is much to be gained from digitalizing a property's fire protection. 2D drawings have their limitations, as they do not depict everything that is relevant from a fire protection point of view, ranging from mezzanine floors and glazed panels to under-roof spaces. Using 3D BIM, Brandskyddslaget can give its customers an overall picture of the building and everyone involved can more quickly detect and address errors and requirements that were missed earlier in the process. With all essential requirements and data included from the start, BIM results in more accurate calculations and more efficient work.

Resources saved

Money, time and materials can be saved because errors can be corrected in the 3D model instead of only being discovered during on-site inspection of the finished building. Unnecessary lead-throughs in walls – for pipes, for example – can also be avoided when fire protection is planned in 3D in parallel with other design solutions. Avoiding lead-throughs also saves on resources in the management stage since lead-throughs for fire protection structures must be inspected every year. Projects become more sustainable on many levels as BIM makes it possible to avoid costly renovations and purchases of new materials.

Growing demand for BIM in fire protection design

A building's statutory fire protection documentation governs its construction and management. One major advantage of Bimfire from Symetri is that drawings can be continuously updated drawings as circumstances change – for example, if a fire door is replaced, a wall is moved or the premises are used in a way that requires upgraded fire protection. Continuous access to all fire protection documentation also enables the property owner to make informed and sustainable decisions in the property management phase and future renovations. Brandskyddslaget believes that BIM has an important role to play as the requirements on fire protection documentation increase. Among other developments, many municipalities are now choosing to digitalize their fire protection and setting requirements for BIM in their procurements.

Brandskyddslaget uses Bimfire for Revit from Symetri for better, more efficient and sustainable fire protection design.

Product Lifecycle Management division

The operations of the Product Lifecycle Management division are conducted in the subsidiary Technia, a global provider of solutions for digitalizing a product's or facility's complete lifecycle – from idea, design, simulation and construction to sale, aftermarket and recycling. For our customers, this means shorter lead-times, more innovation, increased efficiency, and traceability.

The year in brief

During the year, Technia's net sales increased by 19 percent, with organic growth of 9 percent. The division saw stable demand in the UK, Germany and the USA, while the Nordic region was slightly weaker. The customer trend of time-finite leasing of licenses, instead of the previous license purchases with perpetual right of use, continued during the year.

EBITA, including restructuring costs, decreased by –9 percent during the year to SEK 143 m. In order to adapt the organization, cost structure and profitability, a SEK 20 m savings program was launched during the year. The program is gradually starting to generate savings, which are expected to amount to SEK 40 m, and is expected to reach full effect in 2024.

During the first quarter of 2023, the division added to its digital twin offering through the acquisition of the Dassault Systèmes partner Key Performance, with operations in the USA and Sweden. The acquisition has performed well since its integration.

Offering

Technia is a global provider of digital solutions for sophisticated product and production development. Technia's solutions help streamline and quality-assure complete lifecycles – from construction, simulation and design – to sales, aftermarket and recycling. Digitalized and globally available information across a PLM system enables design and production lead-times to be reduced and resource management optimized, simultaneous with safeguarding environmental, quality and security standards. The software portfolio consists of our partner Dassault Systèmes' market-leading 3DEXPERIENCE platform as well as unique, proprietary ancillary products and services, which are also available separately to customers that need them.

Customers

Technia's customers are in industries such as telecom, manufacturing, automotive, pharmaceuticals, life sciences, retail and energy production. Keeping pace with the demand for rapid innovation, traceability and custom products, a growing number of food and service companies are embracing the PLM concept. Examples of customers in 2023 include Stadler Rail AG, Arla, Autoliv, Helix, Scania, Safran Aircraft Engine, Hydrogen Vehicle Systems and Lola Cars.

Market position and competitors

Technia is one of Europe's largest pure-play providers of PLM platforms and consulting services. Technia is also a Global Platinum Partner of Dassault Systèmes, with the Nordics, UK and Germany as its largest markets. Technia is represented in countries including France, Japan, the Netherlands, Poland and the USA.

Technia's competitors are other providers of digital PLM solutions such as Autodesk, Siemens and PTC, as well as other Dassault Systèmes partners like Cenit of Germany and Inceptra of the USA. Companies like Tata and Cap Gemini compete on larger system integration projects. Our competitive advantages include world-leading PLM know-how, a strong product portfolio, as well as close and long-term collaborations with customers, and a regional presence in several countries. These benefits are combined with the skills an international player can offer.

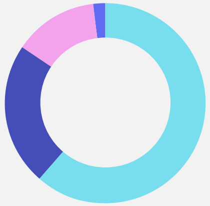
"Technia's net sales increased by 9 percent organically in 2023, despite slightly weaker demand in the Nordics."

MAGNUS FALKMAN
DIVISION PRESIDENT, PRODUCT LIFECYCLE MANAGEMENT

Product Lifecycle Management division, cont.

Financial key ratios	2023	2022	2021
Net sales, SEK m	1,884	1,580	1,227
EBITA, SEK m	143	158	117
EBITA margin, %	7.6	10.0	9.5
Operating profit, SEK m	77	97	72
Operating margin, %	4.1	6.1	5.9
Average number of employees	740	687	613

NET SALES
by revenue stream, 2023



Recurring revenue 60%
Services 24%
Licenses 14%
Other 2%

NET SALES GROWTH
compared to 2022

+19%

EBITA GROWTH
compared to 2022

-9%

In 2023, net sales increased by 19 percent (29) to SEK 1,884 m (1,580). In organic terms, net sales increased by 14 percent (14) in 2023. Adjusted for currency, the increase was 8 percent (9).

Technia helping to accelerate the development of sustainable transportation

Replacing traditional fossil fuel engines with cleaner electric motors reduces harmful emissions. Helix is a company that specializes in electric powertrains, which are crucial to providing the world with sustainable transportation and thus a cleaner environment.

Helix has developed a high-power electric powertrain technology that allows vehicles to travel longer distances. The benefits are obvious, but perhaps the most important is that the high output of the electric motor reduces energy consumption and CO_2 emissions.

Technia's products accelerate the development of green mobility

Thanks to Technia's products, Helix has also been able to accelerate the development of electric powertrains. The following are some examples of how Technia's tools support Helix's design, development and testing of its powertrains, providing the world with faster access to sustainable transportation solutions:

- 3DEXPERIENCE Platform – a digital PLM platform from Dassault Systèmes that allows different teams to work seamlessly together.
- ENOVIA – a component of the 3DEXPERIENCE platform used for change management. Ensures that design changes are communicated effectively across the organization, thereby reducing errors and delays.
- CATIA – design software used to create detailed models of electric powertrains. Contributes to efficient design, reducing the time and resources needed for development.
- SIMULIA – a simulation tool to digitally test the performance of electric powertrain components. The tool can identify potential problems early in the design process, saving time and resources.

Growing market

Helix is experiencing strong demand for electric powertrains, in line with the global trend towards cleaner and greener transportation. In addition to consumer demand for sustainable transportation, there is now legislation that encourages reductions in emissions. Governments around the world are imposing stricter regulations on vehicle emissions, which is encouraging the automotive industry, including companies such as Helix, to focus on developing sustainable solutions to meet regulatory standards. To meet the demand, producers like Helix need to engage in continuous innovation to enable cost reductions. Technia's tools support Helix's efforts to accelerate development and reduce costs, which makes electric powertrains, and thus sustainable transportation, available to a wider market.

With the help of Technia and software from Dassault Systèmes, Helix has accelerated the development of electric powertrains, thereby helping to make more sustainable transportation solutions available to a wider market.

Process Management division

Process Management, whose operations are conducted by 13 subsidiaries, is a leading provider of digital solutions for the public sector. These solutions help to streamline case management, simplify administration and quality-assure processes in contacts between authorities and citizens.

The year in brief

For the Process division, 2023 was characterized by stable growth and strategic changes. Net sales increased by 8 percent during the year. The division was impacted by a certain restraint in the public sector. However, the division's high proportion of recurring revenue and successful expansion of existing contracts meant that sales to the public sector increased despite fewer new procurements from municipalities and authorities.

The division invested in further development, and Icebound's operations were established as a separate company during the fourth quarter. The business, which was previously part of Sokigo, is focused on creating a market leader in digital solutions for the forest sector and other primary industries. In January 2024, Sokigo and S-GROUP Solutions merged under the name Sokigo. The division also acquired Efficture and Jetas Quality Systems to strengthen its offering in digital solutions for the forest and public sectors.

EBITA increased by 8 percent during the year to SEK 244 m, and the division remains a leading supplier of software and digital solutions for the public sector in Sweden and Norway.

Offering

The operations of the Process Management division are conducted by the subsidiaries Adtollo, Arkiva, Canella, Decerno, Decisive, Forsler & Stjerna, Ida Infront, IntraPhone, Kompanion, Netpublicator, Sokigo, Stamford and Voice Provider. The division's subsidiaries develop solutions that employ automation and digital case management support centered on the needs of the citizens and customers. Close familiarity with operations and knowledge of directives, laws and regulations often enable product development in effective and close collaborations with customers.

The offering includes digital solutions and services in:

- Digital citizen services.
- Document and case management.
- E-archiving.
- Geographic information systems.
- Mobile services for health and care professionals.
- Business planning and decision support.

Customers

The division's customers include a large number of Swedish authorities and businesses. All of Sweden's municipalities and regions are customers, as are numerous private companies in sectors such as finance, trade, construction and forestry. Examples of customers in 2023 include the Swedish Social Insurance Agency, the Swedish Tax Agency, the Swedish Prosecution Authority, Region Skåne, the City of Stockholm, the Municipality of Karlskrona, the City of Västerås and the Municipality of Umeå.

Market position and competitors

Our digital solutions are used mainly by Sweden's public sector, where our customer base consists of Sweden's 290 municipalities, 21 regional authorities, and public agencies and a number of public authorities. Often, several division companies serve as suppliers to the same municipality or regional authority, which is a strength because this often enables us to integrate solutions better.

The private sector is another important customer group. The division's companies also support customers in this sector to exploit the possibilities of digitalization in business-critical processes.

Combined, the division's companies are a leading provider of software and digital solutions for Sweden's public sector. They enjoy especially strong positioning in case management systems for Sweden's public authorities and municipalities. There is currently no main competitor to the division's overall offering. Examples of competing companies with comparable products and services include CGI, Formpipe, TietoEVRY and twoday.

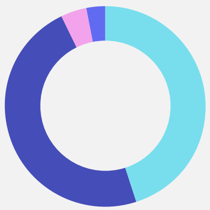
"The Process division showed stable growth in 2023, with an 8 percent increase in net sales, despite some restraint in the public sector. The strong underlying demand was driven by Swedish municipalities and authorities' major investments in digitalization."

ANDREAS WIKHOLM
DIVISION PRESIDENT, PROCESS MANAGEMENT.

Process Management division, cont.

Financial key ratios	2023	2022	2021
Net sales, SEK m	1,281	1,182	1,020
EBITA, SEK m	244	226	195
EBITA margin, %	19.0	19.1	19.1
Operating profit, SEK m	188	168	142
Operating margin, %	14.7	14.2	13.9
Average number of employees	686	648	595

NET SALES
by revenue stream, 2023



- Recurring revenue 45%
- Services 48%
- Licenses 4%
- Other 3%

NET SALES GROWTH
compared to 2022

+8%

EBITA growth
compared to 2022

+8%

In 2023, net sales increased by 8 percent (16) to SEK 1,281 m (1,182). In organic terms, net sales increased by 6 (9) percent in 2023.

Forsler & Stjerna's traffic data system making public transport more attractive

Travel has a major impact on the climate. Major environmental gains can therefore be made by creating digital solutions that promote public transport. Forsler & Stjerna, which is part of Addnode Group's Process Management division, is the company behind Rebus, a planning tool used to improve the efficiency of Skånetrafiken's local traffic.

Skånetrafiken is the principal for public transport in the county of Skåne, providing over 170 million train, tram and bus journeys every year. The digitalization of society and increasing focus on sustainability are creating a growing demand for reliable public transport. The ability to effectively plan various modes of transport and ensure the desired level of reliability relies on the availability and accuracy of the data provided through Rebus.

Easier to choose public transport

To be an attractive travel option, Skånetrafiken needs modern and well-functioning digital solutions to plan and control public transport. The traffic data provided by Rebus allows Skånetrafiken to generate timetables and display traffic information for specific stations or to export traffic data to public search engines. Rebus's data can also be used to calculate vehicle mileage, update ticket machines and vehicle computers, and test new scenarios to optimize traffic routes, for example in the event of traffic disruptions.

Planning hub

Rebus serves as the hub for the planning of Skånetrafiken's public transport as the tool includes a comprehensive traffic database for transmitting traffic data to other databases and systems. In addition to the many features available in the tool, modules can be added to provide further precision in planning, including information on environmental and traffic data as well as vehicle performance and operation.

Public transport a sustainable alternative

To encourage more people to travel by bus, train or tram, public transport must meet passengers' expectations in terms of punctuality and accessibility. Digitalization and Rebus play a key role in this regard. Increased use of public transport offers enormous benefits: each time someone travels by public transport instead of by car, the GHG emissions from the journey are reduced by an estimated 90 percent. Forsler & Stjerna has delivered Rebus for 30 years, and the service is constantly evolving as the challenges and needs of Skånetrafiken and other transport operators change. Rebus is a widely used tool and has been adopted by public transport operators in most regions across Sweden.

Skånetrafiken uses Rebus, a digital traffic data system from Forsler & Stjerna, for route planning and providing traffic information.

Risks and risk management

Ongoing risk management

All business operations involve risk-taking. Systematic and structured risk management, integrated with Addnode Group's strategy and business model, promotes good diversification of risk. Risks are managed at several levels in the Group, and the Board of Directors analyzes and assures the risks to be managed based on documentation provided by the CEO and Group Management. An assessment is conducted at least twice a year.

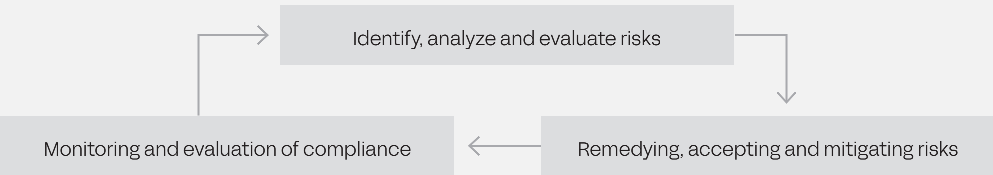
Group Management is responsible for ongoing risk management activities in individual areas of responsibility. The division presidents and subsidiary managers are responsible for managing the opportunities and risks in their individual operations, for ensuring that procedures compliant with policies and rules are in place, and for their compliance and monitoring.

Risk process

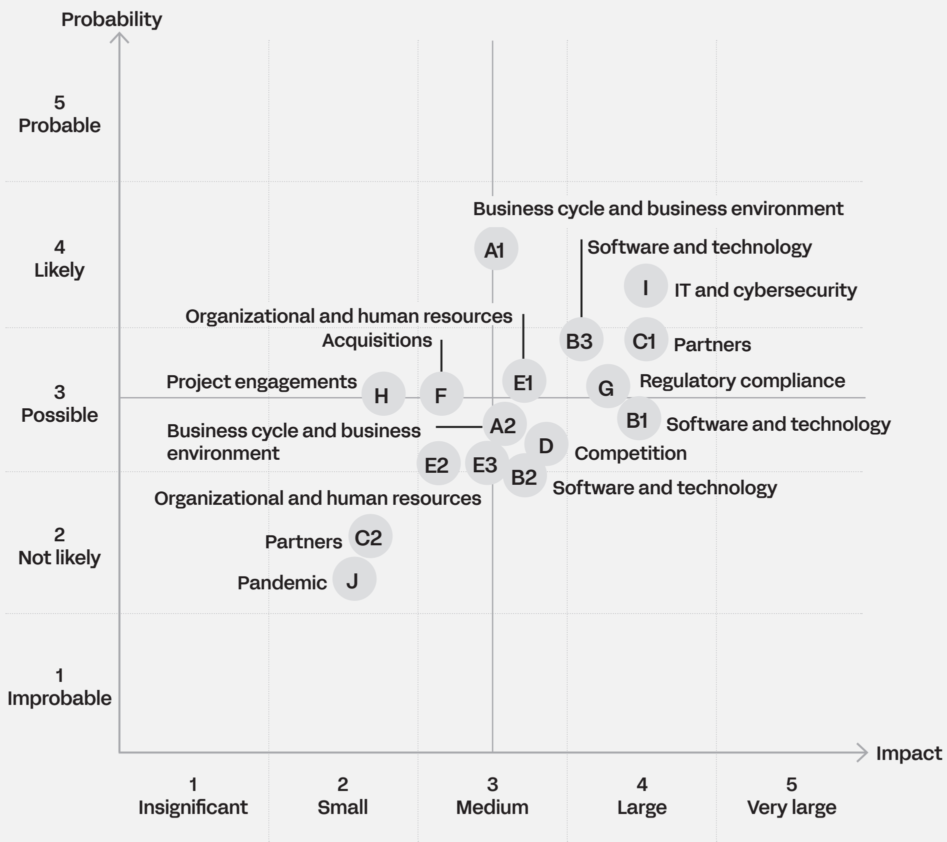
Risk management is a regular annual process. The Board approves the risk analysis and associated assessments at the beginning of the year. Each division conducts risk assessments in the first half of the year, which are then considered at the Board's strategy meeting. Divisional risk assessments are updated in the second half of the year, and the Board's Audit Committee evaluates the risk analysis and associated assessments.

Read more about financial risks in note 36 on pages 115–117

RISK MANAGEMENT PROCESS



RISK ANALYSIS OVERVIEW



Read more about operational and sustainability risks on pages 31–32

Risks and risk management, cont.

Business and sustainability risks

Probability of occurrence (1–5) 1. Improbable 2. Not likely 3. Possible 4. Not likely 5. Probable

Business impact of occurrence (1–5) 1. Insignificant 2. Small 3. Medium 4. Large 5. Very large

Risk		Description of potential risks	Probability	Impact	How Addnode Group manages the risk
A1	Business cycle and business environment	The general view of the external operating environment and economy may affect customers' willingness to invest and demand.	4	3	Addnode Group manages these risks by conducting business in both the private and public sectors and in numerous geographical markets. Our portfolio of niche offerings addresses customers in many sectors. Our business model involves a high share of recurring revenue, and strong cash flow generation, thanks to a high share of advance payments at the beginning of the year, and low investment requirement over and above product development.
A2		Lower profitability could impair our ability to continue to realize our strategy to invest in organic growth and acquisitions.	3	3	
B1	Software and technology	New ways of working and behaviors can result in customer needs changing.	3	4	Addnode Group addresses these risks by nurturing and developing customer relationships with the aim of understanding customer expectations and needs. IT security issues are part of the group's regular work on risk. We also monitor social trends, technological progress and sustainability issues. The aim is to make the necessary adaptations of our products and technology.
B2		Rapidly changing technology and climate change leading to new sustainability expectations on our solutions.	3	3	
B3		Regulatory changes and increasing cybersecurity threats may impact our solutions' compliance and our development priorities.	3	4	
C1	Partners	Our partners may alter their business models or terms and conditions that impact our earnings capacity.	3	4	We have established strategic collaborations with several IT platform and software vendors. Accordingly, our earnings capacity is not dependent on any individual partnership. We continuously evaluate our partnerships, and since 2021 we have increased the scope of supplier screening in respect of our Code of Conduct and sustainability issues.
C2		Collaborating with partners that do not act in accordance with fair business practice.	2	2	
D	Competition	The demand for, and sales of, our software and services may decline due to more intense competition.	3	3	Addnode Group manages competition risk by being a leader in selected markets. We have close relationships with our customers, and our offering continuously evolves with them, centering on customer needs.
E1	Organizational and human resources	The ability to hire and retain competent employees.	3	3	Each Group subsidiary is responsible for its own skills management. In recruitment, each company benefits by being backed by a Group with clear offerings, which is also financially stable. Addnode Group has formulated a sustainability agenda to sharpen its focus on the Group's sustainability issues still further. This agenda includes questions on environmental impact, corporate social responsibility, diversity, and more.
E2		Difficulty in attracting and retaining talent if we do not engage in environmental and social matters.	2	3	
E3		Shortcomings in promoting diversity and inclusive workplaces could lead to us missing out on innovation opportunities.	3	3	

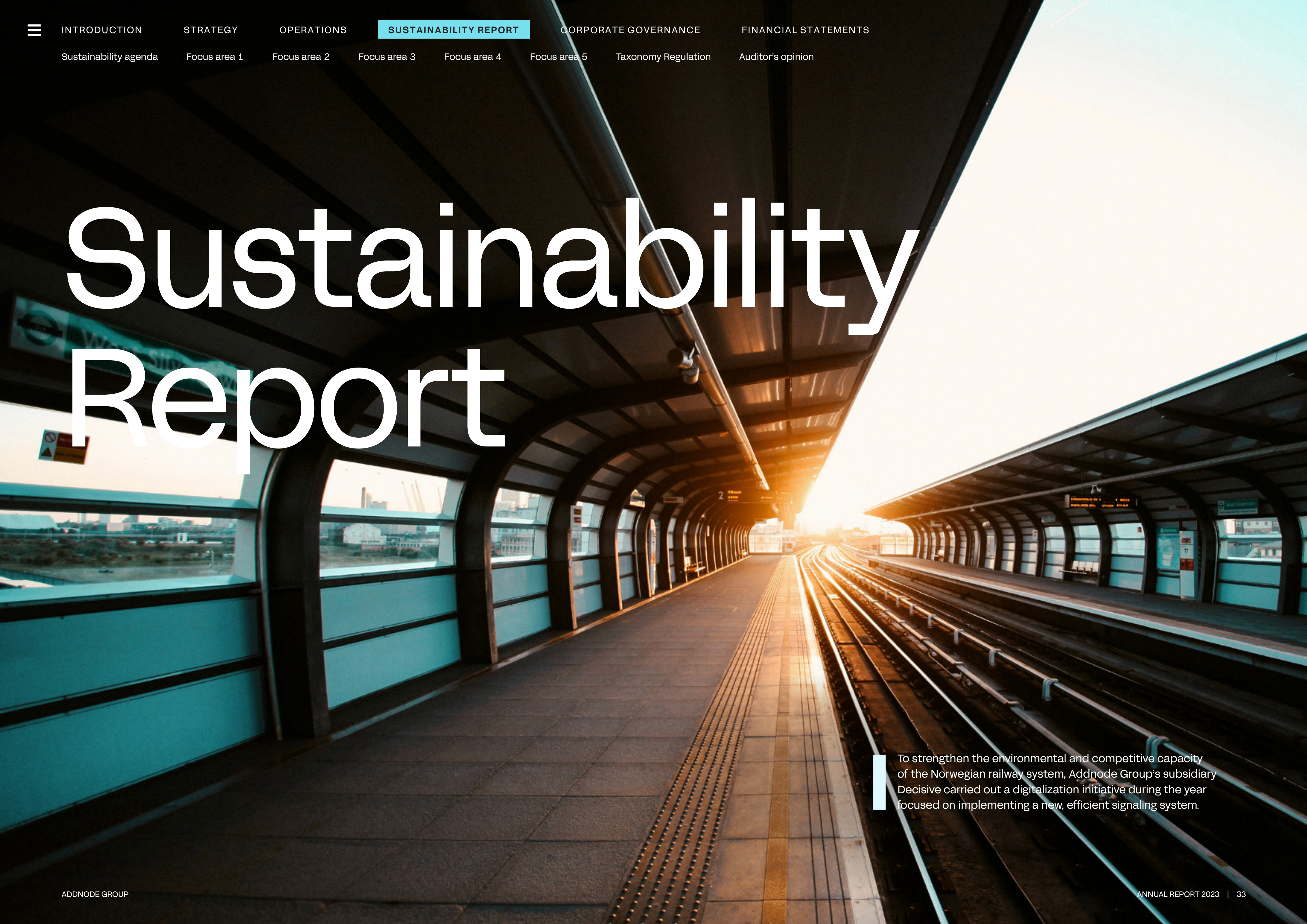
Risks and risk management, cont.

Business and sustainability risks, cont.

Probability of occurrence (1–5)
1. Improbable 2. Not likely 3. Possible 4. Not likely 5. Probable

Business impact of occurrence (1–5)
1. Insignificant 2. Small 3. Medium 4. Large 5. Very large

Risk		Description of potential risks			How Addnode Group manages the risk
F	**Acquisitions**	Failure to evaluate and integrate acquisitions.	3	3	Acquisitions are a central component of Addnode Group's strategy. Acquisitions undergo a tried-and-tested process, involving the Board of Directors and Management from the start, and the Group's acquisition modeling does not factor in synergies.
G	**Regulatory compliance**	Capability to comply with legislation, regulation and other external standards, and satisfy stakeholders' changing expectations.	3	4	Addnode Group closely monitors developments in legislation, regulations and statutes that apply for the respective markets where the Group has operations.
H	**Project engage-ments**	Losses on project engagements.	3	2	An inability to implement and deliver on projects may affect customer relationships and have negative effects on profitability and growth. Addnode Group continuously monitors its project engagements to evaluate and limit their associated risk.
I	**IT and cybersecurity**	Dependence on capability to offer customers reliable IT solutions and maintain a secure internal IT structure.	4	4	Outages, cyberattacks and data theft can damage our credibility in the market and cause major financial losses. Addnode Group works continuously on preventing and countering any negative impact through a Group-wide strategy and actions in individual companies.
J	**Pandemic**	A pandemic can quickly and radically transform our potential to conduct business activities.	2	2	Take early measures to enable business operations to continue, in a manner safe for our colleagues, and ensure we can work remotely. Use furloughing and take a prudent view of costs. Ensure access to liquidity and monitor progress closely.



Sustainability Report

To strengthen the environmental and competitive capacity of the Norwegian railway system, Addnode Group's subsidiary Decisive carried out a digitalization initiative during the year focused on implementing a new, efficient signaling system.

Addnode Group's sustainability agenda

Addnode Group's sustainability work proceeds from a sustainability agenda formulated in 2020. The agenda has five focus areas with associated key performance indicators used to plan and follow up on the Group's sustainability work. The sustainability agenda is complemented by a Code of Conduct and Sustainability Policy that set a framework for how we interact with each other within the Group, and with our external stakeholders.

Sustainability reporting

This Sustainability Report reviews Addnode Group's sustainability work in 2023. The Board of Directors of Addnode Group AB (publ.) is responsible for this report.

Summary of sustainability work in 2023

In 2023, our sustainability priorities helped produce results in the following areas:

- According to the current proposal referred to the Council on Legislation for consideration, Addnode Group will be subject to the new EU Corporate Sustainability Reporting Directive (CSRD) as of January 1, 2025. To initiate adjustments and build capacity to report under the new framework, a number of measures have been implemented, including a double materiality assessment and a gap analysis.
- A new Group-wide whistleblower tool enabling anonymous whistleblowing has been implemented. The tool ensures that Group companies covered by the EU Whistleblowing Directive comply with the requirements as implemented in local legislation. The tool is also made available to other Addnode Group employees and companies that are not covered by the EU Whistleblowing Directive. addnodegroup.com/sustainability/whistleblower-policy/
- In accordance with the EU Taxonomy Regulation, an annual analysis of the Group's economic activities is carried out as a basis for its annual Taxonomy reporting. This year, the analysis has been expanded to include the four additional environmental objectives added to the Taxonomy Regulation in 2023.
- A new Supplier Code of Conduct has been developed and has started to be implemented in supplier relationships. The aim is to improve governance and monitoring. In addition to the new Code of Conduct, internal training has been carried out to strengthen the expertise of the Group's employees with respect to responsible supplier relationships and how we take responsibility in our value chain.
- In Addnode Group's interim reports, on our website and on our LinkedIn account, we regularly publish material describing reference projects that highlight the Group's solutions that contribute to sustainable development. A total of 12 reference projects were published during the year. addnodegroup.com/sustainability/sustainability-case-studies/
- We are always actively engaged in evaluating how we can improve our screening processes in connection with acquisitions. During the year, greater focus was devoted to the area of sustainability, including regulatory compliance, codes of conduct and corruption risks.
- Much of the Group's ongoing sustainability work is carried out within its subsidiaries. Examples of activities from the past year:
  - Activities to establish new ways of contributing to environmental and/or social sustainability and improve the contributions of our existing solutions. Workshops focusing on sustainable business development were conducted for the Group's senior managers.
  - Activities focused on sustainable product development are delivering results. During the year, Symetri launched Naviate Zero, which enables smarter and more sustainable material choices in the design of buildings and other structures.
  - Employee sustainability training was developed and implemented.
  - Sustainability functions were established, rganized and equipped with resources.
  - Sustainability criteria were added to travel policies and procurement policies.
  - Measures were taken to make workplaces more climate-smart. In 2023, nine companies with operations in Stockholm were co-located to one office in a BREEAM-certified building, while also reducing their total office space.
  - Internal competitions and challenges were held to encourage companies and employees to get involved in sustainability issues.

For more details on our work in 2023, please refer to the sections on each focus area.

UN Sustainable Development Goals (SDGs) with the closest connection to Addnode Group's sustainability agenda

Climate change and trends such as digitalization and constantly increasing urbanization require companies to operate more sustainably. Addnode Group sees good potential to contribute innovative solutions in these areas. Addnode Group has judged six of the UN SDGs to be most relevant to our business and to offer us good potential to make a contribution.

Goal 3 – Good Health and Well-being

Our companies develop digital solutions used in the pharmaceuticals industry, life sciences and care of the elderly. Addnode Group also takes active responsibility for safeguarding and improving employee safety, health and well-being.

Goal 5 – Gender Equality

Addnode Group values, and is striving to improve, diversity and gender equality in our business. This is imperative for our success, and in particular, we view increasing the share of women in management positions in our organization as an opportunity.

Goal 8 – Decent Work and Economic Growth

Addnode Group offers jobs and employment opportunities, and strives for fair working conditions. With good financial management, we can create sustainable growth over time in our own business, while also contributing to economic well-being in the communities where we operate.

Goal 9 – Industry, Innovation and Infrastructure

Our companies and our digital solutions contribute to innovation and progress in industry and infrastructure. PLM systems, simulation solutions and design tools are used in manufacturing, by technical consultants, and in the construction and real estate sectors.

Goal 11 – Sustainable Cities and Communities

We help create more sustainable cities and communities through the digital solutions we deliver to architects and technical consultants, but also through the solutions we deliver to the public sector, and that are used in the technical management and social building sector.

Goal 13 – Climate Action

Our digital solutions can be used to reduce the consumption of resources and energy in the manufacturing, construction and real estate sectors, for example. We also work to limit our own climate footprint from travel, office premises and the equipment we use.

Developing Addnode Group's sustainability agenda

Addnode Group's sustainability priorities have been defined in a sustainability agenda. The work on formulating the sustainability agenda began in 2020, a process that involved the following elements:

- Mapping and selecting those SDGs that are most relevant for Addnode Group to work on.
- Mapping the contribution our own operations make to sustainable development.
- Identifying our main stakeholders and analyzing their expectations.
- Analysis of risks and opportunities.
- Identifying focus areas for our sustainability agenda and defining the associated KPIs.

Materiality assessment

When we formulated the Group's sustainability agenda, we conducted a materiality assessment where we identified Addnode Group's most important stakeholders and analyzed their expectations. The starting point of this work was the model we were already working on, and that reviews the resources of our operations, and our strategy. This model states both the stakeholders we create value for, but also the stakeholders we are dependent on to be able to conduct our business.

The materiality assessment was an important reference when defining our focus areas. The UN SDGs that we determined Addnode Group had the greatest potential to influence and contribute to are also selected on the basis of this materiality assessment.

Our resources and strategy create value for our stakeholders

Addnode Group generates sustainable value growth by acquiring new businesses and actively supporting our subsidiaries to drive organic growth.

Sustainability throughout the entire value chain

The digital solutions our companies develop contribute to a more sustainable society. The strategy creates value for customers, collaborative partners, employees and owners. We take responsibility for our direct impact on people and the environment, and endeavor to do this in a way that minimizes negative impacts and maximizes positive ones. We undertake to comply with fair business principles, combat corruption and respect human rights. We work continuously to develop relationships with actors in our value chain to ensure that they are also operating on the same responsible basis that we do.

Resources

Customer relationships

- Long-term relationships
- Private and public sector

Decentralized and agile organization

- 2,700 employees
- Cutting-edge competence and industry experience

Proprietary digital solutions
Strong partnerships with software companies

Stable financial position and strong cash flow

Strategy

Sustainable growth in value

Acquisitions

Complementary businesses or market

Values-based leadership

Attractive valuation

Organic development

Decentralized responsibility and authority

Strategic support

Synergies and collaborations

Value created

Customers

- New business opportunities
- More efficient and sustainable business

Employees

- Attractive workplace with developmental opportunities

Society

- More effective dialogue between authorities and citizens
- Digital solutions that contribute to sustainable development

Owners

- Growth in value and dividend

Addnode Group's sustainability work, cont.

Our most important stakeholders and their expectations of Addnode Group

Continuous dialogue is an important basis for ensuring the priorities of our sustainability agenda always remain relevant and consistent with the expectations of our business environment. Dialogues also influence how we prioritize work in our focus areas, and could also result in reprioritization of what we define as focus areas over time.

Stakeholder	Type of engagement	Important issues/expectations
Customers	Meetings, social media, conferences, events, expos, customer satisfaction surveys.	Attractive, innovative and sustainable digital solutions that develop and improve the customer's operations. High levels of sector expertise, quality and level of service on deliveries. Assuming responsibility for employees and the environment. Businesslike and ethical conduct in relation to customers, suppliers and partners.
Employees	Continuous dialogues, appraisal interviews, in-house training, employee satisfaction surveys.	Skills development, good career opportunities and a values-based leadership. A good work environment that promotes health and safety. Equal treatment, diversity and inclusion. Responsible management of resources and the environment that we can influence through our own operations.
Owners, investors, banks	Annual General Meetings, presentations, conferences, one-to-one meetings, direct contact.	Execution of strategy. Value-creating acquisitions. Capability to respond to changed market needs. Long-term economic profitability and growth. Continuous risk mapping and risk management. Responsible business with respect to anti-corruption, ethical conduct, good working conditions for employees, and thorough supplier screening.
Collaborative partners, suppliers	Conferences, expos, supplier audits, tenders.	Long-term relationships. Good collaborative skills. High availability. Responsible and ethical conduct.
Society	Mass media, social media, meetings and direct contact with representatives of the authorities and the public sector.	Responsible management of resources and the environment. Responsible and ethical conduct. Good working conditions for employees. Thorough supplier screening. Skills in sustainable solutions that digitalize society.

Addnode Group's sustainability work, cont.

Sustainability-related risks and opportunities

Our yearly risk evaluation process analyzes many types of risk, which also include sustainability-related risks. Often, the same sustainability areas can include both risks and business opportunities. Our risk analysis was an important reference for formulating our sustainability agenda. Altered circumstances for our business may impact our risk analysis, and in turn, how this influences our sustainability agenda.

Focus area	Risks	Opportunities
1. Digital solutions that contribute to sustainable development	• Rapidly changing technology and climate change leads to new sustainability expectations on our solutions. • Regulatory changes and increasing cybersecurity threats may impact our solutions and our development priorities.	• Develop our digital solutions by including a sustainability perspective. • Increasing regulatory requirements are creating a need for solutions that support transparency and traceability. • Increased demands and expectations on digital interaction and transparency between the citizens and the authorities.
2. Care for people and the planet in our own operations	• Difficulty in attracting and retaining talent if we do not engage in environmental and social matters. • If we do not endeavor to create diverse and inclusive workplaces, this may mean missing innovation opportunities.	• Attract and retain talent by driving each subsidiary's sustainability agenda based on its core competence and solutions. • Reduce environmental impact by reviewing how we meet and travel.
3. Our work with partners and suppliers	• Collaborating with partners that do not act in accordance with fair business practice.	• Associate with partners with strong sustainability profiles and that offers innovative solutions.
4. Long-term financial viability	• Lower profitability could impair our ability to continue to execute our strategy to invest in organic growth and acquisitions.	• Continue to grow by investing in sustainable companies and solutions.
5. Sustainability governance and management	• Compliance with reformed legislation, regulations and other external standards and satisfying stakeholders' changed expectations.	• Continue to be perceived as a trusted and resilient group of companies. • The sustainability agenda supports and empowers our employees to do better business.

Addnode Group's sustainability work, cont.

The sustainability agenda's focus areas

1

Digital solutions that contribute to sustainable development

- Innovation for sustainability
- Ensuring privacy and integrity
- Design for sustainable development and circular economy
- Simulation solutions for environmental and health benefits
- More engagement and dialogue with citizens

Read more on page 40

2

Care for people and the planet in our own operations

- Diversity and gender equality
- Employee well-being and a good work environment
- Attract and retain talent with values-based leadership and delegated responsibility.
- Proactive and committed employees that want to make a difference
- Initiatives to reduce the environmental impacts of travel and office premises

Read more on page 43

3

Our work with partners and suppliers

- Long-term commitments
- Fair business practice and anti-corruption
- Ensuring that we respect human rights throughout the entire value chain
- Supplier screening

Read more on page 47

4

Long-term financial viability

- Organic growth
- Acquisitions
- Decentralized business model
- Recurring revenue

Read more on page 49

5

Sustainability management and governance

- Code of Conduct and Sustainability Policy
- Certifications
- Communication
- Reporting

Read more on page 50

The focus areas are the foundation of Addnode Group's collective sustainability work. KPIs have been identified for each focus area, designed to drive the sustainability agenda forward. In addition to these KPIs, Addnode Group subsidiaries can also develop and implement further KPIs, which for example is done by subsidiaries that are certified according to ISO 27001.

1

Digital solutions that contribute to sustainable development

Building a long-term sustainable society in an urbanizing and fast-changing world sets challenging standards for the responsible and efficient use of resources.

In an increasingly digitalized world, Addnode Group offers its customers digital solutions for sustainable design and product lifecycle management, helping them manage real estate and facilities more efficiently, and streamline public administration.

Through innovation and continuous development in close collaboration with customers, we create solutions for specific needs. With the support of digital work methods and efficient processes, we can help create a more sustainable society together.

Topics we work with

- Design for sustainable development and circular economy.
- Simulation solutions for environmental and health benefits.
- More efficient consumption of resources and energy in manufacturing, construction and management.
- Ensuring privacy and integrity.
- More engagement and dialogue with citizens.
- More equitable and sustainable decision-making in the public sector.
- Innovation.

Completed in 2023

- Workshops focusing on sustainable business development were conducted for the Group's senior managers.
- Activities focused on sustainable product development are delivering results. During the year, Symetri launched Naviate Zero, which enables smarter and more sustainable material choices in the design of buildings and other structures.
- In its interim reports, on its website and on its LinkedIn account, the Group regularly publishes material describing reference projects that highlight its solutions that contribute to sustainable development. A total of 12 reference projects were published, four from each division.

Plans for 2024

- Implement measures to comply with CSRD reporting requirements for data covered by this focus area.
- Further develop procedures for customer surveys and customer dialogues to ensure that our solutions meet customers' sustainability requirements.
- Continued focus on sustainability in product and business development.
- Enhance the Group's customer awareness procedures to reduce the risk of relationships with actors that do not comply with legislation or demonstrate a lack of ethical or moral judgment.

Long-term ambitions

- Develop a methodology to monitor revenue from solutions that have positive sustainability impacts in customers' operations.
- Pilot project to measure the CO_2 handprint from one of our companies or solutions. Given a positive outcome, this may be extended to more companies and/or solutions.
- Define KPIs to measure innovation.

Digital solutions that contribute to sustainable development, cont.

Opportunities in four growth segments

Addnode Group develops and delivers digital solutions in four growth segments. Sustainability is an important driver in all segments. Our companies offer solutions that fully satisfy the needs and standards imposed from a sustainability perspective. We offer an overview of this for each growth segment below. Further reviews of these growth segments are presented in the Market and trends section on page 9.

1. Architecture, engineering and construction (AEC) and building information modeling (BIM)

Demand in this segment is driven by urbanization and an increased need to build more efficiently and sustainably. Reducing energy consumption in new and existing buildings is a high priority. Improved potential to select more sustainable, and preferably recycled, materials is another priority, as is achieving higher material productivity, and reducing the volume of waste.

To improve efficiency, and satisfy the increasingly stringent standards of new environmental legislation, customers are digitalizing their processes and embracing new ways of working. Regulators are also driving the more widespread adoption of digital working methods based on BIM. Addnode Group provides digital solutions for sustainable design and construction as well as BIM software.

2. Facility management (FM)

Growth is being driven by customers' efforts to achieve more efficient management, outsource management services, and more stringent environmental, health and safety standards. Customers are increasingly demanding better systems for detailed monitoring and control as well as transparency surrounding the environmental impact of properties and facilities.

Progress in the sector is moving ahead rapidly, and with the aid of sensor technology and integrated software, Addnode Group is developing systems for predictive maintenance, where nascent problems can be detected before they cause damage to equipment or buildings.

Effective and digital FM systems can help extend asset useful lives, reduce the consumption of resources, lessen climate impact, and generate cost savings.

3. Product Lifecycle Management (PLM)

Growth is being driven by customers' efforts to continuously launch new, sustainable and financially profitable products. This means that simple and reliable access to data is critical to ensure traceability and compliance in the environmental, quality and safety segments, for example.

With information collated and easily accessible in a PLM system, the product development process can ensure that material and process decisions are sustainable, lead-times are reduced, and resource management and procurement optimized right the way from the early design phase Monitoring environmental, quality and safety standards also becomes easier.

Our offering of PLM solutions can also enhance customers' ability to achieve environmental sustainability goals through closed-loop product development, to enable maximum energy, resource and materials recovery when products reach the end of their lifecycles.

Our simulation solution offering has applications including ensuring that product designs are optimized right through their lifecycles, and innovative climate and health-positive solutions can be developed cost-efficiently.

4. Digital government

Growth is driven by urbanization, and a growing array of sustainability standards in the social building segment. The demographics of an aging population, and more consideration for social sustainability, make up another driver. In parallel, continuously rising public expectations, accentuated by political initiatives, are driving the digitalization of public administration.

Our digital solutions help enable more efficient processes and more equitable and sustainable decisions, through channels including enabling more efficient document processing, streamlined administrative procedures, and better dialogue between authorities and citizens.

Key performance indicator

Customer perceptions of our sustainability work

To systematize our working methods and ensure that our solutions, and our company, satisfy customer expectations and standards in sustainability, we monitor customer dialogues and customer surveys related to sustainability.

Definition

In customer dialogues and customer surveys, we include the following (one or two) questions, which relate to our sustainability work:

1. On a scale from 1 to 10, how active do you think our company is in its ambition to make our products and services more sustainable from environmental and/or social perspectives?
2. On a scale from 1 to 10, how well do you think our company operates responsibly from an ethical and business perspective?

Sample

In 2023, all but 4 (6) of the Group's companies conducted customer surveys that included either or both of these questions. A total of 797 (390) customers responded to the sustainability questions.

Performance in 2023

- On average, customers rated us 7.6 (8.1) in terms of how active we are in pursuing our ambition of making our products and services more sustainable.
- Customers rated us 8.5 (8.6) in how responsibly we operate from ethical and business perspectives.

Knowledge of building materials increases sustainability in the construction industry

Our digital solutions contribute to sustainable development in several sectors, including the construction industry. The construction sector accounts for 39 percent of the world's CO_2 emissions, with a full 11 percent attributable to building materials. To reduce the environmental impact of buildings, Symetri has developed Naviate Zero, a product that enables architects and designers to make sustainable material choices right from the drawing board. Informed decisions on the characteristics of materials can reduce waste and lower the carbon footprint.

Naviate Zero is a plug-in to Autodesk's Revit, a design tool for architects. Naviate Zero provides the architect with information on the environmental properties of different building materials directly in the design tool. The architect avoids having to import and export data and receives immediate feedback on the impact of material choices on the building's carbon footprint.

Early stage, major impact

It is a significant advantage for the architect to have access to the environmental properties of building materials early in the project, as it is much more difficult to change choices later in the process. Naviate Zero supports the early stages of the life-cycle assessment of the building, covering raw materials, transportation and manufacturing in the production phase of the construction process. The architect has direct access to updated environmental product declarations and values for the relevant country and region. It is also possible to select the most sustainable options.

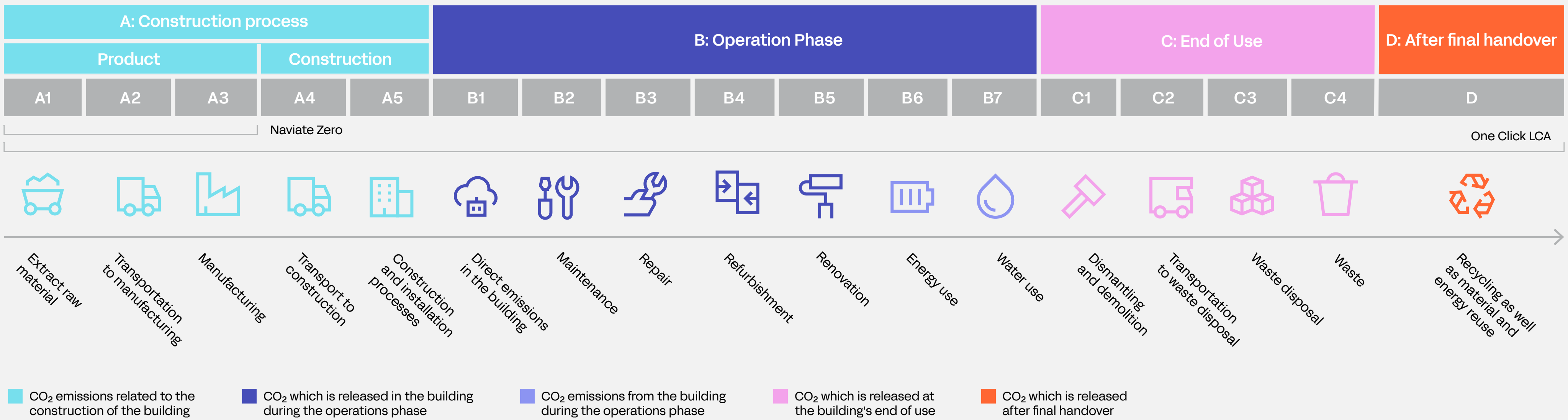
United for sustainability

Meeting the sustainability challenges facing the world requires cooperation. Naviate Zero is the fruit of a partnership between Symetri and One Click LCA. With world-leading data on building materials from One Click LCA, Symetri has created a product that supports BIM and offers seamless integration with Revit and other Naviate modules. Naviate Zero is an easy-to-use product that, at its core, supports the construction industry in tackling its carbon footprint.

Warm welcome

In 2023, Naviate Zero was tested by customers in the UK, the Nordics, Ireland and the USA and was well received, largely due to its ease of use and access to high-quality data. Another popular feature is the ability to create customized templates for frequently used building modules. The ambition is that Naviate Zero will also be offered to the European market where several countries, including the Nordic countries, could benefit greatly from the tool as they have stringent regulatory requirements on sustainability.

CLIMATE IMPACT OF BUILDINGS FROM A LIFECYCLE PERSPECTIVE



2

Care for people and the planet in our own operations

Addnode Group creates sustainable and stimulating workplaces for our employees, while our operations simultaneously make a positive contribution to the environment and the communities around us.

We work on many different priorities and activities to achieve this. By offering values-based leadership and decentralized responsibility and authority, we want to attract and retain the most talented people. We work actively on improving diversity and gender equality at our workplaces, and invest in health, a good work environment and well-being for our employees. We select climate-smart travel alternatives, and our offices work on activities to reduce their negative environmental impact.

Topics we work with

- Attract and retain talent with values-based leadership and delegated responsibility.
- Diversity and gender equality.
- Employee well-being and a good work environment.
- Initiatives to reduce the environmental impact of travel, equipment and office premises.
- Proactive and committed employees that want to make a difference.

Completed in 2023

- All divisions have implemented leadership programs, with approximately 130 participants.
- An innovation contest and hackathon were held, attracting participants from across the Group.
- One division set up a mentor program for women.
- Nine companies came together to solve an internal sustainability challenge with a focus on climate issues.
- Work was carried out in all divisions to strengthen the focus on sustainability criteria in policy instructions for travel bookings and other purchases.

Plans for 2024

- Implement measures to comply with CSRD reporting requirements for data covered by this focus area.
- Report Scope 1, 2 and 3 GHG emissions.
- Start analytical work to define a reduction target for CO_2 emissions.
- Continue work on the travel policy and purchasing policy to ensure that sustainability criteria are taken into account wherever possible.
- Analyze reasons and options for climate compensating travel. Depending on the conclusions, implement climate compensation.
- Increased focus on activities that improve diversity and equality.
- Further develop the companies' work on environmental and social measures.

Long-term ambitions

- Develop a risk management process (due diligence) for our actual and potential impact on human rights. The EU Human Rights Due Diligence Directive (HRDDD) is expected to enter into force and cover Addnode Group from 2026.
- Evaluate implementation of science-based targets and climate-related financial monitoring and reporting pursuant to the Task Force on Climate-related Financial Disclosures (TCFD).

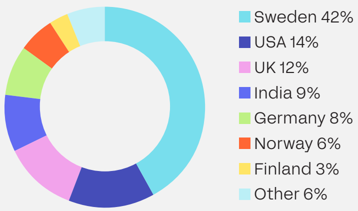
Care for people and the planet in our own operations, cont.

Empowered employees with an entrepreneurial spirit

Our employees are the foundation of our competitiveness, with a combination of local presence, industry competence and expert knowledge being key to enabling us to deliver digital solutions and services that satisfy customer needs.

Our decentralized governance model offers our subsidiaries a high degree of freedom and responsibility for their own businesses, while remaining part of a large corporate group. Our ambition is to have proactive and engaged employees who want to make a difference. We strive to empower people to take responsibility and nurture an entrepreneurial spirit. We view the capability to take the initiative as a key to success.

EMPLOYEES BY COUNTRY



Diversity and gender equality

Addnode Group's employees have roots in more than 30 countries on several continents. We value, and endeavor to improve, diversity and gender equality in our businesses.

We do not tolerate discrimination on grounds of ethnic origin, gender, transgender identity or expression, differences in ability, age, language, religion or other faith, political or other opinion, national or social origin, property, birthplace or other status. Harassment or other inappropriate conduct is not permitted. Each year, all our employees take a web-based training package on our Code of Conduct, where activities include reviewing our values and regulations on these issues.

Balanced gender division is a challenge we share with other companies in our sector. In 2023, women made up 28 percent (25) of the Group's average number of employees. To strengthen our efforts in this segment, we use the KPI "Gender division in the Group's management teams."

Employee well-being and good work environment

To attract and retain skilled employees, we need to offer stimulating and engaging career opportunities. Our company is working on a broad array of different activities to achieve this, including competitive employment terms, opportunities for further training, health and well-being activities, career planning and appraisal interviews. To follow up on how we are succeeding in creating stimulating and engaging workplaces, our subsidiaries conduct employee satisfaction surveys at least yearly. The outcomes of these surveys are reported under the KPI of employee net promoter score (eNPS), and are reviewed by management teams in each subsidiary, division Boards of Directors, Group Management and the Parent Company's Board of Directors.

Direct consequences for the environment and social well-being

We work to limit the negative environmental footprint of our operations, while simultaneously increasing our positive contribution on social issues, and in the environmental area.

The Group's negative environmental impact is from the offices we work in, the electricity we consume, and the equipment and transport we use. We apply the GHG Protocol methodology when monitoring our CO_2e emissions from business travel by air and car.

To enable broad engagement for our responsibility for the environment and social issues, we have defined nine priority activities that our companies and their offices are encouraged to work on. Our companies are engaged in everything from extending the useful lives of the equipment we use such as mobile phones, to improving employee health, through e-health activities, for example. Each year, we measure a KPI of how many offices are working on these activities.

In our decentralized organization, each of our enterprises also draws up local policy documents that are adapted to the needs of their operations with the goal of reducing their negative environmental impact related to travel and procurement, for example.

We give back to society

In 2023, Addnode Group made donations centrally and through its subsidiaries to the following charitable organizations, among others: BRIS, the Swedish Cancer Society, the Salvation Army, the Swedish Brain Foundation, Engineers Without Borders, Doctors Without Borders, Plan International, Save the Children, Swedish City Missions, UNHCR and UNICEF.

In addition to regular donations, another initiative launched during the year came about as a result of an annual innovation competition for the Group's employees. The winning idea this year was for a program at Addnode Group to provide resources and skills to vulnerable groups in the communities where we operate. The activities that our resources and expertise will contribute to will be linked to the SDGs that our sustainability agenda addresses, but also to the software and solutions that our companies work with. The hope is that the program will engage employees throughout the organization and that the first projects within the framework of the program can be launched in early 2024.

The winners of Addnode Group's 2023 innovation contest were Uday Modi, Shruti Nair and Swetha Bhagavatula from Addnode India.

Care for people and the planet in our own operations, cont.

Key performance indicators

Share of women in management teams

In diversity and equality, we monitor a KPI of the share of women and men in management teams.

- Goal: At least 40 percent of each management team should consist of the under-represented gender by 2030.

Definition
The number of women as a percentage of total senior executives of Addnode Group. Senior executives are defined as members of Addnode Group's:

- Board of Directors
- Group Management
- Management teams of divisions/subsidiaries

Sample

- Board of Directors: 7 (7) people
- Group Management: 7 (7) people
- Management teams of subsidiaries: 16 (19) management teams of a total of 120 (119) people.

Performance in 2023

- Share of women on the Board of Directors: 43 percent (43)
- Share of women in Group Management: 14 percent (14)
- Share of women in management teams of subsidiaries: 25 percent (27)

eNPS

We use the KPI eNPS to monitor employee satisfaction and perceptions of their work environment.

Definition
The yearly employee satisfaction surveys include the following question:
"How likely are you to recommend your workplace to others?"

An index value of between –100 and +100 is calculated from the responses, called the employer Net Promoter Score (eNPS).

Sample
1,983 (1,826) of the Group's employees were able to respond to the question in 2023. The response frequency was 83 percent (74). 3 (7) Group companies did not conduct an eNPS survey.

Performance in 2023

- eNPS of 39 (30)
- Yesbox Talent AB reports the average eNPS for the Nordic region's IT and consulting sector in 2023 as 18. The same source indicates that values of 10–30 are generally considered good/very good.

CO_2e from business travel by air and car

To monitor our direct environmental burden, we measure CO_2e emissions from air and car travel.

Definition
Total CO_2e emissions from business air and car travel (in kg) divided by the average number of employees.

- Calculation according to the GHG Protocol methodology.

Sample
All but 1 (1) companies collated data and reported emissions from business travel for a total of 93 percent of all the Group's employees. Car travel emissions do not include taxis. Team D3 is not included in the data from the USA in either absolute CO_2e or CO_2e per employee.

Performance in 2023
Addnode Group's estimated CO_2e emissions from business travel by air and car average 740 kg (474) per employee. The increase is partly due to more travel due to the built-up demand for physical meetings after COVID-19.

Share of offices working on environmental and social action

To motivate employees to commitment and empowerment, we monitor activities that contribute to a better environment and social well-being.

Definition
The number of priority activities taken in relation to the total number of priority activities (total 9):
1–2. Recycling at offices and reduced paper consumption.
3–4. Improved energy efficiency and selection of renewable energy when available.
5–6. Reduce office space per employee and recycle office furniture/equipment.
7. Environment criteria for selecting suppliers of materials and services for offices.
8. Employee benefits related to health and well-being.
9. Donations to local community.

Sample
The Group's offices with over 20 employees. For 2023, the sample of offices covered comprised 37 (29) offices, where 70 percent (70) of the Group's employees are stationed.

Performance in 2023
All offices in the sample conducted at least 5 (3) activities. On average, the 37 offices implemented 6 (7) of the 9 priority activities.

New office with a sustainable profile

Every move creates opportunities for renewal. This certainly proved to be true for Addnode Group when looking for our new headquarters. The move was an opportunity to design a workplace that promotes collaboration and delivers on several sustainability parameters. Welcome to our new address at Norra Stationsgatan 93 in Stockholm.

Shared and efficient spaces
As Addnode Group prepared for the move, several of its subsidiaries joined the project. Many companies saw the benefits of sitting together and naturally sharing their expertise and collaborating within the Group to an even greater extent than before. By bringing together eight subsidiaries and the Parent Company, the number of offices was reduced from three to one. The original 4,700 square meter space could thereby be reduced to an efficient 2,500 square meter modern office in central Stockholm.

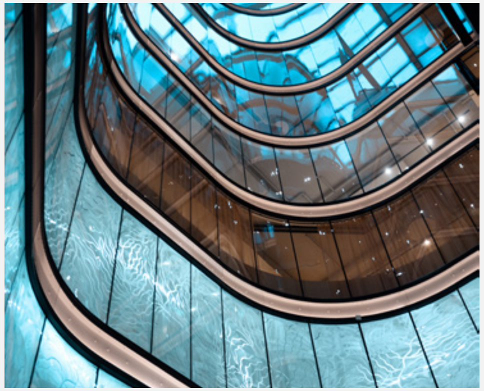
Adapted to hybrid working
After years of pandemic, office use no longer looks the same. Working partly from home is a natural part of the work week for most people who have jobs that allow it. But what does a workplace look like where people come and go? When those of us at Addnode Group was looking for new premises, they chose a solution with both permanent and temporary workspaces, combined with flexible meeting rooms of different sizes. The entire office, which is on one level, is adapted to a digital way of working, with meeting rooms equipped with the technical solutions required for quality hybrid meetings. By sharing space and functions, the companies now have fewer square meters, but more shared options for open-plan and private workspaces.

Sustainability an important parameter
When choosing the office on Norra Stationsgatan, the building's high BREEAM rating[1] and WELL certification[2] were key criteria. One of the objectives of the move was to reduce the carbon footprint from use of the premises and to ensure the healthiest possible work environment for the Group's employees. The move itself was also carried out with sustainability in mind. Furniture from the old offices, which could still be used for many years, were given a new lease of life in the newly renovated premises. As the premises are WELL certified, this also means that the work environment has characteristics that promote employee well-being. A healthy indoor environment combined with an in-house restaurant serving healthy food, an exercise facility, and bicycle parking with a charging and repair station to make it easier to choose to cycle to work lay the foundation for a healthy working life. The premises are also located close to good public transport links to encourage more people to travel to and from work using public transport.

Areas that promote collaboration
A major advantage of having several subsidiaries in the same premises is that spontaneous meetings take place on a daily basis. The shared lunch and coffee area in the middle of the premises is a natural meeting place where contacts are made across company boundaries, which ultimately strengthens collaboration and leads to new ideas.

"The key words for the premises are **sustainable, representative and safe**. Our new office meets all requirements, and our employees have expressed their appreciation for the modern space and the possibility to work together more easily across company boundaries."

RONNY GUSTAVSSON,
CISO AND OFFICE MANAGER, ADDNODE GROUP



The new office at a glance

Square meters: 2,500
Workspaces: 175
Companies: 9
Touchdown spaces: 24
Meeting rooms: 17
Focus rooms: 14
Conversation rooms: 6
Video/podcast rooms: 2

1) BREEAM (BRE Environmental Assessment Method) is an environmental certification system used to certify newly constructed buildings and the building's environmental performance
2) WELL is a certification that aims to improve the health and well-being of people living and working in various built environments

3

Our work with partners and suppliers

Addnode Group focuses on close and long-term forms of collaboration to create good conditions to take responsibility for the entire value chain.

Our values and corporate culture, Code of Conduct and local market knowledge offer us good opportunities to create positive relationships with our collaborative partners.

We set high standards of ethics and respect in our relationships with each other and our customers, so it is equally imperative that we apply the same high standards to our suppliers and collaborative partners. We will comply with laws and regulations, fair business practice, counter corruption and respect human rights.

Topics we work with

- Long-term relationships with suppliers and collaborative partners.
- Fair business practice and anti-corruption.
- Respect for human rights throughout the value chain.
- Supplier screening.

Completed in 2023

- A Group-wide Supplier Code of Conduct was developed and has started to be implemented in the Parent Company's and subsidiaries' existing and new supplier relationships.
- Internal training on good control and monitoring of suppliers and supply chains was carried out with around 50 participants from all companies in the Group.

Plans for 2024

- Implement measures to comply with CSRD reporting requirements for data covered by this focus area.
- Continue implementing the new Group-wide Supplier Code of Conduct.
- Further develop procedures for handling situations where information emerges that leads to a more in-depth review of an individual supplier.
- Further develop internal collaboration procedures for supplier controls.

Long-term ambitions

- Develop a risk management process (due diligence) for our actual and potential impact on human rights. The EU Human Rights Due Diligence Directive (HRDDD) is expected to enter into force and cover Addnode Group from 2026.
- Develop processes and tools for managing, monitoring and controlling suppliers and supply chains, such as questionnaires and screening records.

The way we work with our partners and suppliers, cont.

Long-term relationships with partners

Our operations are built on long-term collaboration and partnership with our main suppliers. In several cases, we have shared histories going back several decades.

Those suppliers that represent the highest share of our total procurement are the software suppliers Autodesk and Dassault Systèmes. Both suppliers work actively on a wide range of sustainability issues.

Dassault Systèmes has ambitious inclusion and diversity goals. At present, 28 percent of the company's employees are women, and the goal is to reach 30 percent women managers overall and 40 percent in the management team by 2027. With respect to climate issues, Dassault Systèmes has defined reduction targets for Scope 1, 2 and 3 emissions that are to be achieved by 2027 and has also set a target for the business as a whole to be climate neutral by 2040.

Autodesk also pursues numerous initiatives in sustainability, affecting its own business, and how it contributes to wider society. For example, Autodesk uses renewable energy exclusively right through its business, including its cloud services, climate compensates all its GHG emissions, pursues ambitious sustainability goals, and funds two pro bono days per employee and year. Currently, 35 percent of Autodesk employees are women.

Fair business practice and anti-corruption

Our Code of Conduct and Sustainability Policy prohibits all forms of corruption. Corruption includes bribes, receiving gifts and entertainment benefits, payments for felicitation and protection, money laundering and nepotism. We comply with competition legislation on each market where we are active, which includes prohibition against contracts and agreements to limit competition. This also includes price-rigging, dividing of customers and geographical markets, cartels and abuses of power.

Supplier Code of Conduct

Deliveries to our customers are mainly made by the Group's own employees, which provides us with good control over occupational health and safety for most individuals involved in our operations. However, we do appoint subcontractors on some projects.

As Addnode Group grows, we need to ensure a collective understanding of fair business practice, anti-corruption and respect for human rights end to end in the value chain.

In 2020, we produced a Group-wide Code of Conduct and Sustainability Policy that defines a number of principles that all Addnode Group employees must follow. These principles also provide guidance for our relationships with partners and suppliers. The Code of Conduct and Sustainability Policy is based on internationally recognized standards. We support and respect human rights as stated in the International Bill of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work.

In 2023, we took another step in our ambition to improve our governance and control of suppliers. During the year, we developed a Code of Conduct specifically for our suppliers. The intention is for the code to be signed by, or attached to contracts with, all business-critical suppliers. The Supplier Code of Conduct takes into account the forthcoming CSRD and HRDDD and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and sets similar requirements for our suppliers as we set for ourselves in our own Code of Conduct. The Supplier Code of Conduct covers areas such as human rights, labor law, health and safety, environmental and climate considerations, ethics, privacy issues and confidential information.

We now use our new Supplier Code of Conduct to review, set requirements for and monitor both existing and new supplier relationships. In certain supplier reviews, we also employ other tools such as lists of legislation and requirements as well as instructions on screening processes in accordance with our certifications.

Addnode Group's own Code of Conduct and Sustainability Policy and the Supplier Code of Conduct are available at addnodegroup.com

Key performance indicator

Number of suppliers screened and total value purchased from them

We verify that we screen our suppliers and collaborative partners at least every second year to ensure that they satisfy the standards of our Code of Conduct and Sustainability Policy.

Definition

Supplier screening from a sustainability perspective is based on:

1. The supplier's own Code of Conduct satisfies our standards, or
2. The supplier has undertaken to comply with the Group's or one of our subsidiaries' Codes of Conduct.

Suppliers representing high purchase value, or due to another critical constraint, should be screened regularly.

Sample

All companies but 1 (0) have conducted supplier screenings in the last two years (2022 and 2023).

Performance in 2023

- Total number of suppliers screened in the last two years: 350 (235).
- Screened purchase value as a proportion of Group total in 2023: 81 (84) percent

4

Long-term financial viability

Financial responsibility includes good financial management, the efficient utilization of resources and delivering sustainable, long-term economic profitability that benefits the Group's stakeholders. Addnode Group generates sustainable growth over time by acquiring new businesses and actively supporting our subsidiaries to drive organic growth. This strategy is supported by values-based leadership, and decentralized responsibility and authority. A stable base of recurring revenue and strong operating cash flow is the foundation of a healthy financial position.

Value-creating acquisitions

We actively seek suitable acquisitions and maintain discussions with various business owners interested in becoming part of the Group. We have successfully acquired 75 businesses since 2003. We continuously evaluate our acquisition criteria to ensure they address all relevant risks and opportunities in the context of acquisition decisions.

Decentralized governance model driving organic growth

Addnode Group is well positioned to benefit from strong global trends that drive organic growth. Market leadership, long-term customer relationships and business models with a strong base of recurring revenue create the potential for stability in our business. Our governance model, which delegates responsibility to our subsidiaries, also creates potential for taking the initiative in day-to-day work, and contributing to our success.

Topics we work with

- Organic growth.
- Acquisitions.
- Decentralized business model.
- Recurring revenue.

Net sales growth

Definition
- Total increase (acquired and organic) of net sales on previous year.
- Financial target: >10 percent

Sample
Group

Performance in 2023
Total net sales growth: 19 percent

EBITA margin

Definition
- Earnings before interest, taxes and amortization in relation to net sales.
- Financial target: >10 percent

Sample
Group

Performance in 2023
EBITA margin: 8.6 percent

Share of recurring revenue

Definition
Share of revenue of a recurring nature (revenue from support and maintenance agreements, software subscriptions and lease contracts as well as SaaS solutions) in relation to total revenue.

Sample
Group

Performance in 2023
Recurring revenue: 70 percent

5

Sustainability management and governance

Addnode Group has a decentralized organizational structure where the responsibility for business is delegated to divisions and subsidiaries.

Group-wide policies are implemented in each company to support internal controls and regulatory compliance.

There is a central Sustainability function that leads a forum on sustainability issues with representatives from all divisions. The Sustainability function is responsible partly for leading, supporting and monitoring the divisional implementation of our sustainability agenda, and partly for driving the Group's strategic development and regulatory compliance in the sustainability area. The Sustainability function reports to the CFO.

Topics we work with

- Implementation and monitoring of Group-wide sustainability agenda.
- Regulatory compliance and reporting.
- Sustainability communication.
- Certifications.
- Group-wide initiatives.
- Training.

Completed in 2023

- Conducted a double materiality assessment and a gap analysis for the implementation of the CSRD.
- Implemented a new whistleblower tool that covers all employees across the Group and allows for anonymous whistleblowing. The tool meets the requirements of the EU Whistleblowing Directive.
- Updated and expanded the annual Taxonomy analysis to include the four new environmental objectives added to the EU Taxonomy Regulation in 2023.
- Expanded procedures for assessing sustainability-related risks and opportunities (due diligence) connected with acquisitions, such as regulatory compliance, codes of conduct and corruption risks.
- Updated and organized the yearly Group-wide training package on the Code of Conduct and Sustainability Policy.

Plans for 2024

- Implement measures to comply with CSRD reporting requirements for data covered by this focus area.
- Continue to develop procedures and processes for the collection, analysis and monitoring of sustainability data.
- Continue to develop and systemize the due diligence process in connection with acquisitions with respect to sustainability-related risks and opportunities.
- Increase communication regarding the Group's sustainability commitment to both internal and external target groups.
- Update the Group's Code of Conduct and Sustainability Policy training package.

Long-term ambitions

- Develop a risk management process for our actual and potential impact on human rights. The HRDDD is expected to enter into force and cover Addnode Group from 2026.
- If necessary, evaluate further development and expansion of the Group's sustainability reporting to satisfy new internal priorities or external expectations and standards.

Sustainability governance and management, cont.

Sustainability function responsible for the sustainability agenda and regulatory compliance

Addnode Group has a central Sustainability function. Addnode Group has a central Sustainability function that is responsible for leading, supporting and monitoring the implementation and development of the Group's sustainability agenda. Operational responsibility for implementing the sustainability agenda rests with each division.

The Sustainability function is also responsible for leading the Group's forum for sustainability issues, with representatives from all divisions. The forum works on compliance and development and other activities within the framework of the sustainability agenda.

Finally, the Sustainability function is also responsible for managing the Group's strategic development and regulatory compliance related to sustainability, and for ensuring that the Group satisfies external stakeholders' expectations with respect to sustainability reporting.

In addition to the Sustainability function's formal responsibilities, it also serves an internal coordination role. This means that it coordinates the Group companies and divisions when it comes to various activities, exchanging best practice or defining consistent working methods. It may also involve satisfying the need for more depth and understanding of specific sustainability issues.

Subsidiaries' own activities

Much of the day-to-day sustainability work is conducted by the Group's subsidiaries. Our companies work on activities and initiatives based on their own assessments and assumptions of what applies to each business. Some companies have decided to ISO certify their operations in the environmental segment, others are setting goals for their share of projects that contribute to the UN SDGs, and many companies are also taking the initiative to make various choices that consider social factors and the environment at their local workplaces. It is also common for companies to have their own business-specific codes of conduct and policy documents, including procurement policies and travel policies, that support their sustainability governance.

Management systems and certifications

For many of our subsidiaries, certifications determine how different activities are managed and are often prerequisites for qualifying as providers in certain customer segments. Addnode Group's subsidiaries held, or were working to obtain, the following certifications at the end of 2023:

- All of Technia's major offices are ISO 9001 quality management certified and ISO 14001 environmental management certified. Technia in Karlsruhe (Germany), Kista (Sweden), Milton Keynes (the UK), Nieuwegein (the Netherlands) and Pune (India) are ISO 27001 information security certified.
- Service Works Global (SWG) is ISO 9001 quality management certified, and ISO 27001 information security certified in all regions apart from the Nordics. In Sweden, SWG meets the information security requirements of the Swedish Association of Local Authorities and Regions' KLASSA tool.
- Decerno is ISO 27001 information security certified.
- Decerno and Sokigo are FR 2000 certified, an integrated management system for quality, the environment, occupational health and safety, and recruitment.
- Decisive is working to obtain the Norwegian environmental management system certification Miljøfyrtårn in 2024.
- Forsler & Stjerna and Symetri UK are working to obtain ISO 9001 quality management certification in 2024.
- Sokigo and Canella are working to obtain ISO 27001 information security certification in 2024.

Whistleblower function

In 2023, Addnode Group has implemented a new whistleblower tool that makes it possible to report suspicions of serious irregularities anonymously. The tool and the anonymous reporting option are available to all employees across the Group. For those Addnode Group companies that are also covered by the EU Whistleblowing Directive, which applies from December 17, 2023, the tool is also adapted to meet the legal requirements.

The whistleblower tool can be used by employees and other external stakeholders to report issues whose nature makes it difficult to openly address them with a manager or other company representative. Information on the types of issues for which the whistleblower tool is intended is provided in the channels where the tool is provided, such as on the website. Information on the whistleblower function is included in the training on Addnode Group's Code of Conduct and Sustainability Policy, which all employees take part in once a year.

Addnode Group's whistleblower function is presented on addnodegroup.com

Training on our Code of Conduct and Sustainability Policy

Addnode Group's Group-wide Code of Conduct and Sustainability Policy is approved yearly by the Board of Directors, with the first version approved in 2021. This document sets a foundation for our sustainability work and day-today conduct in a number of key areas that include consideration for people, communities and the environment.

To ensure all staff are familiar with the expectations imposed on them, and how we should assume collective responsibility for complying with our Code of Conduct and Sustainability Policy, all employees must take web-based training. This training package was first launched in 2021 and has been conducted every autumn since.

The content is updated yearly, but the basic structure is unchanged. It has five parts:

1. An introduction to sustainability and the specific issues that are current and relevant to Addnode Group's operations.
2. Our five focus areas.
3. Our Code of Conduct and ethics issues.
4. Our values and corporate culture.
5. Our whistleblower function.

The training package takes about 30 minutes and consists of text components, interactive elements and exercises, and videos of the CEO to reinforce the content and message.

Addnode Group's Code of Conduct and Sustainability Policy is available at addnodegroup.com

Key performance indicator

Share of employees that have taken the training on our Code of Conduct and Sustainability Policy

The activity we have chosen to monitor in this focus area is for all employees to be familiar with our Code of Conduct and Sustainability Policy. We achieve this by all staff taking web-based training each year. The results are monitored by division and for the Group overall.

Definition

- Number of employees that have taken the Group-wide web-based training on the Code of Conduct and Sustainability Policy in relation to the total number of employees.
- Employees are defined as permanent, part-time and project staff.

Sample

All employees.

Performance in 2023

Share of employees that have taken the Group's Code of Conduct and Sustainability Policy training: 76 (73) %.

Reporting according to the EU Taxonomy Regulation

Article 8 of EU Regulation 2020/852.

Taxonomy Regulation – background

The Taxonomy Regulation is a key component of the European Commission's action plan to direct capital flows towards a more sustainable economy. The EU Taxonomy Regulation sets a framework that is designed to help investors identify and compare environmentally sustainable investments through a collective classification system for environmentally sustainable economic activities. The Taxonomy Regulation covers 13 sectors, generating an estimated 95 percent of emissions in the EU.

For a specific economic activity to qualify as environmentally sustainable, it must make a substantial contribution to one or more of the six established environmental objectives, do no significant harm to any of the other objectives, and meet certain minimum safeguards within sustainability. It also requires the activity to comply with technical screening criteria established by the European Commission in delegated acts to the Regulation. The Taxonomy Regulation is based on a binary approach, which means that an economic activity is either environmentally sustainable or it is not.

Companies with over 500 employees, whose securities are traded on a regulated market and are thereby subject to the EU Non-Financial Reporting Directive (NFRD), must include information on how, and the extent to which, their operations are associated with Taxonomy-aligned activities in their Sustainability Reports.

Pursuant to the Taxonomy Regulation, two analyses have been conducted. The first involved an assessment of Addnode Group's economic activities, while the second involved an analysis of whether the Group has purchased products and services from suppliers with Taxonomy-aligned activities.

Analysis of Addnode Group's activities

Addnode Group, whose activities are included in the Taxonomy's industry definition "Information and communication," will be evaluated based on activity descriptions for four of the six environmental objectives currently included in Taxonomy Regulation: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, and the transition to a circular economy.

To assess which economic activities that are relevant to Addnode Group, the Taxonomy Regulation and delegated acts need to be interpreted. After a review and analysis of the Group's digital solutions and services, five economic activities have been identified in the delegated acts for the information and communication sector that are most relevant for Addnode Group to consider.

Nuclear and fossil gas related activities:

This table is not reported since Addnode Group does not carry out, fund or have exposures to nuclear and fossil gas related activities. Tables 1–5 of Annex XII of Delegated Regulation (EU) 2022/1214 are not deemed to relevant and are not reported as none of the companies carry out nuclear or fossil gas related activities. Table 1 would only contain "No" in all fields.

1. Data processing, hosting and related activities (Annex I, Chapter 8.1 of the Commission Delegated Regulation supplementing Regulation (EU) 2020/852)

Addnode Group does not provide any dedicated hosting services. A limited portion of the Group's digital solutions are delivered as SaaS services, where hosting is an integrated component. However, most of the content of these SaaS services comprises software, while technical hosting is a very limited part that cannot be separated. Accordingly, the assessment is that Addnode Group does not have any activities in this business segment that could make a substantial contribution to climate change mitigation.

2. Data-driven solutions for GHG emissions reductions (Annex I, Chapter 8.2 of the Commission Delegated Regulation supplementing Regulation (EU) 2020/852)

Addnode Group's digital solutions, as described on page 40 of the Sustainability Report and elsewhere, can be used to promote positive sustainability effects, such as reduced consumption of energy or resources, in customers' operations or in their offerings to their customers. However, the solutions that Addnode Group offered in 2023, in and of themselves, are not directly considered to make a substantial contribution to reducing GHG emissions. Accordingly, the assessment is that Addnode Group does not have any activities in this business segment that could make a substantial contribution to climate change mitigation.

3. Computer programming, consultancy and related activities (Annex II of the Commission Delegated Regulation, Chapter 8.2)

Proprietary software and related services are part of Addnode Group's offerings in all three of the Group's divisions. However, the solutions are not enabling activities directly intended to make a substantial contribution to preventing or mitigating the negative consequences of climate change. Nor is there any need to take action to make Addnode Group's own operations resilient to climate change. Accordingly, the assessment is that Addnode Group has neither turnover from any activity that can make a substantial contribution to climate change adaptation nor CapEx or OpEx to make the Group's own operations resilient to climate change.

4. Provision of IT/OT data-driven solutions that contribute substantially to the sustainable use and protection of water and marine resources (Annex I, Chapter 4.1 of Commission Delegated Regulation (EU) 2023/2486)

The Addnode Group company Sokigo (formerly S-Group Solutions) conducts activities that provide solutions for documentation, operation, maintenance and renewal planning of water networks. However, according to the Taxonomy, only information technology (IT) and operational technology (OT) solutions that control, manage, reduce and mitigate leakage in water supply systems qualify as contributing to the sustainable use and protection of water and marine resources. Accordingly, the assessment is that Addnode Group does not have any activities that contribute to this environmental objective.

5. Provision of IT/OT data-driven solutions that contribute substantially to the transition to a circular economy (Annex II, Chapter 4.1 of Commission Delegated Regulation (EU) 2023/2486)

Addnode Group's company Symetri offers software for the design of buildings, infrastructure, machinery, components and products. The software can be used to optimize design and production processes based on different variables that can affect resource and energy efficiency. Addnode Group's company Technia offers software for the design of vehicles, machinery, components, products and services. The software can be used to optimize and simulate design and production processes and to document and analyze design and manufacturing from a lifecycle perspective. These optimization, simulation and analysis systems include support for taking into account different variables that can contribute to circularity and to resource and energy efficiency.

According to the Taxonomy, only software built for the following purposes qualifies as contributing substantially to the transition to a circular economy: remote monitoring and predictive maintenance; tracing of materials, products and assets through value chains; lifecycle assessment; lifecycle performance management; eco-design; and supplier management. Several of the software products offered by companies in Addnode Group can be used for these purposes, but the assessment is that the customers' primary intention in investing in these software products is not to contribute to the transition to a circular economy. Accordingly, the overall assessment is that Addnode Group does not have any activities that contribute substantially to this environmental objective.

Summary

Based on the above analysis, Addnode Group's assessment is that the Group's economic activities are not Taxonomy-eligible. This means that neither its CapEx nor OpEx related to the above economic activities are Taxonomy-eligible.

Analysis of Addnode Group's procurement of products and services from suppliers with Taxonomy-aligned activities

Individual Taxonomy-eligible CapEx/OpEx

The Taxonomy reporting may also include other CapEx and OpEx associated with the purchase of products and services related to other economic activities than those stated above. These are expenditures that contribute to reducing emissions for the reporting entity, if the relevant supplier's economic activity is Taxonomy-aligned.

Addnode Group has identified the following CapEx for procurement related to other economic activities, and that could contribute to emission reductions:

Vehicles, including vehicle leases (code 6.5).

Leases, right-of-use assets under IFRS 16 (code 7.7).

Summary

After a review of the year's CapEx for vehicle leases (SEK 12 m) and new and extended lease contracts in the year (SEK 203 m), the conclusion is that none of the CapEx qualifies as Taxonomy-aligned. Addnode Group has a number of hybrid vehicles (powered by an electric motor and a combustion engine), but none of these meet the Taxonomy requirement regarding minimum permitted CO2 emissions. With regard to lease contracts, an analysis has commenced, but it has not yet been possible to obtain information from landlords regarding whether they are Taxonomy-aligned. However, our initial assessment is that only a limited portion of lease contracts are Taxonomy-aligned.

The Taxonomy-eligible CapEx is stated in the table on page 55, under heading A.2.

Reporting according to the EU Taxonomy Regulation, cont.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
		SEK m	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
Total (A.1 + A.2)*																	0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		7,412	100																
Total (A + B)**		7,412	100																

* The proportion of Taxonomy-eligible turnover refers to the part of the net turnover derived from products and services associated with Taxonomy-eligible activities (numerator) divided by the net turnover (denominator). For more information on the Group's accounting policies for net turnover, see note 1 on page 89 of this Annual Report. As described above, for the numerator, we have not identified any economic activities that are Taxonomy-eligible or Taxonomy-aligned. Furthermore, 0 percent of the Group's activities in 2022 were Taxonomy-eligible.

** Total turnover (denominator) corresponds to net sales in the Income Statement on page 79.

Reporting according to the EU Taxonomy Regulation, cont.

Proportion of CapEx From products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code(s) (2)*	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		SEK m	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	12	2														1		
Acquisition and ownership of buildings	CCM 7.7	203	27														20		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**215**	**29**														**22**		
Total (A.1 + A.2)**		**215**	**29**														**22**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		**528**	**71**																
Total (A + B)***		**743**	**100**																

* EU economic activity code.

** The numerator for CapEx is equal to the part of the CapEx relating to investments in assets used to produce products and services that are associated with Taxonomy-aligned economic activities. The numerator also includes individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions. 22 percent of the Group's CapEx in 2022 was Taxonomy-eligible. The increase in 2023 is mainly attributable to a large, newly signed lease in Sweden and additional CapEx via acquired companies.

*** Total CapEx (denominator) corresponds to additions, including capitalised costs that relate to research and development, to the Balance Sheet items property, plant and equipment, intangible assets (excluding goodwill) before any remeasurement, depreciation/amortisation or impairment, and excluding any changes in fair value, as specified in notes 15 and 16 of the Consolidated Balance Sheet, supplemented by additions/changes to classified right-of-use assets pursuant to IFRS 16, as specified in note 15. Additional purchases through business combinations are also included.

Reporting according to the EU Taxonomy Regulation, cont.

Proportion of OpEx From products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
		SEK m	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
Total (A.1 + A.2)*																	0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		55	100																
Total (A + B)**		55	100																

* The numerator for OpEx is equal to the part of OpEx included in the denominator that is related to assets or processes associated with Taxonomy-eligible economic activities. Addnode Group has not identified any Taxonomy-eligible or Taxonomy-aligned OpEx. Taxonomy-eligible OpEx was also 0 percent in 2022.

** Under the EU Taxonomy, and pursuant to the regulation, total OpEx (denominator) is defined as direct non-capitalised costs that relate to research and development (R&D), building renovation measures, short-term leases, maintenance and repair, and direct expenditures relating to the day-to-day servicing of assets, i.e. not total OpEx, but only expenses associated with maintenance of assets associated with Taxonomy-eligible economic activities.

Auditor's opinion regarding the statutory sustainability report

To the Annual General Meeting of Addnode Group AB (publ),
corporate identity number 556291-3185

Engagement and responsibility
It is the Board of Directors who is responsible for the statutory Sustainability Report presented on pages 33–56 for the year 2023 and that it has been prepared in accordance with the Annual Accounts Act.

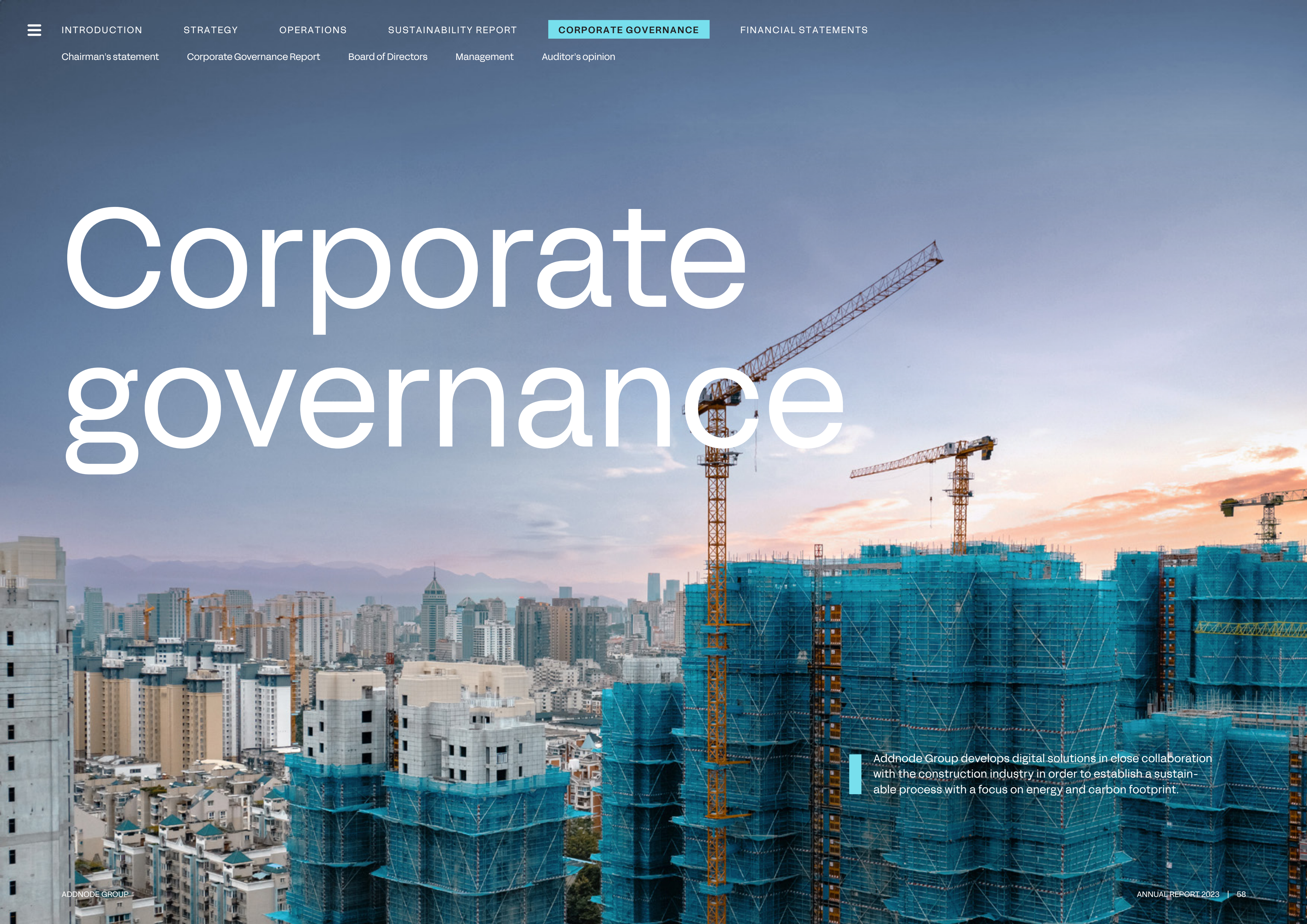
The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory Sustainability Report. This means that our examination of the statutory Sustainability Report is substantially different and less in scope than an 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 opinion.

Opinion
A Sustainability Report has been prepared.

Stockholm, Sweden, 25 March 2024

PricewaterhouseCoopers AB

Anna Rosendal
Authorised Public Accountant



Corporate governance

Addnode Group develops digital solutions in close collaboration with the construction industry in order to establish a sustainable process with a focus on energy and carbon footprint.

Growth through sound risk-taking

As always in an industry under constant change, 2023 was an eventful year for Addnode Group. Innovative solutions, a focus on growth, strong leadership and sound risk-taking have enabled us to progress and provided us with an outstanding position in the market.

We are growing in the USA

Addnode Group has a successful model for acquisitive growth based on purchasing selected companies with relatively low risk. Our international expansion continued in 2023 through the acquisition of Team D3, making the USA our largest market. This also presents new challenges for the Board and management in ensuring that we have a sufficiently broad range of skills and that our governance and management models work well, even in a relatively new market.

Employee focus

During the year, we were involved in our internal innovation competition Addventure and supported our trainee program. We evaluated key employees and, in close cooperation with management, participated in their recruitment. We also reviewed and updated our succession planning to ensure the continuity and success of Addnode Group in the long term.

Improving efficiency in challenging times

2023 was characterized by a generally unstable environment and market uncertainty in the segments in which we operate, particularly in the construction industry. Despite a challenging backdrop, the Group followed its growth strategy. At the same time, as the Group conducts numerous acquisitions on an ongoing basis, it is important to ensure a healthy earning capacity. For the Board, this meant that efficiency issues were high on the agenda in 2023. The Board has played an active role in ensuring that the Group's values and governance principles – with a high degree of responsibility and authority assigned to its subsidiaries – continue to work in a growing organization.

Increased focus on sustainability

The new EU Corporate Sustainability Reporting Directive (CSRD) entails greater responsibility for those of us on the Board. We have prepared for the new and more comprehensive sustainability reporting required, including performing a double materiality assessment and gap analysis. We regard engagement in sustainability issues as a matter of course, partly because the products and services of our company have the potential to contribute to a better society and partly because we ourselves must take responsibility for ensuring that our own operations are sustainable. Sustainability is a key factor in attracting and retaining customers, employees and investors.

New auditor

As a listed company, we need to change auditors periodically and 2023 was the last year for our current accounting firm. The Board of Directors, through the Audit Committee, has evaluated a number of relevant accounting firms. A key criterion in the selection process was that we are looking for a firm with a global organization.

Remuneration and incentives

In 2023, the Board of Directors, through the Remuneration Committee, also reviewed and updated our remuneration guidelines for senior executives. The changes during the year include the establishment of criteria that create incentives for prioritizing sustainability issues.

Another issue that the Board has been addressing through the Remuneration Committee is the structure of our long-term incentive program for Group Management and other senior executives in the organization.

Ready for 2024

Finally, I would like to thank all of our leaders and employees who did their utmost to create value in Addnode Group and its subsidiaries in 2023. We are entering 2024 with world-class products and services, customers who want to grow with us, and teams who are ready to deliver.

STAFFAN HANSTORP
CHAIRMAN OF THE BOARD

Addnode Group's Corporate Governance Report

Addnode Group's governance is formalized by external regulations and internal governance documents. External regulations include the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers, and other applicable legislation and regulations. Internal governance documents include the Articles of Association adopted by the AGM, the Board's Rules of Procedure, and the Board's instructions for the CEO as well as the Group's Code of Conduct and Sustainability Policy.

Addnode Group AB ("Addnode Group") applies the Swedish Corporate Governance Code (also referred to as "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 provisions, but in such cases, must provide an explanation for the departure. Addnode Group's deviations from the Code for 2023 relate to the composition of the Nomination Committee and are described in the section "Nomination Committee for the 2024 AGM" below.

No breaches of applicable stock market rules or generally accepted practice on the stock market were reported with respect to Addnode Group by Nasdaq Stockholm's Disciplinary Committee or the Swedish Securities Council in 2023.

For more information

- Nasdaq Stockholm, nasdaqomxnordic.com
- The Swedish Code of Corporate Governance, bolagsstyrning.se
- The Swedish Financial Supervisory Authority, fi.se
- Addnode Group's website, addnodegroup.com

Significant events in 2023

- On January 2, Addnode Group moved up to the Large Cap segment.
- After a resolution by Addnode Group's AGM in May 2023, Addnode Group created an additional long-term incentive program. Some 40 managers and senior executives subscribed for 201,000 call options.
- In June 2023, supported by authorization from the 2023 AGM, Addnode Group's Board of Directors decided on the repurchase of class B shares. The main purpose of using this authorization was to enable delivery of shares associated with the implementation of Addnode Group's share-based incentive program. 180,000 class B shares were repurchased on Nasdaq Stockholm in August 2023, which remained in treasury as of December 31, 2023. Accordingly, the total number of treasury shares as of December 31, 2023 was 1,210,000.
- Kristina Elfström Mackintosh was appointed as the Group's new CFO in October 2023. She took up her position in December 2023. Lotta Jarleryd, who held the corresponding role previously, left the Group in October 2023.

Ownership structure and voting rights

Addnode Group is affiliated to Euroclear Sweden AB. This means that no share certificates are issued and that Euroclear Sweden maintains a register of the company's shareholders and nominees.

Addnode Group's share capital is made up of class A and class B shares. Class A shares carry ten votes each, and class B shares carry one vote each. Class A and B shares are entitled to dividends. All shares are equally entitled to the company's assets. On request from the holder, class A shares can be converted to class B shares.

On December 29, 2023, Addnode Group had 7,279 shareholders, and the proportion of foreign ownership was 18 percent. The proportion of institutional ownership was 78.6 percent.

Aretro Capital Group AB was the largest shareholder with 5.4 percent of the share capital and 17.5 percent of the votes. Aretro Capital Group AB is jointly owned via companies by Addnode Group's Chairman, Staffan Hanstorp, and Jonas Gejer, Vice President of Business Development for Addnode Group. Verg AB is the second largest shareholder, with 1.1 percent of the share capital and 8.5 percent of the votes, followed by Lannebo Fonder with 10 percent of the share capital and 7.9 percent of the votes, and SEB Fonder with 8.6 percent of the share capital and 6.8 percent of the votes.

Nomination Committee

The 2023 AGM resolved to instruct the Chairman of the Board to contact the four largest shareholders (in terms of votes) in Euroclear Sweden's share register as of August 31, 2023, to each appoint a representative who is not a member of the company's Board, to form the Nomination Committee for the 2024 AGM along with the Chairman of the Board.

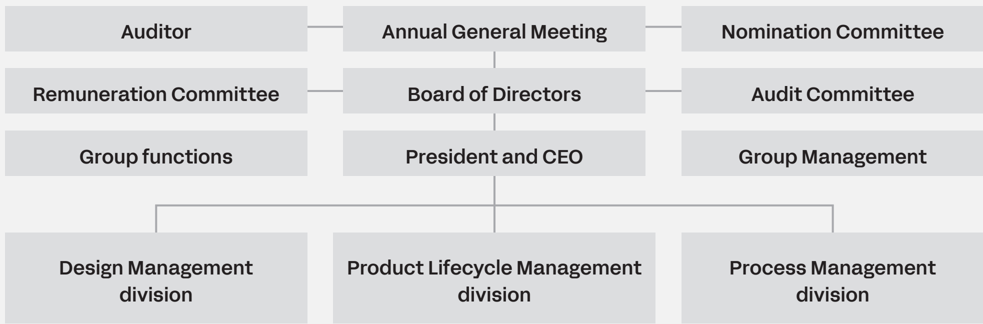
The Chair of the Nomination Committee will be that member appointed by the largest shareholder in terms of votes, unless its members decide otherwise. The Chairman of the Board should not serve as Chair of the Nomination Committee.

The duty of the Nomination Committee is to protect the interests of all shareholders and submit recommendations to the following year's AGM on the following:

- Chair of the AGM
- Board members
- Chairman of the Board
- Fees for each Board member
- Fees for committee work
- Nomination Committee for the following year
- Auditors and audit fees

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

GOVERNANCE



Corporate Governance Report, cont.

Nomination Committee for the 2024 AGM
The composition of the Nomination Committee was announced in a press release that was published on October 12, 2023 and is also uploaded to Addnode Group's website.

- Jonas Gejer, appointed by Aretro Capital Group AB. Jonas Gejer is Chair of the Nomination Committee as representative of the largest shareholder in terms of votes.
- Claes Murander, appointed by Lannebo Fonder.
- Marianne Nilsson, appointed by Swedbank Robur Fonder.
- Andreas Wollheim, appointed by SEB Investment Management.
- Staffan Hanstorp, Chairman of the Board of Addnode Group.

All Nomination Committee members, apart from Jonas Gejer and Staffan Hanstorp, are independent of the company and Group Management as well the largest shareholder in terms of votes.

Addnode Group, through its Nomination Committee, applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy when considering recommendations for the election of Board members. Ahead of the 2024 AGM, the Nomination Committee met on five occasions until the date of publication of this Annual Report. The Nomination Committee represented approximately 39 percent of the votes as of December 29, 2023. As the basis for the Nomination Committee's work, the company's CEO made a presentation on the company's operations and strategic direction. In addition, the Chairman of the Board presented an annual appraisal of the performance of the Board members. The Chairman of the Board also reviewed the work of the Board in the year.

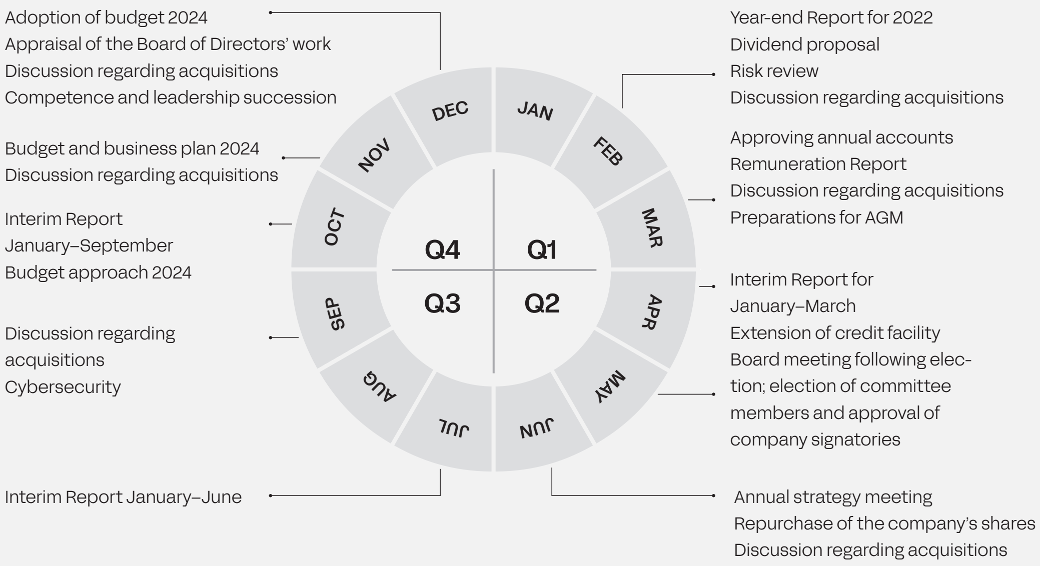
The composition of the Nomination Committee deviates from rule 2.3, second paragraph, of the Code, which states that the CEO or other member of company management shall not be a member of the Nomination Committee. Jonas Gejer holds the position of Vice President Business Development and is part of Addnode Group's Group Management. He is one of two owners of Aretro Capital Group AB, which is the largest shareholder in Addnode Group AB in terms of votes. Jonas Gejer has been with the Group for 20 years and has a good understanding of and insight into the Group's operations. He was also one of the founders of Technia, which today forms the Group's Product Lifecycle Management division. Against this background, the Nomination Committee considers a deviation from the Code to be justified.

Annual General Meeting
The Annual General Meeting (AGM) is Addnode Group's chief decision-making body. Shareholders exercise their right to make decisions on Addnode Group's affairs at AGMs or, where applicable, at Extraordinary General Meetings (EGMs). The AGM is normally held in April or May.
The AGM resolves on the following:

- Adopting the annual accounts
- Dividend
- Election of Board members and auditors
- Board and audit fees
- Guidelines for remuneration of Group Management and other senior executives
- Nomination Committee
- Remuneration Report
- Other important matters

An EGM may be held if the Board deems it necessary or if Addnode Group's auditors or owners of at least 10 percent of the shares so request.

HIGHLIGHTS OF THE BOARD OF DIRECTORS' WORK IN 2023



2023 Annual General Meeting

The 2023 AGM was held on May 4, 2023. Staffan Hanstorp was elected as Chairman of the AGM, in accordance with the Nomination Committee's proposal. The minutes of the AGM are available on Addnode Group's website.

Staffan Hanstorp was re-elected Chairman of the Board. In accordance with the Nomination Committee's proposal, Board members Jan Andersson, Kristofer Arwin, Johanna Frelin, Thord Wilkne and Kristina Willgård were re-elected, and Petra Ålund was elected as a new Board member. Sigrun Hjelmquist declined re-election. The AGM approved the Nomination Committee's proposed Board fees and the Board's proposed guidelines for remuneration and terms of employment for the CEO and other senior executives. The AGM resolved to adopt the Board of Directors' proposed dividend of SEK 1.00 per share for the 2022 financial year.

The AGM also resolved on the adoption of an additional long-term share-based incentive program ("LTIP 2023") for managers of Addnode Group, which means that participants will gain the opportunity to acquire call options on Addnode Group's repurchased class B shares at market price. The number of call options to be issued may be a maximum of 440,000, corresponding to approximately 0.33 percent of the total number of shares and approximately 0.26 percent of the total number of votes in Addnode Group. Each call option carries entitlement to purchase one (1) repurchased class B share in the company in specific stipulated periods from the day after publication of the Interim Report for July–September 2026, the Year-end Report for 2026, and the Interim Report for January–March 2027, albeit no later than June 10, 2027 inclusive.

Authorizations granted by the AGM

The AGM authorized the Board to decide, on one or more occasions in the period until the next AGM, to purchase a maximum number of class B shares so that the company's holding following such purchase would be an aggregate maximum of 10 percent of the total number of shares in the company at any given time. The Meeting also authorized the Board to decide, on one or more occasions prior to the next AGM, 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 reasons for allowing the Board to depart from shareholders' preferential rights include enabling the financing of potential company acquisitions and other types of strategic investment in a cost-efficient manner, and enabling the delivery of shares associated with implementing the company's long-term share-based incentive program. Up to and including the date of publication of this Annual Report, 180,000 shares had been purchased with this authorization, and all shares remain in treasury.

The AGM also authorized the Board to decide, on one or more occasions in the period until the next AGM, on the new issue of class B shares, with or without waiving shareholders' preferential rights. The total maximum number of class B shares that could be issued with support with this authorization is 10 percent of the outstanding class B shares in the company at the time of the first exercise of the authorization. This authorization should also include entitlement to decide on the new issue of class B shares with provisions on payment in kind, or shares to be subscribed with right of offset or other terms and conditions stated in Chapter 13, Section 7 of the Swedish Companies Act. The reason for departing from shareholders' preferential rights is to enable private placements to execute acquisitions of all or parts of other companies or operations.

The Board of Directors

The Board of Directors has overall responsibility for Addnode Group's organization and administration.

The Board's duties

The Board of Directors' main duty is to protect the company's and shareholders' interests, appoint the CEO and bear responsibility for the company's compliance with applicable laws, the Articles of Association and the Swedish Corporate Governance Code.

Each year, the Board reports to the shareholders on how corporate governance in Addnode Group is exercised in the Corporate Governance Report. The Board's work governed by regulatory structures including 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 considers and decides on Group-wide matters, including:

- Strategic direction.
- Short and long-term targets.
- Significant matters such as financing, investments, acquisitions and divestments.
- Monitoring and verification of information and organizational matters, including evaluation of the Group's organization and executive management.
- Appointment and, where necessary, dismissal, of the company's CEO.
- Overarching responsibility for establishing effective systems for internal control and risk management, and Group-wide policies.

The Board's composition

According to the Articles of Association, Addnode Group AB's Board of Directors should 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, although there are currently no deputies elected by the AGM. The Articles of Association contain no general stipulations on the appointment or dismissal of Board members. The Board of Directors has seven members. For more information on the Board members, see page 67.

Board member independence

According to the Code, a majority of Board members elected by shareholders' meetings should be independent of the company and its management, and at least two should also be independent of the company's major shareholders. Addnode Group's Board of Directors is considered to satisfy this requirement on Board member independence. All Board members, apart from Staffan Hanstorp, are considered independent. Chairman of the Board Staffan Hanstorp was formerly President and CEO of Addnode Group AB, and through his part-ownership of Aretro Capital Group AB, is the largest shareholder of Addnode Group in terms of votes, and accordingly, is not considered independent of the company and its management, or the company's major shareholders.

Corporate Governance Report, cont.

The Board's Rules of Procedure and Board meetings
Each year, the Board adopts written Rules of Procedure stating the Board's responsibilities and regulating the Board's and its committees' internal delegation of duties, including the Chairman's role, the Board's decision-making processes, notices convening Board meetings, agendas and minutes, and the Board's work on accounting and audit issues, as well as financial reporting. Decisions on amendments of these instructions may be made at Board meetings in the course of the financial year if the Board deems it necessary.

According to the Rules of Procedure, the Chairman should:
- Consult with the CEO on strategic issues and, through regular and frequent contact with the CEO, closely monitor Addnode Group's performance.
- Lead the Board's work and ensure that the Board members continuously receive the information required to monitor business performance.
- Consult with the CEO on 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 CEO and other company functions on issues that require the Board's approval. The instructions stipulate the maximum amount that the various decision-making bodies of the Group are authorized to approve in terms of agreements, credit facilities, investments and other expenditure. According to the Rules of Procedure, a Board meeting following election should be held immediately after the AGM. Decisions on Addnode Group's authorized signatories and the Board members to serve on the Board's two consultative committees, the Remuneration Committee and the Audit Committee, are taken at this meeting. Although committee work is mainly consultative and advisory, in special cases, the Board may delegate decision-making authority to the committees. According to the Rules of Procedure, the Board should meet at least four times per year, and when necessary otherwise.

The Board's work in 2023
The Board held 13 meetings in 2023, of which one was the Board meeting following election held directly in conjunction with the AGM. All Board meetings in the year followed an approved agenda, which was provided to the Board members prior to each meeting with supporting documentation for each agenda item. 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 discussion. The President and CEO attends Board meetings to make presentations. The CFO serves as secretary of the Board. Division presidents are invited to Board meetings on a regular basis to present reviews of their operations.

Other Group employees attend Board meetings to report on specific matters when the Board deems it necessary. Permanent agenda items at Board meetings include a presentation by the CEO and monthly financial reporting as well as the outlook for the coming quarter.

In addition, the Board dealt with a number of other matters at its meetings in 2023, with special attention on the following:
- Strategy and acquisition matters.
- Financing and extension of the existing credit line.
- Business plan including budget.
- Code of Conduct and sustainability.
- Competence, leadership succession and incentive programs.
- Reports from the Audit Committee on matters including internal controls and the audit.
- Corporate governance issues.
- Full-year and interim financial statements.
- Review of risk matrices covering business and market risks as well as sustainability issues.
- Cybersecurity.
- Purchase of the company's shares.
- Dividend proposal for the financial year.

BOARD MEMBERS AND MEETING ATTENDANCE, 2023

Name	Function	Committee position	Elected in	Independent of company and management/shareholders	Attendance at Board meetings	Class A shares	Class B shares
Staffan Hanstorp[1)]	Chairman of the Board	Chair of Remuneration Committee	2017	No/No	13/13	2,501,328	4,738,496
Jan Andersson	Board member	Chair of Audit Committee	2012	Yes/Yes	13/13	–	60,000
Kristofer Arwin	Board member	Member of Audit Committee	2012	Yes/Yes	13/13	–	8,720
Johanna Frelin	Board member	–	2017	Yes/Yes	13/13	–	180
Sigrun Hjelmquist[2)]	Board member	Member of Audit Committee	2009	Yes/Yes	3/13	–	0
Thord Wilkne[3)]	Board member	Member of Remuneration Committee	2008	Yes/Yes	13/13	–	1,740,000
Kristina Willgård	Board member	Member of Audit Committee	2020	Yes/Yes	13/13	–	2,000
Petra Ålund[4)]	Board member	–	2023	Yes/Yes	9/13	–	2,000
						2,501,328	**6,551,396**

1) Including 2,501,328 class A shares and 4,783,496 class B shares held by Aretro Capital Group AB, in which Staffan Hanstorp holds 50 percent of the shares via companies.
2) Stepped down at the AGM on May 4, 2023 and thus no shareholding is reported. Was a member of the Audit Committee until May 4, 2023.
3) Including spouse's holding of 140,000 shares.
4) Elected at the AGM on May 4, 2023.
All Board members' shareholdings are as of December 29, 2023. Fees to the Chairman and Board members are stated in note 5 of the annual accounts.

Corporate Governance Report, cont.

Quality-assurance of financial reporting.
The Rules of Procedure adopted each year by the Board include, amongst other things, detailed instructions on the financial reports and information to be provided to the Board. In addition to the Year-end Report, Interim Reports and the annual accounts, the Board reviews and evaluates extensive financial information relating to the Group as a whole and its various units. The Board also considers information on risk assessments, disputes and any impropriety that may impact Addnode Group's financial position. Primarily through the Audit Committee, the Board also reviews the critical accounting policies the Group applies for financial reporting as well as significant amendments to policies. The duties of the Audit Committee include reviewing reports on internal controls and financial reporting procedures.

The Group's auditors report to the Board at least once per year and whenever necessary. At least one of these reports is presented without the CEO or any other member of Group Management being in attendance. The Group's auditors also attend Audit Committee meetings. The Audit Committee Chair presents a report to the Board after each meeting. All Audit Committee meetings are documented by minutes, which are available to all Board members and the auditors.

Assessment of the Board of Directors
The Board performs an annual self-assessment of its work. All Board members are requested to complete a written questionnaire on working methods and sentiment within the Board, the focus of the Board's work, and the availability of, and need for, specific expertise on the Board. The Board members' written responses are then compiled in a report. Pursuant to the Rules of Procedure, this report is presented and the outcomes of the assessment are discussed at a regular Board meeting. This assessment is used as a means to develop the Board's work and serves to support the work of the Nomination Committee.

Board fees
Fees paid to the AGM-elected Board members are set by the AGM based on the Nomination Committee's recommendation. For the period between the AGMs in 2023 and 2024, a fixed fee of SEK 540,000 (520,000) is payable to the Chairman of the Board, and SEK 270,000 (260,000) is payable to each of the other Board members. In addition, a fee may be payable on account for special service (consulting, etc.) by Board members in their individual areas of expertise, provided that such service is approved in advance by the Chairman of the Board or by two Board members. A fee of SEK 105,000 (100,000) is payable to each of the two regular members of the Board's Audit Committee, and a fee of SEK 145,000 (140,000) is payable to the Chair of the Audit Committee. A fee of SEK 55,000 (50,000) is payable to each of the members of the Remuneration Committee. The AGM also resolved to continue using the services of Chairman of the Board Staffan Hanstorp on a consultancy basis for service related to the Group's acquisition candidates, financing matters, strategic partnerships and overarching strategic issues. A maximum monthly fee of SEK 180,000 is payable for such service.

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. Although committee work is mainly consultative and advisory, in special cases, the Board may delegate decision-making authority to the committees. Committee members and the Committee Chairs are appointed at each year's Board meeting following election.

Remuneration Committee
The Remuneration Committee's main duty is to represent the Board on matters concerning remuneration and terms of employment of the CEO and other senior executives based on the guidelines for remuneration and terms of employment of the CEO and other senior executives adopted by the AGM. The Committee reports on its work to the Board regularly. The Remuneration Committee's members are Chairman of the Board Staffan Hanstorp and Board member Thord Wilkne. The Remuneration Committee held four meetings in 2023.

Audit Committee
The Audit Committee's main duty is to monitor procedures governing Addnode Group's financial reporting and internal controls in order to ensure the quality of external reporting. The Audit Committee's members are Board members Jan Andersson (Committee Chair), Kristofer Arwin and Kristina Willgård. The Audit Committee held five meetings in 2023. All members attended all meetings. The Audit Committee's duties include:

- Reviewing the financial statements and addressing accounting issues that impact the quality of the company's financial reporting.
- Monitoring the effectiveness of internal controls over financial reporting, including risk management.
- Supervising the audit and evaluating the work of the auditors.
- Evaluating auditor objectivity and independence.
- Assisting the Nomination Committee.

Auditor
The auditor is appointed by the AGM and reports on its audit of the annual accounts, accounting records and the consolidated accounts as well as on the Board of Directors' and CEO's administration of Addnode Group. The auditor also conducts a review of the Nine-month Interim Report.

The AGM 2023 re-elected registered public accounting firm PricewaterhouseCoopers AB (PwC), with Authorized Public Accountant Anna Rosendal as senior auditor. To ensure compliance with the information and control standards applied by the Board, the auditor attends Audit Committee meetings and reports on all material accounting issues as well as on any misstatements or impropriety. The auditor also reports directly to the Board of Directors at Board meetings, at least once a year.

The fees paid by Addnode Group to the auditors, for both audit and non-audit assignments, are specified in note 6 of the annual accounts, Audit fees.

President and CEO
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 CEO provides the Board with the necessary documentation for its work both prior to and between Board meetings.

Group Management
Group Management consists of the President and CEO, CFO, VP of Business Development, Head of M&A, the Division President, Design Management, the Division President, Product Lifecycle Management, the Division President, Process Management, and the CEO of Symetri. The members of Group Management are responsible for implementing the Group's strategy in their individual

Corporate Governance Report, cont.

areas of responsibility, and bear overall responsibility for Addnode Group on long-term and strategic issues, such as the Group's organization, acquisitions, trademarks and brands, investments and financing. Group Management meetings are held regularly to review the Group's financial performance, acquisitions and Group-wide initiatives as well as strategic discussions. In addition to these scheduled meetings, Group Management also regularly reviews matters as necessary. The President and other members of Group Management are presented on page 68.

Group functions
Addnode Group AB's Finance, Corporate Communication, M&A and Business Development functions are managed by the CEO.

Divisions
The three divisions – Design Management, Product Lifecycle Management and Process Management – make up Addnode Group's operational structure. Pursuant to adopted strategies, division presidents are responsible for the operations of the individual divisions and report to Addnode Group's President and CEO. Division Board meetings are held quarterly to review matters including financial performance, strategic matters, acquisitions, product investments and risk matters. Financial review meetings are also held monthly. In addition to the division presidents, these meetings are attended by division controllers, the CEO and CFO.

Internal controls over financial reporting

The Board of Directors bears overall responsibility for internal controls over financial reporting. The Board has established an Audit Committee to consult on the Board's work on controls over the company's financial reporting. The following has been prepared in accordance with the Swedish Corporate Governance Code and is the Board's review of the company's systems for internal controls and risk management for financial reporting.

Addnode Group's control environment
Addnode Group's control environment includes the values and ethics that the Board, the CEO and Group Management communicate and comply with. They are also defined in the Group's Code of Conduct and Sustainability Policy. This is complemented by the Group's organizational structure, leadership, responsibility and authorizations as well as employee expertise.

The Board works continuously on risk assessment and management. Addnode Group's Board has decided not to create a dedicated internal audit function for internal controls. The Board's opinion is that Addnode Group's existing organization and control structures enable effective operations, identify risks in financial reporting and ensure compliance with applicable laws and regulations. Addnode Group has a decentralized governance model in which governance, risk management and regular financial reporting are conducted primarily by the business divisions. This is backed by a central Finance function responsible for monitoring the divisions' financial reporting, and for external financial reporting.

Responsibilities and authorizations are defined in instructions for rights of authorization, manuals, policies, procedures and the Code of Conduct. Examples include the Articles of Association, the Board's Rules of Procedure, instructions on the segregation of duties between the CEO and the Board, the instructions on financial reporting, the Finance Policy, and the Financial Manual with accompanying Accounting Manual.

These guidelines, together with laws and external regulations, make up the control environment. 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 on internal controls over financial reporting is delegated to the CEO. Group Management and other senior executives are responsible for internal controls in their individual areas of responsibility.

Risk assessment
The Audit Committee regularly assesses the Group's risks related to financial reporting, and reports to the Board. Its aim is to identify events in the market or within operations that could result in changes in the value of assets and liabilities. Another important part of risk assessment involves staying abreast of changes to accounting rules and ensuring that any changes are correctly conveyed in financial reporting. The CFO is responsible for consulting on the Audit Committee's opinions and for operational monitoring of risks identified. The company's monthly financial reporting and the reports that are submitted each month by the division presidents and the managers that report directly to them are an important component of risk assessment.

Control activities
The control structures have been designed to manage the risks that the Board and management deem most material to operations and financial reporting. Addnode Group's control structures consist in part of an organization with clear roles that facilitate the effective and suitable delegation of duties and responsibilities, and in part of instructions and specific control activities aimed at detecting or in time preventing risks of misstatement in reporting. Examples of control activities include:

- Clear decision-making processes and authorization instructions for important decisions (e.g. purchases, investments, agreements, and acquisitions and divestments).
- Monthly earnings and liquidity analyses with variance monitoring from budgets and forecasts.
- Monthly risk assessment of overdue trade receivables and major projects.
- Automatic verifications in IT systems that are essential to financial reporting and other analytical monitoring and reconciliation.
- Self-assessment of internal controls in selected companies.

Monitoring
Control activities are monitored continuously to ensure that risks have been identified and addressed satisfactorily. Monitoring is conducted informally and formally, and involves reconciliation of monthly financial reports against budgets, forecasts and other predetermined targets. Monitoring to ensure the effectiveness of internal controls over financial reporting is conducted by the Board, the CEO, Group Management, and individuals in the Group's divisions and companies who are responsible for operations. A self-assessment process has also been created, where the Group's subsidiaries assess the status of their internal control environment. The outcome is followed up at division and Group levels, and by the Group's auditors. The outcome of these self-assessments are consolidated and presented to the Audit Committee.

Corporate Governance Report, cont.

The Audit Committee reviews reports on internal controls and financial reporting processes as well as analyses by the Group and divisional managements. The company's auditors report to the Audit Committee in tandem with their review of the Nine-month Interim Report, Year-end Report, and annual accounts. The Audit Committee also maintains regular contact with the company's auditors.

Information and communication

Guidelines governing financial reporting are communicated to employees through targeted communication initiatives, regular information meetings with controllers and financial managers within the Group, manuals, and Group-wide policies and codes that are published on Group-wide systems. Such information includes methodologies, instructions and practical checklists, descriptions of roles and responsibilities, and overarching timetables for budgets, forecasts, monthly reports, quarterly book-closings and work on the annual accounts, for example. The CFO is responsible for ensuring that information and training activities are conducted regularly with divisional heads of finance/accounting and administration. The effectiveness of this communication is followed up on a regular basis to ensure receipt of information. In addition, there are informal channels for employees to communicate important information with relevant recipients – ultimately the Board of Directors where necessary.

A new Group-wide whistleblower tool enabling anonymous whistleblowing has been implemented. The tool ensures that Group companies covered by the EU Whistleblowing Directive comply with the requirements as implemented in local legislation. The tool is also made available to other Addnode Group employees and companies that are not covered by the EU Whistleblowing Directive. www.addnodegroup.com/sv/bolagsstyrning/visselblasartjanst

For communication with external parties, an Insider Policy and Communication Policy state guidelines for external communication. The aim of these policies is to ensure correct and thorough compliance with all information obligations.

Financial reporting and information

Addnode Group's procedures and systems for issuing information are intended to provide the market with regular and accurate information about the Group's performance and financial position in accordance with applicable regulations and laws.

Financial reporting and business information are provided on a regular basis through the following channels:

- Year-end and Interim Reports, which are published as press releases.
- Annual Report including Sustainability Report.
- Press releases on significant events.
- Presentations for financial analysts, investors and media on the same day that Year-end and Interim Reports are published and in tandem with the publication of other important information.
- Meetings with financial analysts and investors.

The Board monitors and assures the quality of the financial reporting through instructions on the segregation of duties between the CEO and the Board, and instructions for financial reporting to the Board. The Audit Committee is responsible for consultation on the Board's work on controls over the company's financial reporting. The Board also assures the quality of financial reporting by thoroughly reviewing Interim Reports, Year-end Reports and the annual accounts at Board meetings. The Board also reviews information on risk assessments, disputes and any impropriety. The Board has delegated responsibility to executive management for ensuring the quality of press releases with financial content as well as presentation material in tandem with meetings with the media, shareholders and financial institutions

Board of Directors

Staffan Hanstorp

Born 1957. Board member since 2017. Chairman since 2017. Chair of Remuneration Committee.

Education and experience:
M.Sc. (Eng.), Royal Institute of Technology, Stockholm. Over 35 years' experience as a Sales & Marketing VP, and President, in the IT sector. Founded Technia in 1994, which Addnode Group acquired in 2004. President and CEO of Addnode Group 2007–2017.

Current assignments:
Chairman of the Board of Byggnadsfirman Viktor Hansson AB, advisor to funds and investment companies.

Addnode Group shareholding:
Through companies, 50 percent of Aretro Capital Group AB, which holds 2,501,328 class A shares and 4,738,496 class B shares. Personal holdings of 15,892 class B shares.

Jan Andersson

Born 1959. Board member since 2012 and Chair of Audit Committee.

Education and experience:
M.Sc. (Eng.) in computer engineering. Co-founder of Readsoft, President 1991–2011.

Current assignments:
Chairman of DH Anticounterfeit and Board member of companies including MilDef Group AB, Entrepenörinvest AB, Innovum Invest AB, Loop Venture AB, Localize Direct AB, Gridly AB, Myloc AB and TimeZynk AB.

Addnode Group shareholding:
60,000 class B shares.

Kristofer Arwin

Born 1970. Board member since 2012 and member of Audit Committee.

Education and experience:
B.Sc. in business administration, finance, Stockholm University. Co-founder of TestFreaks, President 2006–2013. Founded Pricerunner in 1999, President 1999–2005. Board member of TradeDoubler 2007–2013, Stagepool 2007–2012, and Alertsec 2007–2017. Board member and member of Audit Committee of Kindred Group 2008–2019.

Current assignments:
Chairman of TestFreaks AB.

Addnode Group shareholding:
8,720 class B shares.

Johanna Frelin

Born 1969. Board member since 2017.

Education and experience:
Journalist, B.A. Luther College, USA, MBA, Stockholm School of Economics. 20 years' management experience, including 12 years in SVT's group management. President of Hyper Island and Tengbom.

Current assignments:
President of Riksbyggen, Board member of Springtime AB and Folksam SAK.

Addnode Group shareholding:
180 class B shares.

Thord Wilkne

Born 1943. Board member since 2008 and member of Remuneration Committee.

Education and experience:
Upper secondary school degree in economics. Co-founder of WM-data, President 1970–1997 and Chairman 1998–2004.

Current assignments:
Board member of companies including Asia Growth Management AB and Wilgot AB.

Addnode Group shareholding:
1,600,000 class B shares. Spouse holds 140,000 class B shares.

Kristina Willgård

Born 1965. Board member since 2020.

Education and experience:
M.Sc. (Econ.) President & CEO of Addlife 2015–2022, CFO of Addtech, Finance Manager of Ericsson AB, CFO of Netwise, CFO of Frontec, Business Controller of Spendrups, auditor with Arthur Andersen, Board member of Serneke Group AB and Nordic Waterproofing Holding A/S.

Current assignments:
Chairman of C-Rad and Board member of Mölnlycke Health Care, AQ-Group, InArea Group and Ernströmgruppen.

Addnode Group shareholding:
2,000 class B shares.

Petra Ålund

Born 1967. Board member since 2023.

Education and experience:
M.Sc. in international economics, Linköping University. Managing Director of Sandvik IT AB 2013–2017. Several senior management positions within IT and R&D at Scania 2002–2013. Head of Global IT Services at SEB 2017–2019.

Current assignments:
Head of Technology (CTO) at SEB since 2019, Member of SEB's Group Executive Committee since 2020.

Addnode Group shareholding:
2,000 class B shares.

Auditor

The 2023 AGM re-elected registered public accounting firm PricewaterhouseCoopers AB (PwC), with Authorized Public Accountant Anna Rosendal as senior auditor. Other audit assignments: Indutrade AB (publ.), Nobia AB (publ.) and Sdiptech Group AB (publ.)

Management

Johan Andersson

Born 1974. President and CEO of Addnode Group AB.
Division President, Design Management.

Education and experience: M.Sc. (Econ.), Uppsala University. Executive Management Program, IFL/Stockholm School of Economics. Served in the Group since 2006 as Vice President of IR and M&A, and as CFO. President and CEO since 2017. Previous experience as an investment bank advisor for tech companies.

Current external assignments: Chairman of Videnca AB.

Addnode Group shareholding: 400,000 class B shares, 18,000 call options on 72,000 class B shares, and 20,000 call options on 20,000 class B shares.

Kristina Elfström Mackintosh

Born 1964. CFO of Addnode Group AB.

Education and experience: M.Sc. in business and economics and studies in business law, IT management, psychology and African politics. Previous assignments include Group CFO of Charge Amps, CFO of Lagercrantz Group, Group CFO of Surewood Industries, CFO of Biosensor and Head of Finance at 3Com Nordic & Benelux. Authorized Public Accountant, Arthur Andersen.

Current external assignments: Founder of Mackintosh Consulting AB. Board member of Stockwik Förvaltning.

Addnode Group shareholding: 2,531 class B shares.

Magnus Falkman

Born 1976. Division President, Product Lifecycle Management.

Education and experience: M.Sc. (Eng.), Chalmers University of Technology, economics qualifications, Gothenburg School of Economics. Active in the Group since 2002 in various senior positions.

Current external assignments: None outside the Group.

Addnode Group shareholding: 2,000 class B shares, 13,000 call options on 52,000 class B shares, and 4,000 call options on 4,000 class B shares.

Andreas Wikholm

Born 1974. Division President, Process Management.

Education and experience: Degree in Public Health Science from Karolinska Institutet. Further education in business management, accounting and business development. 25 years' IT sector experience as Division President, President and other senior positions. Active in the Group since 2015.

Current external assignments: None outside the Group.

Addnode Group shareholding: 109,000 class B shares, 10,000 call options on 40,000 class B shares, and 12,000 call options on 12,000 class B shares.

Jens Kollserud

Born 1979. CEO of Symetri AB.

Education and experience: Upper secondary school degree in economics. Further education in business management and business development. Over 20 years' IT sector experience. Active in the Group since 2009 and CEO of Symetri AB since 2016.

Current external assignments: None outside the Group.

Addnode Group shareholding: 8,000 call options on 32,000 class B shares, and 12,000 call options on 12,000 class B shares.

Jonas Gejer

Born 1963. VP of Business Development, Addnode Group AB.

Education and experience: Upper secondary school degree in engineering and Market Economics degree, IHM Business School. One of three co-founders of Technia in 1994, which Addnode Group acquired in 2004. President of Technia and President of the PLM Division 2011–2020.

Current external assignments: None outside the Group.

Addnode Group shareholding: Through companies, 50 percent of Aretro Capital Group AB, which holds 2,501,328 class A shares and 4,738,496 class B shares. Privately, Jonas also owns 15,892 class B shares, 13,000 call options on 52,000 class B shares, and 28,600 call options on 28,600 class B shares.

Elisabeth Forslin

Born 1971. Head of M&A of Addnode Group AB.

Education and experience: B.Sc. business administration and economics, Örebro University. Over 20 years' experience of senior positions in accounting and finance, including Head of Finance and Head of M&A at AFRY AB (publ). Active in the Group since 2023.

Current external assignments: None outside the Group.

Addnode Group shareholding: 2,000 class B shares, and 3,000 call options on 3,000 class B shares.

Signatures

Stockholm, Sweden, March 20, 2024

The Board of Directors

Auditor's opinion

To the general meeting of the shareholders of Addnode Group AB (publ), corp. ID no. 556291-3185

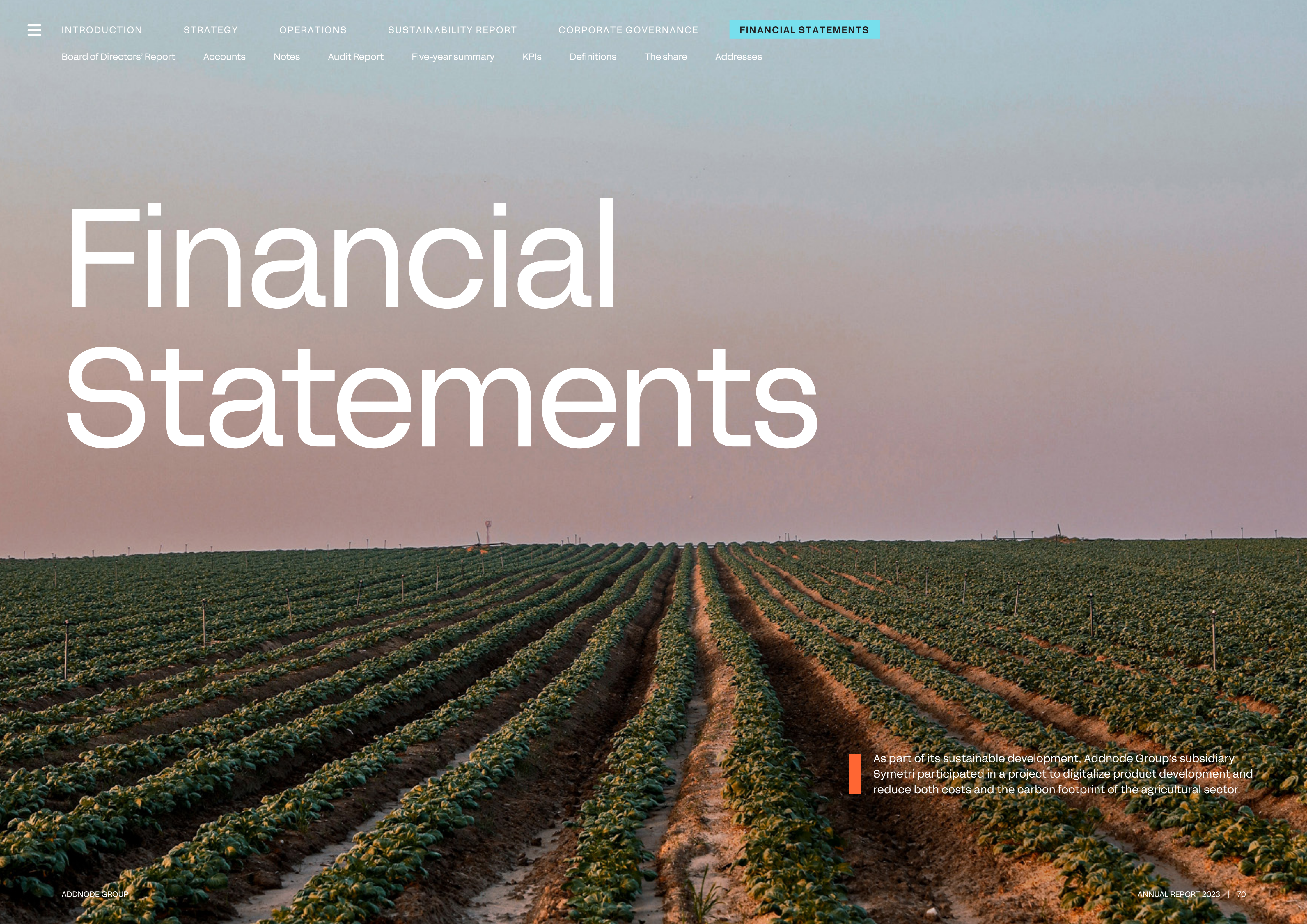
Engagement and responsibility
It is the Board of Directors who is responsible for the corporate governance statement for the year 2023 on pages 56–68 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's recommendation 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.

Opinion
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, Sweden, 25 March 2024
PricewaterhouseCoopers AB

Anna Rosendal
Authorised Public Accountant



Financial Statements

As part of its sustainable development, Addnode Group's subsidiary Symetri participated in a project to digitalize product development and reduce both costs and the carbon footprint of the agricultural sector.

Board of Directors' Report

The Board of Directors and CEO of Addnode Group AB hereby submit the Annual Report and consolidated financial statements for the financial year from January 1 to December 31, 2023. Addnode Group AB (publ), with its registered office in Stockholm, is a public limited liability company with the corporate identity number 556291-3185.

Operational direction

Addnode Group acquires, operates and develops entrepreneur-driven businesses that digitalize society. The Group is one of Europe's market-leading providers of software and services for design and construction, product data information, project collaboration and facility management. The Group is also a leading provider of digital solutions for design and construction in the USA. Moreover, Addnode Group is a leading provider of document and case management systems for Sweden's public authorities.

Operations are organized in three divisions:

- **Design Management**
  Digital solutions and services for design, BIM and product data as well as facility management.
- **Product Lifecycle Management**
  Digital solutions a product's or facility's complete lifecycle—from idea, design, simulation and construction to sale, aftermarket and recycling.
- **Process Management**
  Digital solutions for the public sector. These solutions help to streamline case management, simplify administration and quality-assure processes in contacts between authorities and citizens.

Net sales and earnings

In 2023, the Group's net sales increased to SEK 7,412 m (6,225), representing growth of 19 percent, of which 3 percent was organic growth. Currency-adjusted organic growth was 0 percent. The Group's recurring revenue increased by 19 percent to SEK 5,173 m, corresponding to 70 percent of total revenue.

EBITA amounted to SEK 640 m (728), and the EBITA margin was 8.6 percent (11.7). EBITA included restructuring costs of SEK 20 m in the Product Lifecycle Management division. EBITA was charged with acquisition costs of SEK -14 m (-13). The previous year included a SEK 24 m capital gain from the sale of a property. SEK 152 m (106) of expenditure for investments in proprietary software and applications were capitalized in 2023.

Scheduled amortization of intangible non-current assets amounted to SEK -230 m (-201). Operating profit totaled SEK 410 m (527), corresponding to an operating margin of 5.5 percent (8.5). Operating profit for 2023 was charged with acquisition costs of SEK -14 m (-13), which were primarily attributable to the acquisition of Team D3. The Group's net financial items amounted to SEK -48 m (-32). Profit for the year totaled SEK 279 m (382), and earnings per share amounted to SEK 2.09 (2.86). Due to the 4:1 share split in May 2022, historical key financial ratios based on the number of shares, and the number of shares, have been restated.

Performance of the divisions

Design Management division

Design Management is a leading global provider of digital solutions and services for design, BIM and product data for architects and engineers in the construction and manufacturing industries. The division also has a strong digital offering for project collaboration and facility management in the Nordic countries and the UK.

Operations in the Design Management division are conducted through the subsidiaries Symetri, Team D3, Tribia and Service Works Global (SWG). Symetri is a leading global provider of Autodesk software, peripheral software and services to construction and property companies, the manufacturing industry and its suppliers. Symetri has also developed complementary software for managing product data and local standards and norms in digital design processes, for example. In June 2023, Symetri acquired a business in the USA, Team D3, with yearly net sales of approximately SEK 1.3 billion and 200 employees at the time of acquisition. Tribia is a software company that delivers cloud-based collaboration tools for construction projects to both clients and construction companies in the Norwegian and Swedish markets. SWG is a software company that delivers digital solutions for property management and maintenance as well as workplace and property services. The Nordic countries and the UK are the company's home markets, but SWG is also active in Australia and Canada.

The market conditions for Symetri were slightly weaker in 2023 compared to the previous year, with weaker demand for Autodesk's solutions, mainly from customers in the construction industry, especially in the USA. This trend is deemed to be a result of uncertain economic conditions and the customer transition in connection with the change in Autodesk's payment model for three-year agreements, introduced in March 2023. Net sales in Design Management increased to SEK 4,292 m (3,494), up 23 percent. Organic growth was -2 percent, and currency adjusted, -4 percent. EBITA amounted to SEK 334 m (398), and the EBITA margin was 7.8 percent (11.4).

Product Lifecycle Management division

Product Lifecycle Management is a global provider of solutions for digitalizing a product's or facility's complete lifecycle—from idea, design, simulation and construction to sale, aftermarket and recycling. This means shorter lead-times, more innovation, increased efficiency, and traceability.

Operations are conducted through the subsidiary TECHNIA, which is one of Europe's leading providers of PLM software and consulting services. The division's markets are the Nordics, Benelux, Germany, Austria, Poland, France, the UK, the USA and Japan. Demand for the division's offering was good in its main markets during the year. In several of the division's markets, customers are continuing to increasingly demand time-finite leasing of licenses instead of the previous license purchases with perpetual right of use. Net sales in Product Lifecycle Management increased to SEK 1,884 m (1,580), representing growth of 19 percent. Organic growth was 14 percent, and currency adjusted, 8 percent. EBITA increased to SEK 143 m (158), and the EBITA margin was 7.6 percent (10.0). EBITA has been charged with restructuring costs of SEK 20 m (-).

Process Management division

The Process Management division is a leading provider of software and digital solutions to the public sector in Sweden. These solutions help to streamline case management, simplify administration and quality-assure processes in contacts between authorities and citizens. The division also offers solutions and services for geographic information systems (GIS) and the social services sector.

The division's operations are conducted by the subsidiaries Adtollo, Arkiva, Canella, Decerno, Decisive, Elpool, Evitbe, Forsler & Stjerna, Ida Infront, Intraphone, Kompanion, Netpublicator, S-GROUP Solutions, Sokigo, Stamford and Voice Provider.

Process Management performed well in 2023 thanks to good demand for the division's offerings. The division's businesses are well positioned in public sector tenders owing to their attractive digital solutions, in-depth experience and good references. Net sales increased to SEK 1,281 m (1,182), and organic growth corresponded to 6 percent. EBITA rose to SEK 244 m (226), and the EBITA margin was 19.0 percent (19.1).

Key figures by division

	Net sales		EBITA		Operating profit/loss		Average number of employees	
SEK m	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Design Management	4,292	3,494	334	398	226	315	1,016	793
Product Lifecycle Mgt[1]	1,884	1,580	143	158	77	97	740	687
Process Management	1,281	1,182	244	226	188	168	686	648
Central functions[2]	20	14	-81	-54	-81	-53	13	9
Eliminations	-65	-45	–	–	–	–	–	–
Addnode Group	**7,412**	**6,225**	**640**	**728**	**410**	**527**	**2,455**	**2,137**

1) EBITA and operating profit have been charged with restructuring costs of SEK 20 m (-).
2) EBITA and operating profit include a SEK 24 m capital gain from the sale of an office property in the UK and acquisition costs of SEK -14 m.

Acquisitions in 2023

In 2023, Addnode Group acquired three operations: FAST2 Affärssystem AB (now SWG Nordic Housing AB), Key Performance LLC and D3 Technical Services LLC (Team D3).

FAST2 Affärssystem AB (now SWG Nordic Housing AB)

FAST2 Affärssystem AB (now SWG Nordic Housing AB) was acquired in January. SWG Nordic Housing AB is one of Sweden's leading providers of ERP systems for technical and financial management for real estate companies. The company's systems are used by customers including Sweden's largest public housing corporations. The company has approximately 50 employees, and net sales of approximately SEK 80 m. FAST2 is part of Service Works Global, and was consolidated into the Design Management division effective January 2023.

Key Performance LLC

Key Performance, a Dassault Systèmes Partner specializing in model-based design, was acquired in March 2023. Key Performance has operations in the USA and Sweden, and net sales of approximately SEK 25 m. This operation was consolidated effective March 2023 as part of TECHNIA in the Product Lifecycle Management division.

D3 Technical Services LLC (Team D3)

The acquisition of Team D3, an Autodesk Platinum Partner specializing in manufacturing, the AEC segment and the process industry, was completed in July 2023. The company is mainly active in central USA. Team D3 had annual sales of approximately USD 120 m (approximately SEK 1,300 m) and 200 employees in the USA on the acquisition date. The maximum purchase consideration for all the shares is approximately USD 59 m, of which USD 31 m is fixed and up to USD 28 m is contingent on future financial performance. The company was consolidated effective July 2023 in the Design Management division.

Read more about acquisitions in 2023 in note 33 and on pages 14–17

Liquidity and financial position

Cash and cash equivalents held by the Group amounted to SEK 667 m (600) as of December 31, 2023. In June 2023, Addnode Group agreed to increase its existing credit line with a term loan of SEK 1,000 m with Nordea and SEB. This loan can be utilized to refinance existing loans in different currencies and for general corporate purposes. The loan has a three-year term, with a 1+1 year extension option. Most of the loans drawn from the revolving credit facility were transferred to this new loan, which created available scope in the revolving credit facility. Addnode Group's SEK 1,600 m credit facility, which was arranged in June 2021, had a three-year term with 1+1 year extension. In June 2023, Addnode Group exercised its option to extend the credit facility by one year to June 2026, with other terms and conditions unchanged. Interest-bearing liabilities pertaining to the utilized portion of the credit facility amounted to SEK 434 m (878) as of December 31, 2023. In addition, there were interest-bearing liabilities linked to leases of SEK 297 m (191). There were no interest-bearing promissory notes related to completed acquisitions. This meant that the Group's interest-bearing liabilities totaled SEK 1,669 m (1,069). Accordingly, the Group's net debt was SEK 999 m (463) and the equity/assets ratio was 29 percent (32).

Cash flow

Cash flow from operating activities for 2023 amounted to SEK 485 m (714). The decreased cash flow was mainly attributable to lower operating profit and changes in working capital.

Investments and software development

Investments of SEK 373 m (230) were made in intangible assets and property, plant and equipment. SEK 152 m (106) of expenditure for investments in proprietary software and applications were capitalized in 2023. Expenditure for customer-financed development and certain other development work, which do not meet the criteria for capitalization, was expensed in the Income Statement.

Goodwill and other intangible assets

The carrying amount of the Group's goodwill was SEK 2,977 m (2,681) on December 31, 2023. In 2023, goodwill increased by SEK 297 m (486) in connection with acquisitions. Other intangible assets amounted to SEK 972 m (728), and mainly pertained to customer contracts, trademarks and software.

Deferred tax assets

As of December 31, 2023, reported deferred tax assets totaled SEK 34 m (18), of which SEK 7 m (8) pertained to tax loss carry-forwards. As of 31 December 2023, the Group's total loss carry-forwards were approximately SEK 65 m (75). The deferred tax assets relating to loss carry-forwards are recognized as assets to the extent it is likely that the loss carry-forwards may be deducted against surpluses in future taxation.

Equity

Equity as of December 31, 2023 was SEK 2,116 m (2,005), equivalent to SEK 15.87 (15.02) per share outstanding. Dividends paid to shareholders in 2023 amounted to SEK 1.00 (0.75) per share, totaling SEK 133 m (100). Share repurchases in 2023 amounted to SEK 14 m (23).

Provisions

Provisions, which are included in non-current and current liabilities in the Consolidated Balance Sheet, amounted to SEK 507 m (380) on December 31, 2023, of which SEK 481 m (361) pertained to estimated contingent considerations for completed acquisitions. In 2023, contingent considerations of SEK 75 m (54) were paid.

Employees

The average number of full-time employees in the Group in 2023 was 2,455 (2,137). The number of employees at year-end was 2,654 (2,370). Essentially, this increase was from acquired operations.

Stock option program

The 2023 AGM resolved on a share-based, long-term incentive program for managers and senior executives, which meant that 201,000 call options were issued to some 40 participants. The market-valued call option premium of SEK 19.45 generated a total purchase consideration of approximately SEK 4 m, which was added to consolidated equity. These options can be exercised for one class B share in periods stipulated by agreement between October 25, 2026 and June 10, 2027.

Acquisitions, transfers and holdings of treasury shares

Addnode Group utilized the authorization granted by the 2023 AGM to purchase class B shares. In 2023, 180,000 shares had been purchased with this authorization, and all shares remain in treasury. The main purpose of the holding of a total of 1,210,000 (1,030,000) repurchased class B shares is to enable the delivery of shares for Addnode Group's share-based incentive program.

The 2022 AGM approved the Board of Directors' proposal to carry out a 4:1 share split in the company. The share split increased the number of shares outstanding in the company to 133,498,232.

The number of shares outstanding as of December 30, 2023 was 133,318,232.

Government assistance and other support measures

The Group received government assistance in the USA and Germany totaling SEK 1 m (4) for reduced working hours and sick pay, reported as a decrease in the Group's personnel costs. In accordance with IAS 20, the effects of the government assistance were recognized net in the Group's personnel costs.

Parent Company

The Parent Company's operations consist of Group-wide functions such as financial reporting and monitoring, finance, communication and investor relations.

Net sales for 2023 amounted to SEK 33 m (26) and mainly pertained to invoicing to subsidiaries for premises rent and services rendered. Profit after financial items was SEK 205 m (282) including SEK 174 m (149) of dividends from subsidiaries, SEK 207 m (269) of Group contributions received from subsidiaries, and SEK -33 m (-47) of impairment of shares in subsidiaries. Cash and cash equivalents were SEK 404 m (350) as of December 31, 2023. Investments in shares in subsidiaries amounted to SEK 63 m (191). There were no significant investments in intangible assets or property, plant and equipment.

Sensitivity analysis

The table below shows the effect on profit before tax per share in the event of changes in various factors.

Impact	Change	Earnings effect[1)]
Net sales	+/– 1%	SEK 0.28
Gross margin	+/– 1 percentage point	SEK 0.56
Payroll costs	+/– 1%	SEK 0.19
Other operating expenses	+/– 1%	SEK 0.07

1) All else being equal, profit before tax per share for the 2023 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 businesses, and risks associated with individual customers and current assignments. The Group's financial risks relate mainly to changes in exchange rates, interest rates and customer solvency. The following information does not claim to be exhaustive. Nor are the factors listed in order of importance.

Business cycle and business environment risks

The general view of the external operating environment and economy may affect customers' willingness to invest and demand. Addnode Group manages these risks by conducting business in both the private and public sectors and in numerous geographical markets. A high share of recurring revenue and a balanced customer structure provide stable earnings over time.

Software and technology

New ways of working, behaviors and rapid technological shifts can result in changes in customer requirements. Addnode Group manages this risk by collaborating closely with customers in software development in order to gain an understanding of their needs and changes in the market.

Partners

The Group's partners may alter their business models or terms and conditions that impact our earnings capacity. Addnode Group manages this risk by having well-established and strategic collaborations with numerous suppliers of digital platforms and software.

Competition

The demand for, and sales of, software and services may decline due to more intense competition. Addnode Group manages competition risk by being a leader in selected markets, establishing close customer relationships and continuously developing its offering together with its customers.

Organizational and human resources

To be able to grow, Addnode Group is dependent on its ability to hire and retain competent employees. Each Group subsidiary is responsible for its own skills management. The individual companies have an advantage in recruitment thanks to their entrepreneur-led brands while also belonging to a financially stable group.

Acquisitions

There is a risk that Addnode Group could fail to evaluate and integrate acquisitions. Addnode Group manages this risk by including acquisitions as a central component of its strategy. Acquisitions undergo a tried-and-tested process, involving the Board of Directors and Management from the start, and the Group's acquisition modeling does not factor in synergies.

Regulatory compliance

Addnode Group closely monitors developments in legislation, regulations and statutes that apply for the respective markets where the Group has operations.

Project engagements

An inability to implement and deliver on projects may affect customer relationships and have negative effects on profitability and growth. Addnode Group continuously monitors its project engagements to evaluate and limit their associated risk.

IT and cybersecurity

Addnode Group is dependent on its capability to offer customers reliable digital solutions and maintain a secure internal IT structure. Increased remote working has also created new challenges. Outages, cyber-attacks and data theft can damage Addnode Group's credibility in the market and cause major financial losses. Addnode Group works continuously on preventing and countering any negative impact through a Group-wide strategy and actions in individual companies.

Other external factors

A pandemic or geopolitical unrest can quickly and radically transform our potential to conduct business activities.

Financial risks

The Group is exposed to various financial risks: interest rate risk, financing and liquidity risk, currency risk, credit risk and other price risks. On the whole, the Group believes its overall exposure to financial risks continued to increase in the year as a result of the increasingly international scope of its business resulting from actions including foreign acquisitions. The Group's financial transactions and risks are managed centrally by the Parent Company. The overall objective of the Group's financial strategy is to support growth and maximize returns to shareholders based on secure and cost-efficient management of the financial risks that the Group is exposed to. See note 36 on pages 115–117 for a description of the financial risks identified by Addnode Group and how they are managed.

Other

Addnode Group is party to certain agreements containing stipulations that agreements may be discontinued if control of Addnode Group changes as a result of a public takeover bid.

Environmental impact

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

Sustainability Report

The Group's Sustainability Report for 2023, which is presented on pages 33–57 of this Annual Report, has been prepared by Addnode Group AB (publ), corporate identity number 556291-3185, with its registered office in Stockholm, Sweden.

Addnode Group's shares and ownership

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. As of December 30, 2023, there were 3,948,696 class A shares, 130,579,536 class B shares and 0 class C shares.

The largest shareholder in terms of voting rights is Aretro Capital Group AB, which owned 17.5 percent of the votes and 5.4 percent of the share capital as of December 30, 2023. Aretro Capital Group AB is jointly owned via companies by Addnode Group's Chairman, Staffan Hanstorp, and Jonas Gejer, Vice President of Business Development for Addnode Group.

As far as the Board of Addnode Group AB is aware, there are no agreements between major shareholders that restrict the transferability of shares. Nor 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 at shareholders' meetings. According to the Articles of Association, the Board of Directors shall comprise between three and eight members with a maximum of two deputies. The Articles of Association contain no general stipulations on the appointment or dismissal of Board members or amendments to the Articles of Association.

Corporate governance

In accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code ("the Code"), a separate Corporate Governance Report, including a section on internal controls, has been prepared and attached to this Annual Report, see pages 58–69. The composition of the Nomination Committee deviates from rule 2.3, second paragraph, of the Code, which states that the CEO or other member of company management shall not be a member of the Nomination Committee. Jonas Gejer holds the position of Vice President Business Development and is part of Addnode Group's Group Management. He is one of two owners of Aretro Capital Group AB, which is the largest shareholder in Addnode Group AB in terms of votes. Jonas Gejer has been with the Group for 20 years and has a good understanding of and insight into the Group's operations. He was also one of the founders of Technia, which today forms the Group's Product Lifecycle Management division. Against this background, the Nomination Committee considers a deviation from the Code to be justified.

Authorizations

The 2023 AGM authorized the Board to:

- decide, on one or more occasions in the period until the next AGM, to purchase a maximum number of class B shares so that the company's holding following such purchase would be an aggregate maximum of 10 percent of the total number of shares in the company at any given time. Up to and including the date of publication of this Annual Report, 180,000 class B shares had been purchased with this authorization, and all shares remain in treasury.
- decide, on one or more occasions in the period until the next AGM, on the new issue of class B shares, with or without waiving shareholders' preferential rights. The total maximum number of class B shares that could be issued with support with this authorization is 10 percent of the outstanding class B shares in the company at the time of the first exercise of the authorization. This authorization should also include entitlement to decide on the new issue of class B shares with provisions on payment in kind, or shares to be subscribed with right of offset or other terms and conditions stated in Chapter 13, Section 7 of the Swedish Companies Act. The reason for departing from shareholders' preferential rights is to enable private placements to execute acquisitions of all or parts of other companies or operations.

Remuneration guidelines for senior executives

Introduction

The following guidelines were adopted by the 2020 AGM and are applicable until the 2024 AGM. Ahead of the 2024 AGM, a minor amendment to the remuneration guidelines is proposed involving an update to the financial targets (as set out in the guidelines below). Senior executives refer to the CEO of the Parent Company and other members of Group Management. In 2023, Group Management consisted of seven members. The guidelines shall be applied for remuneration agreed after the guidelines were adopted by the 2024 AGM as well as to agreements to existing agreements on remuneration. The guidelines do not cover remuneration decided by the general meeting of shareholders.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Addnode Group's strategy is to acquire, operate and develop entrepreneur-led companies that help to digitalize society. The Group's financial targets are: i) annual net sales growth of at least 10 percent., ii) an operating margin before amortization and impairment of intangible assets (EBITA margin) of at least 10 percent, and iii) that 30–50 percent of the Group's profit after tax is to be distributed to shareholders, provided its liquidity and financial position are sufficient to operate and develop the business.

Successful implementation of the company's business strategy and safeguarding of the company's long-term interests, including its sustainability, require that the company can recruit and retain qualified employees. The company is therefore to apply market-based and competitive levels of remuneration and terms of employment to be able to recruit and retain management with a high level of competence and capacity to achieve set goals.

Forms of remuneration, etc.
Remuneration to the CEO of the Parent Company and other members of Group Management is normally to consist of a fixed salary, variable remuneration, share-based incentive programs, pension and other customary benefits.

Fixed salary
Receiving a fixed salary does not require that any specific performance targets are met. However, the employee's individual performance and qualitative competence should be taken into account, together with the business performance, when determining fixed salaries and any salary increases. As a general rule, fixed salary is reviewed once a year.

Variable cash remuneration
In addition to fixed salary, variable remuneration may be payable. Variable remuneration is to be based on achieved results and/or individually set, specific targets. Variable remuneration is to be based on metrics linked to the yearly business plan, which in turn is linked to Addnode Group's long-term business strategy and financial targets. These metrics are to include financial targets at the Group and divisional levels (for relevant members of Group Management). Other metrics may include strategic targets, operational targets, targets for employee engagement or customer satisfaction, targets pertaining to sustainability and corporate social responsibility, or other leading indicators. The starting point is that most of the variable remuneration is to be based on metrics for the area of operations that the senior executive is responsible for.

In total, a maximum of four targets may be assigned to an individual senior executive for a financial year. Financial targets are to account for at least 75 percent of the possible target bonus, and at least 15 percent are to be at the Group level. The minimum weight for a specific target is to be 10 percent. The outcome for all targets is to be calculated based on a performance period of 12 months (the financial year). For the President and CEO, the maximum award of variable remuneration is to be an amount corresponding to 12 months' fixed salary. For other members of Group Management, the maximum award is to correspond to nine months' fixed salary.

Share-based incentive programs
Share-based incentive programs are to ensure a long-term commitment to the Group's development and promote a personal shareholding in the company, and are to be implemented on market terms. Share-based incentive programs require a resolution by a general meeting of shareholders and are therefore not covered by these guidelines.

Pension and other benefits
Pensions should always be defined contribution pensions in order to create predictability regarding the company's future obligations. Pension premiums are to be paid in an amount up to a maximum of 30 percent of the employee's current, fixed yearly salary.

Other remuneration and benefits are to be on market terms and contribute to facilitating the executive's opportunities to perform their work duties and may amount to a maximum of 10 percent of fixed yearly cash salary. Other benefits pertain mainly to company cars or mileage allowance.

Termination of employment
Senior executives' employment contracts include provisions governing notice of termination of employment. The policy is that employment may be terminated at either party's request with a notice period of at least six months and at most 12 months. During the notice period, unchanged salary, remuneration and benefits are to be paid.

Salary and terms of employment for employees
In the preparation of the Board's proposal for these remuneration guidelines, salary and terms of employment for the company's employees have been taken into account, whereby information on the employees' total remuneration, the remuneration components, and the increase in remuneration and rate of increase over time have made up part of the Remuneration Committee's and Board's decision-making documentation in evaluating the fairness of the guidelines and the limitations they pose.

Remuneration of Board members in addition to Board fees resolved by a general meeting of shareholders
In special cases, Board members elected by a general meeting are able to receive fees and other remuneration for work performed on behalf of the company in addition to Board work (consulting services, etc., in the Board members' respective areas of expertise). For such services, it is possible to pay a fee that is in line with the going rate in the market, which is to be approved in advance by the Chairman of the Board or by two Board members. These guidelines are to be applied for such remuneration.

Decision-making process for establishing, reviewing and implementing the guidelines
The Board has established a Remuneration Committee. The committee is tasked with conducting preparatory work for the Board's decisions on proposed guidelines for remuneration of senior executives and any decisions to depart from the guidelines. The Board is to draw up a proposal for new guidelines at least every four years and submit its proposal to the AGM for resolution. The guidelines are to remain in effect until new guidelines have been adopted by a general meeting. The Remuneration Committee is also tasked with monitoring and evaluating variable remuneration programs for members of Group Management, the application of guidelines for remuneration of senior executives, and applicable remuneration structures and remuneration levels in the company. In the Board's consideration of and decisions on remuneration-related matters, the CEO or other members of Group Management is not to be present insofar as the matters pertain to their own remuneration.

Departures from the guidelines
The Board may temporarily depart from these guidelines, fully or in part, only if there are special reasons for doing so in an individual case and a departure is necessary to safeguard the company's long-term interests, including its sustainability, or to safeguard the company's long-term financial viability. If the Board departs from the guidelines for remuneration of senior executives, these departures are to be reported on in the remuneration report ahead of the next AGM.

Description of changes to the guidelines, etc.
The board continuously considers sustainability issues within the framework of company's remuneration structures. The Board has received comments from some of the Group's institutional owners on the remuneration of senior executives and, in particular, on the Group's sustainability targets. In addition to the

aforementioned, the board has not received any comments from shareholders on the existing guidelines for remuneration of senior executives. The Board has reviewed the guidelines, and the Board's proposed guidelines for remuneration of senior executives correspond in all material respects to the existing guidelines but with certain updates to reflect current financial targets.

Significant events after the reporting date

Merger of sustainable urban development companies

After the end of the period, the companies Sokigo and S-GROUP Solutions, which are part of the Process Management division, were merged under the name Sokigo. The merger will enable Sokigo to offer Swedish municipalities an uninterrupted digital urban development process and better conditions for sustainable urban development.

Acquisition of Efficture

In January 2024, the software company Efficture was acquired, a complementary acquisition within Icebound that delivers digital solutions to the forest sector and other primary industries.

Acquisition of Jetas Quality Systems.

In February 2024, Addnode Group signed an agreement to acquire all the shares of Jetas Quality Systems. The company is a supplier of case management systems for fault reports and work orders within public transport and property management, and has collaborated with the Group company Forsler & Stjerna for several years.

Acquisition of Optimec Consultants

In February, Optimec Consultants was acquired. The company is a renowned Dassault Systèmes Partner based in Québec, Canada. Optimec has about 20 employees and net sales of SEK 40 million. Since its foundation in 2002, Optimec has been focused on computer-aided engineering (CAE) technologies. Today, Optimec is a leading provider of turnkey solutions, including high-end software and professional services. Optimec's expertise in product development processes helps to shorten the time to market and reduce costs, while improving product quality and performance.

Read more about acquisitions in 2024 in note 40 on page 119

Outlook

The Board of Directors has not altered its assessment of Addnode Group's long-term outlook since the publication of the Year-end Report for 2023. On the date of publication of the Year-end Report, the Board provided the following outlook: In the long-term, Addnode Group regards the segments where it is active to have strong underlying potential. Addnode Group's growth strategy is to grow organically and by acquiring new businesses in the aim of adding new, complementary offerings and additional expertise. The Russian invasion of Ukraine has had impacts on the global economy including increased oil and energy prices, higher interest rate levels and turmoil in global stock markets. The outbreak of war in the Gaza Strip, which followed Hamas' terrorist attack on Israel, has also contributed to growing turmoil. Because it is not possible to predict the duration or scope of this unrest or its impact on the global economy and general security, the Board of Directors notes a risk that Addnode Group may be impacted financially in 2024.

Proposed appropriation of profit

Profit for the year of SEK 192,085,375 and other non-restricted equity of SEK 796,375,177, a total of SEK 988,460,552, is at the disposal of the AGM. The Board of Directors proposes that these funds, SEK 988,460,552, be appropriated as follows:

Dividend to shareholders, SEK 1.00 per share[1)]	133,318,232
Carried forward	855,142,320
Total	**988,460,552**

1) The Parent Company had 134,528,232 registered shares as of February 29, 2024, of which the number of shares entitled to dividends amounted to 133,318,232.

The Board's reasoned statement on the dividend proposal is available on addnodegroup.com and can also be obtained from the company on request.

Accounts

Consolidated Income Statement

SEK m, January 1–December 31	Note	2023	2022
Net sales	2, 3, 38	7,412	6,225
Operating expenses			
Purchases of goods and services	38	-3,709	-2,991
Other external costs	6, 17	-536	-416
Personnel costs	4, 5	-2,559	-2,114
Capitalised work performed by the company for its own use	15	152	106
Depreciation/amortisation and impairment of			
– property, plant and equipment	16	-120	-106
– intangible non-current assets	15	-230	-201
Profit on sale of property/business		0	24
Operating profit		**410**	**527**
Financial income	9	46	11
Financial expenses	10	-110	-48
Revaluation of contingent considerations	27	16	5
Profit after financial items		**362**	**495**
Current tax	11, 12	-117	-116
Deferred tax	11, 12	34	3
Profit for the year		**279**	**382**
Attributable to:			
Owners of the Parent Company		279	382
Share data			
Earnings per share before dilution, SEK	13	2.09	2.86
Earnings per share after dilution, SEK	13	2.09	2.86
Equity per share outstanding, SEK		13.51	15.02
Average number of shares outstanding: Before dilution		133,433,183	133,633,040
After dilution		133,454,966	133,644,956
Number of shares outstanding at end of year		133,318,232	133,498,232

Consolidated Statement of Comprehensive Income

SEK m, January 1–December 31	Note	2023	2022
Profit for the year		279	382
Other comprehensive income, items that will not be reclassified to profit or loss:			
Actuarial gains and losses on pension obligations		0	4
Other comprehensive income, items that may be reclassified to profit or loss:			
Exchange rate difference on translation of foreign operations		-16	83
Hedge of net investments in foreign operations		-9	-37
Total other comprehensive income for the year, net after tax	11	**-25**	**50**
Comprehensive income for the year		**254**	**432**
Attributable to:			
Owners of the Parent Company		254	432

Consolidated Balance Sheet

SEK m, December 31	Note	2023	2022
ASSETS			
Non-current assets			
Goodwill	15	2,977	2,681
Other intangible non-current assets	15	972	728
Property, plant and equipment	16, 17	346	229
Deferred tax assets	12	34	17
Long-term securities holdings	20	23	18
Non-current receivables	21	16	18
Total non-current assets		**4,368**	**3,691**
Current assets			
Inventories		1	2
Trade receivables		1,204	1,182
Tax assets		49	33
Other receivables		49	25
Prepaid expenses and accrued income	22	859	666
Cash and cash equivalents	34	667	600
Total current assets		**2,829**	**2,508**
TOTAL ASSETS		**7,197**	**6,199**

SEK m, December 31	Note	2023	2022
EQUITY AND LIABILITIES			
Equity	24		
Share capital	24	404	404
Other paid-up capital		484	484
Reserves		43	68
Retained earnings (including profit for the year)		1,185	1,049
Total equity		**2,116**	**2,005**
Non-current liabilities			
Non-current interest-bearing liabilities	26	1,575	987
Other non-current liabilities		33	3
Deferred tax liabilities	12	120	132
Long-term provisions	27	484	276
Total non-current liabilities		**2,212**	**1,398**
Current liabilities			
Current interest-bearing liabilities	26	95	82
Trade payables		541	626
Tax liabilities		63	64
Advances from customers		33	26
Other liabilities		244	275
Accrued expenses and deferred income	29	1,871	1,619
Short-term provisions	27	22	104
Total current liabilities		**2,869**	**2,796**
TOTAL EQUITY AND LIABILITIES		**7,197**	**6,199**

Pledged assets and contingent liabilities are reported in notes 30 and 31.

Consolidated Statement of Cash Flows

SEK m, January 1–December 31	Note	2023	2022
Operating activities			
Operating profit		410	527
Depreciation/amortisation		351	308
Adjustments for other non-cash items	32	10	-14
Sub-total		**771**	**821**
Interest received		30	4
Dividends received		2	2
Interest paid		-91	-27
Other financial income and expenses		-4	-6
Income tax paid		-135	-117
Cash flow from operating activities before changes in working capital		**573**	**677**
Changes in working capital:			
– increase/decrease in inventories		1	-2
– increase/decrease in receivables		-103	-547
– increase/decrease in current liabilities		14	586
Total changes in working capital		**-88**	**37**
Cash flow from operating activities		**485**	**714**

SEK m, January 1–December 31	Note	2023	2022
Investing activities			
Purchase of:			
– intangible non-current assets		-176	-115
– property, plant and equipment		-26	-14
– financial assets		-6	-6
– subsidiaries and operations	33	-529	-513
– cash and cash equivalents in acquired subsidiaries	33	65	92
Sale of:			
– property, plant and equipment		0	66
Cash flow from investing activities		**-672**	**-490**
Financing activities			
Dividend paid		-133	-100
Call options issued		4	3
Repurchase of the company's shares		-14	-23
Borrowings	35	569	304
Repayment of loan liabilities	35	-49	-153
Repayment of lease liabilities	35	-101	-94
Cash flow from financing activities		**276**	**-63**
Change in cash and cash equivalents		**89**	**161**
Cash and cash equivalents at beginning of year		600	406
Exchange rate difference in cash and cash equivalents		-22	33
Cash and cash equivalents at end of year	**34**	**667**	**600**

Consolidated Statement of Changes in Equity

	Attributable to owners of the Parent Company				
SEK M	**Share capital**	**Other paid-up capital**	**Reserves[1)]**	**Retained earnings**	**Total equity**
EQUITY, ADOPTED BALANCE SHEET, DEC 31, 2022	**404**	**484**	**68**	**1,049**	**2,005**
Comprehensive income					
Profit for the year				279	279
Other comprehensive income, items that will not be reclassified to profit or loss:					
Actuarial gains and losses on pension obligations				0	0
Other comprehensive income, items that may be reclassified to profit or loss:					
Exchange rate difference on translation of foreign operations			-16		-16
Hedge of net investments in foreign operations			-9		-9
Total other comprehensive income			**-25**	**0**	**-25**
Total comprehensive income			**-25**	**279**	**254**
Transactions with shareholders					
Dividend				-133	-133
Call options issued				4	4
Repurchase of the company's shares				-14	-14
Total transactions with shareholders				**-143**	**-143**
EQUITY, DEC 31, 2023	**404**	**484**	**43**	**1,185**	**2,116**

1) Exchange rate differences on the translation of foreign operations, and gains and losses related to hedges of net investments in foreign operations (see also note 24).

Consolidated Statement of Changes in Equity, cont.

	Attributable to owners of the Parent Company				
SEK M	Share capital	Other paid-up capital	Reserves[1]	Retained earnings	Total equity
EQUITY, ADOPTED BALANCE SHEET, DEC 31, 2021	**404**	**484**	**22**	**783**	**1,693**
Comprehensive income					
Profit for the year				382	382
Other comprehensive income, items that will not be reclassified to profit or loss:					
Actuarial gains and losses on pension obligations				4	4
Other comprehensive income, items that may be reclassified to profit or loss:					
Exchange rate difference on translation of foreign operations			83		83
Hedge of net investments in foreign operations			-37		-37
Total other comprehensive income			**46**	**4**	**50**
Total comprehensive income			**46**	**386**	**432**
Transactions with shareholders					
Dividend				-100	-100
Call options issued				3	3
Repurchase of the company's shares				-23	-23
Total transactions with shareholders				-120	-120
EQUITY, DEC 31, 2022	**404**	**484**	**68**	**1,049**	**2,005**

1) Exchange rate differences on the translation of foreign operations, and gains and losses related to hedges of net investments in foreign operations (see also note 24).

Parent Company Income Statement

SEK m, January 1–December 31	Note	2023	2022
Net sales	38	32	26
Operating expenses			
Other external costs	6, 38	-64	-47
Personnel costs	4	-42	-39
Depreciation/amortisation of intangible assets and property, plant and equipment	15, 16	0	0
Operating loss		**-73**	**-60**
Profit from financial items			
Profit from participations in Group companies	9	348	372
Interest income and similar profit/loss items	9	41	10
Interest expenses and similar profit/loss items	10	-112	-40
Profit after financial items		**204**	**282**
Appropriations			
Change in tax allocation reserve		1	-38
Profit before tax		**205**	**244**
Tax	11, 12	-13	-29
Profit for the year		**192**	**215**

Parent Company Statement of Comprehensive Income

SEK m, January 1–December 31	Note	2023	2022
Profit for the year		192	215
Total other comprehensive income for the year, net after tax		**0**	**0**
Comprehensive income for the year		**192**	**215**

Parent Company Balance Sheet

SEK m, December 31	Note	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment			
Equipment, tools, fixtures and fittings	16	9	–
Total property, plant and equipment		**9**	**–**
Financial assets			
Participations in Group companies	18	2,929	2,885
Other long-term securities holdings	20	13	7
Deferred tax assets	12	7	0
Receivables from Group companies		–	50
Total financial assets		**2,949**	**2,942**
Total non-current assets		**2,958**	**2,942**
Current assets			
Current receivables			
Receivables from Group companies	23	33	26
Other receivables		38	4
Prepaid expenses and accrued income	22	14	8
Total current receivables		**85**	**38**
Cash and bank balances	23	404	350
Total current assets		**489**	**388**
TOTAL ASSETS		**3,447**	**3,330**

SEK m, December 31	Note	2023	2022
EQUITY AND LIABILITIES			
Equity	24		
Restricted equity			
Share capital	24	404	404
Statutory reserve		89	89
Non-restricted equity	14		
Share premium reserve		404	404
Retained earnings		392	320
Profit for the year		192	215
Total equity		**1,481**	**1,432**
Untaxed reserves	25	**162**	**163**
Provisions	27	**57**	**90**
Non-current liabilities			
Liabilities to credit institutions	26	670	646
Current liabilities			
Trade payables		7	3
Liabilities to Group companies	23	1,012	942
Tax liabilities		32	15
Other liabilities		2	16
Accrued expenses and deferred income	29	22	23
Total current liabilities		**1,076**	**999**
TOTAL EQUITY AND LIABILITIES		**3,447**	**3,330**

Pledged assets and contingent liabilities are reported in notes 30 and 31.

Parent Company Statement of Cash Flows

SEK m, January 1–December 31	Note	2023	2022
Operating activities			
Operating loss		-73	-60
Depreciation/amortisation		0	0
Adjustments for other non-cash items		2	–
Sub-total		**-71**	**-60**
Interest received		30	5
Dividends received		176	151
Interest paid		-91	-26
Other financial income and expenses		-5	-5
Income tax paid		-23	-18
Cash flow from operating activities before changes in working capital		**16**	**47**
Changes in working capital:			
– change in current receivables		-19	0
– change in current liabilities		4	2
Total changes in working capital		**-15**	**2**
Cash flow from operating activities		**1**	**49**

SEK m, January 1–December 31	Note	2023	2022
Investing activities			
Acquisitions of and investments in participations in Group companies		-113	-214
Sale of participations in Group companies		–	–
Purchase of property, plant and equipment		-9	–
Acquisitions of other long-term securities holdings		-5	-5
Cash flow from investing activities		**-127**	**-219**
Financing activities			
Dividend paid		-133	-100
Call options issued		4	3
Repurchase of the company's shares		-14	-23
Borrowings		63	60
Repayment of liabilities		-44	-80
Change in intra-Group receivables and liabilities		35	132
Group contributions received		269	227
Cash flow from financing activities		**180**	**219**
Change in cash and cash equivalents		**54**	**49**
Cash and cash equivalents at beginning of year		350	301
Exchange rate difference in cash and cash equivalents		0	0
Cash and cash equivalents at end of year	23	**404**	**350**

Parent Company Statement of Changes in Equity

SEK M	Restricted equity Share capital	Statutory reserve	Non-restricted equity	Total equity
EQUITY, JAN 1, 2023	**404**	**89**	**939**	**1,432**
Comprehensive income				
Profit for the year			192	192
Total other comprehensive income			**0**	**0**
Total comprehensive income			**192**	**192**
Transactions with shareholders				
Dividend			-133	-133
Call options issued			4	4
Repurchase of the company's shares			-14	-14
Total transactions with shareholders			**-143**	**-143**
EQUITY, DEC 31, 2023	**404**	**89**	**988**	**1,481**

SEK M	Restricted equity Share capital	Statutory reserve	Non-restricted equity	Total equity
EQUITY, JAN 1, 2022	**404**	**89**	**846**	**1,339**
Comprehensive income				
Profit for the year			215	215
Total other comprehensive income			**0**	**0**
Total comprehensive income			**215**	**215**
Transactions with shareholders				
Dividend			-100	-100
Call options issued			3	3
Repurchase of the company's shares			-23	-23
Total transactions with shareholders			**-120**	**-120**
EQUITY, DEC 31, 2022	**404**	**89**	**939**	**1,432**

Notes

Supplementary disclosures and notes

Note 1 Accounting and valuation policies

The critical accounting policies applied when preparing the consolidated accounts are stated below. These policies have been applied consistently for all years presented, unless otherwise indicated.

The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act, Swedish Financial Reporting Board (RFR) recommendation RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) as endorsed by the EU. The consolidated accounts have been prepared in accordance with the cost method, except for remeasurement of financial assets and liabilities measured at fair value through other comprehensive income and financial assets and liabilities 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 judgements in applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are of significant importance for the consolidated accounts, are addressed in note 37.

New and amended standards that came into effect in 2023

Amendments and interpretations of existing standards first effective in 2023 had no material impact on the Group's financial position or financial statements. The application of the amendments to IAS 1 S 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies led to a reassessment and revision of the company's existing disclosures of accounting policies compared to those previously presented in the 2022 financial statements, taking into account the materiality of the related accounting items.

New standards that have not yet come into effect in 2023

Published new and amended standards and interpretations of existing standards that have not yet taken effect in 2023 nor begun to be applied are not expected to have any material effect on the consolidated accounts.

Consolidated accounts

The consolidated accounts cover the Parent Company and the companies over which the Parent Company, directly or indirectly, has controlling influence. 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 accounts have been prepared in accordance with the acquisition method, which entails that the 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' equity that accrued after the acquisition is included in the Group's equity.

The purchase consideration 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 by the Group to the former owners, and the new shares issued by the Group. The purchase consideration 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 recognized 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 accounts in amounts relating to the period after the acquisition. The profit or loss 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).

The consolidated accounts are presented in Swedish kronor (SEK), which is the Parent Company's functional currency and presentation currency. 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 closing day rates. All items in the Income Statements are translated at the respective months' average rates of exchange. Translation differences are recognized in the Consolidated Statement of Comprehensive Income.

Intra-Group transactions and balance sheet items, as well as unrealized gains on transactions between Group companies, are eliminated in their entirety. Unrealized 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.

Revenue recognition

Revenue is recognized when the customer gains control over the sold product or service, which entails that the customer can decide on the use of the asset and draw benefit from it. Revenue is recognized in the manner that best reflects the transfer of the promised good or service to the customer at the amount that the company expects to be entitled to receive in exchange for the transferred product or service. This recognition is conducted with the help of a five-step model:

Step 1: Identify the contract with the customer
Step 2: Identify the various performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations
Step 5: Recognize revenue when the performance obligation is fulfilled

The Group's revenue is derived mainly from consulting services, licenses for own and external providers' software, and recurring revenue from software subscriptions, support and maintenance services, and SaaS services.

Service assignments performed on a current account basis are recognized as revenue in pace with performance of the services, i.e., both revenue and expenses are recognized in the period in which they are earned and consumed, respectively. Fees earned as of the reporting date that have not been invoiced are recognized as accrued income. When the outcome of a fixed-fee assignment can be measured reliably, income and expenses attributable to the assignment are recognized as revenue and expenses in proportion to the degree of completion as of the reporting date (percentage of completion). The degree of completion is primarily determined based on the number of hours as of the reporting 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 recognized as of the reporting date in an amount corresponding to the costs incurred for the assignment. Accordingly, no profit is recognized.

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

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

License fees for software, which represent a distinct performance obligation, are recognized as revenue immediately upon delivery, as the customer gains control over the software. Licenses for proprietary software may in certain cases be included as part of a larger implementation project with a high degree of customization. If these performance obligations are determined to be so integrated that they each do not constitute distinct performance obligations, the license revenue is recognized successively in pace with performance of the implementation services

Note 1 Accounting and valuation policies, cont.

Software subscriptions and support and maintenance agreements where companies in the Group do not have any obligation to the customer are recognized as revenue immediately at the inception of the contract, as the performance obligation has been fulfilled. Software subscriptions and support and maintenance agreements where companies in the Group have an obligation to the customer are recognized as revenue on a straight-line basis during the contract period in pace with completion of the performance obligation. Revenue for SaaS services is recognized in pace with provision of the services.

If a customer contract contains several distinct performance obligations, the transaction price is allocated to each of the separate performance obligations based on their standalone sales prices. In cases where the standalone sales prices are not directly observable, the price is estimated based on the anticipated costs plus a profit margin.

Sales of products may arise to a limited extent and are recognized as revenue upon completion of delivery to the customer.

The Group's revenue from contracts with customers is described in more detail in notes 2 and 3.

Recognition of government assistance

Government assistance is reported at fair value when there is reasonable certainty that the assistance will be received and that the Group will meet the conditions associated with the assistance. Government assistance that relates to cost coverage is allocated and recognized in the Income Statement in the same period as the costs that the assistance is intended to compensate. Pursuant to IAS 20, the Group has chosen to recognize personnel-related government assistance net in personnel costs (see note 4).

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 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 recognized through the income statement, except when the tax relates to items recognized in other comprehensive income or directly in equity. In such cases, tax is also recognized in other comprehensive income or equity.

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

Receivables and liabilities in foreign currency

The distinguishing feature is that loan receivables and trade receivables arise when the Group provides funds, goods or services directly to a customer without intending to trade in the receivables. They are included under current assets, with the exception of items falling due more than 12 months after the reporting date, which are classified as non-current assets. Loan receivables and trade receivables are initially measured at fair value and subsequently at amortized 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. A provision for expected credit losses is also made in accordance with IFRS 9.

Receivables and liabilities in foreign currency are measured at the exchange rate in effect on the reporting date. In cases where currency hedges have been applied, for example forward contracts, 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 relating to operating receivables and liabilities are recognized in operating profit, while exchange rate differences relating to cash and cash equivalents and loans are recognized as financial income and expenses in the Income Statement. Remeasurement of liabilities at the exchange rate in effect on the reporting date for consideration paid and provisions for estimated contingent consideration in foreign currency as well as bank loans in foreign currency is recognized 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 or amortization as well as any impairment.

When there are indicators that an asset is impaired, the asset's recoverable amount is measured. If the asset's carrying amount exceeds the recoverable amount, the asset is immediately impaired 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 reported 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 measured 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 reported 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 amortization is conducted on a straight-line basis over the estimated useful life, which is either three or five years. A three-year amortization schedule is used for software that is developed as an additional component to an external provider's software or platform. A five-year amortization schedule is used for entirely proprietary software that is not based on an external provider's software or platform. Amortization is recognized from the date on which the software becomes operational.

Goodwill

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

Goodwill is measured at cost less any impairment. Scheduled amortization is not conducted; instead, an impairment test is conducted yearly or more often if there is an indication of a decline in value.

Other intangible assets

Other intangible assets relate mainly to customer contracts, acquired software, trademarks and administrative software. These assets are recognized at cost less scheduled amortization. Amortization is conducted on a straight-line basis over the estimated useful life, which is either five or seven years. The amortization period for the customer contracts of Microdesk LLC and D3 Technical Services LLC in the USA, acquired in 2022 and 2023, is ten years.

Property, plant and equipment

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

Property, plant and equipment are depreciated on a 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 depreciated over a period of three to five years. Depreciation of buildings is at 4 percent per year.

Note 1 Accounting and valuation policies, cont.

Leases

The Group's leases consist mainly of lease contracts for premises and leases for company cars. Starting on January 1, 2019, all leases where the Group is the lessee, except for short-term leases and leases with a low value, are recognized on the Balance Sheet as right-of-use assets and corresponding financial liabilities. The right-of-use assets are included in property, plant and equipment, and the financial liabilities are included in interest-bearing liabilities. In the Consolidated Income Statement, an expense is recognized for depreciation of the leased asset along with interest expense for the financial liability.

Assets and liabilities arising out of leases are initially recognized at the present value of the future lease payments when the leased asset is available for use by the Group. The future lease payments are discounted using the rate implicit in the lease. If this interest rate cannot be easily determined, the lessee's incremental borrowing rate is used. The lease payments are divided into repayment of principal and payment of interest. The interest is recognized through profit or loss over the term of the lease in a way that conveys a fixed interest rate for the lease liability that is recognized during the respective period.

Right-of-use assets are ordinarily depreciated on a straight-line basis over the shorter of the useful life and the lease term. Payments for short-term leases and leases where the underlying assets are of low value are expensed on a straight-line basis in the Income Statement. A more detailed description of the Group's lease activities and reporting of these is provided in note 17.

Financial instruments

Financial instruments include cash and cash equivalents, securities holdings, receivables, operating liabilities, liabilities under leases, borrowings and any derivative instruments. Purchases and sales of securities and derivative instruments are recognized on the trade date, i.e., the date on which a binding purchase or sale contract was signed. The fair value of market-listed securities is based on the purchase consideration on the reporting date.

Securities intended to be held in the long term and any short-term investments are attributed to the measurement categories of either financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, or financial assets at amortized cost. The measurement category is determined separately for each holding of securities based on the nature of the contractual cash flows and the company's business model for asset management, i.e., based on the nature and the purpose of the holding.

For financial assets measured at fair value through profit or loss, changes in fair value are recognized as financial income and financial expenses, respectively, in profit or loss. However, changes in value on any forward exchange contracts are recognized in operating profit (see below).

Changes in fair value of financial assets measured at fair value through other comprehensive income are recognized in the Consolidated Statement of Comprehensive Income during the holding period. Upon divestment of the instrument, no reclassification of accumulated changes in value is made to financial income and financial expenses in the Income Statement.

For the category financial liabilities at fair value through profit or loss (mainly provisions for estimated contingent consideration), changes in value are recognized as financial items in the Income Statement. Other financial liabilities are recognized at amortized cost. However, liabilities relating to leases are recognized at the present value of the remaining lease payments.

Any outstanding forward exchange contracts are measured at fair value. Forward exchange contracts relate to hedges of a particular risk associated with a reported asset or liability or a highly probable forecast transaction (cash flow hedges).

Inventories

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

Equity

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

In the event of share repurchases, the purchase consideration paid, including any directly attributable transaction costs (net after tax), reduces the retained earnings until the shares are extinguished or sold. If these shares are subsequently sold, the amount received for them (net after any transaction costs and tax effects) is recognized in retained earnings.

Stock option program

The Group's incentive program enables managers and senior executives to acquire class B shares in the company by investing in call options. Employees have paid a market premium for these call options. The premium received is recognized in equity as transactions with shareholders.

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 of the reporting date, but for which the amount or the date on which the obligations are to be realized are uncertain. Provisions for estimated contingent consideration for acquisitions of businesses and for restructuring measures that have been decided on are recognized in the Balance Sheet. A provision for restructuring costs is reported 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 also exist to a certain extent. The Group's payments toward defined contribution plans are recognized as personnel costs in the Income Statement during the period in which the employee performed the services and to which the contributions relate.

The defined benefit plans relate 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 2023 financial year, the Group did not have access to the type of information required for recognizing these plans as defined benefit plans. As a result, the ITP (individual supplementary pension) plans that are secured through insurance with Alecta are reported as defined contribution plans. Contributions are recognized as personnel costs in profit or loss when they fall due for payment. The year's fees for pension insurance arranged with Alecta amounted to SEK 9 m (9) in 2023 and are expected to be comparable in 2024. Alecta's surplus can be distributed to the policyholders and/or insured parties. At year-end 2023, Alecta's surplus in the form of its collective funding ratio was 157 percent (172). 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 subsidiary TECHNIA GmbH has defined benefit pension obligations for five employees. The provision reported in the Balance Sheet for these pension obligations corresponds to the present value of the obligations on the reporting date and has been calculated in accordance with IAS 19 by an independent actuary. Actuarial gains and losses are recognized in the Consolidated Statement of Comprehensive Income in the periods in which they arise.

Liabilities to credit institutions

Liabilities to credit institutions are recognized at fair value, net after transaction costs. These liabilities are classified as non-current liabilities if the Group has an unconditional right to defer payment of the liability for at least 12 months after the reporting date.

Note 1 Accounting and valuation policies, cont.

Trade payables

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

Impairment

Assets with an indefinite useful life, such as goodwill, are not amortized but are tested at least yearly 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/amortized assets are assessed with regard to any decrease in value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 by operating segment

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 CEO of the Parent Company.

Statement of cash flows, 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 Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities. The recommendation entails that legal entities whose securities are listed on a Swedish stock exchange on the reporting date are, as a main rule, to apply the IFRSs used in the consolidated accounts 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 recognized in accordance with the same principles as for the Group (see the description above). Participations in Group companies are reported 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 recognized as a part of cost if it is probable that such consideration will be paid. Any remeasurement of estimated contingent consideration in subsequent periods is recognized as a change in the cost of participations in Group companies. Liabilities for consideration in foreign currency and 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. In such case, the Parent Company recognizes the liabilities and provisions at the exchange rate in effect on the acquisition date until they are settled, at which point realized exchange rate differences are recognized as a change in the cost of participations in Group companies. Certain bank loans in foreign currency are also treated for accounting purposes as hedges of net investments in foreign currency, entailing that such bank loans are recognized at cost. Other assets and liabilities are recognized at historical cost less depreciation/amortization and any impairment. Dividends received and Group contributions received are reported as financial income.

In the Parent Company, all leases are recognized as lease contracts, whereby the lease payments are expensed in the Income Statement on a straight-line basis over the lease term.

Note 2 Operating segments

Addnode Group's operations are organized and managed on the basis of the Design Management, Product Lifecycle Management (PLM) and Process Management divisions, which make up the Group's operating segments. Within Addnode Group's three divisions, the subsidiaries develop and deliver digital solutions and services for industries such as construction and real estate, manufacturing, automotive, and life sciences as well as the public sector. The solutions that Addnode Group provides enable the Group's customers to adopt digital ways of working to rationalize their operations, quality-assure their production and communicate more seamlessly with customers and citizens. No changes were made in the segment breakdown in 2023. The segment breakdown is based on the Group's software and services. Design Management sells digital solutions for design, projects and facility management. Product Lifecycle Management offers digital solutions for design and product data management. The operations of Process Management are focused on digital solutions for document and case management. Investor relations, financial reporting and control, financing, tax issues, business development and company acquisitions are conducted centrally.

A breakdown of the Group's net sales by the various types of revenue is provided in note 3. All divisions receive revenue from licenses, recurring revenue, services and other revenue. Revenue for central units primarily relates to invoicing to subsidiaries for premises rent and services rendered. Transactions between the divisions are normally conducted in accordance with normal commercial terms, which also apply for external parties.

The segments report earnings according to the same accounting policies as the Group. The difference between the total of the segments' operating profit and consolidated profit before tax consists of financial income of SEK 46 m (11), financial expenses of SEK -110 m (-48), and revaluation of contingent considerations of SEK 16 m (5).

Net operating assets is defined as the sum of goodwill and other intangible non-current assets, property, plant and equipment including leases, financial assets, trade receivables and other operating assets less trade payables and other operating liabilities.

	Design		PLM		Process		Central		Elimination		Group	
SEK m	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue and profit												
Revenue from external customers	4,286	3,489	1,858	1,564	1,268	1,172	0	0	–	–	7,412	6,225
Transactions between segments	6	5	26	16	13	10	20	14	-65	-45	0	0
Total revenue	**4,292**	**3,494**	**1,884**	**1,580**	**1,281**	**1,182**	**20**	**14**	**-65**	**-45**	**7,412**	**6,225**
EBITA	**334**	**398**	**143**	**158**	**244**	**226**	**-81**	**-54**	**–**	**–**	**640**	**728**
Operating profit	**226**	**315**	**77**	**97**	**188**	**168**	**-81**	**-53**	**–**	**–**	**410**	**527**
Other disclosures												
Total net operating assets	1,996	1,367	783	799	947	910	97	10	–	–	3,823	3,086
Investments in intangible non-current assets and property, plant and equipment	162	143	56	79	116	79	72	3	–	–	406	304
Depreciation/amortization and impairment of intangible non-current assets and property, plant and equipment	-164	-129	-94	-90	-82	-81	-11	-8	–	–	-351	-308
Average number of employees	1,016	793	740	687	686	648	13	9	–	–	2,455	2,137

The following information on revenue from external customers is based on where Group companies are domiciled.

	Revenue from external customers		Intangible non-current assets and property, plant and equipment	
SEK m	**2023**	**2022**	**2023**	**2022**
Sweden	2,160	1,949	1,631	1,451
Norway	452	412	296	318
Finland	244	213	55	55
Denmark	56	55	31	24
Germany	832	723	341	351
Netherlands	72	72	22	26
UK	1,440	1,322	711	710
Ireland	99	78	27	30
USA	1,860	1,242	1,130	617
Other countries	197	237	52	86
Group	**7,412**	**6,225**	**4,296**	**3,638**

Geographical information

The Group conducts business primarily in the Nordic countries, the USA, the UK and Germany. Most of the Group's business is in Sweden, where all of the divisions conduct business. Business in Norway and the USA is mainly conducted by Design Management, but also Product Lifecycle Management and Process Management. Business in Finland and the UK is conducted by Design Management and Product Lifecycle Management. Business in Germany is conducted by Product Lifecycle Management.

Note 3 Revenue from contracts with customers

The Group's net sales consist of the following main revenue streams per operating segment.

	Design		PLM		Process		Central		Elimination		Group	
SEK m	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Licenses	61	65	261	182	48	47	–	–	-2	0	368	294
Recurring revenue	3,469	2,849	1,127	945	579	538	–	–	-2	-1	5,173	4,331
Services	719	542	461	428	611	565	–	–	-18	-16	1,773	1,519
Other	43	38	35	25	43	32	20	14	-43	-28	98	81
Total revenue	**4,292**	**3,494**	**1,884**	**1,580**	**1,281**	**1,182**	**20**	**14**	**-65**	**-45**	**7,412**	**6,225**

Recurring revenue means revenue of a yearly recurring nature, such as revenue from support and maintenance agreements, and revenue from software subscriptions, lease contracts and SaaS solutions.

Design Management

Product and service	Description of the nature, invoicing and timing of satisfaction of performance obligations as well as revenue recognition and important payment terms	
Licenses	**Proprietary software and external software vendors** Revenue from perpetual rights of use for software is recognized immediately at the delivery date, when the customer gains control of the software.	Customers are invoiced on contract signing/delivery, and payment terms are normally 30 days. There are payment terms of 60 days in the USA.
Recurring revenue	**Software subscriptions and lease contracts** Revenue from software subscriptions and lease contracts related to time-restricted rights of use and updates of the Group's proprietary software, where Group companies have an obligation to the customer, is recognized on a straight-line basis over the contract term as the performance obligation is satisfied. The contract term is typically one year, but can be up to three years. Revenue for software subscriptions and lease contracts relating to time-restricted rights of use and updates of software from Autodesk and other external vendors, where Group companies do not have an obligation to the customer, is recognized immediately at the start of the contract. The contract term is typically one year, but can be up to three years. New sales of Autodesk software are in the form of software subscriptions. **Support and maintenance agreements** Revenue from support and maintenance agreements where Group companies do not have an obligation to the customer is recognized immediately at the start of the contract. The contract term is typically one year, but can be up to three years.	Revenue from support and maintenance agreements where Group companies have an obligation to the customer is recognized on a straight-line basis over the contract term as the performance obligation is satisfied. The contract term is typically one year, but can in certain cases be up to ten years. For software subscriptions, lease contracts, and support and maintenance agreements, customers are usually invoiced in advance, where the time invoiced may be all or part of the contract term. Amounts invoiced in advance are recognized as deferred income in the Balance Sheet. Payment terms are normally 30 days. There are payment terms of 60 days in the USA. **SaaS services** Revenue for SaaS services is recognized as the services are performed. Customers are invoiced and typically pay for services rendered monthly in arrears.
Services	Revenue from service assignments is recognized as the services are performed. Customers are invoiced and typically pay for service assignments rendered monthly in arrears. Fixed-fee assignments are negligible.	

Note 3 Revenue from contracts with customers, cont.

Product Lifecycle Management

Product and service	Description of the nature, invoicing and timing of satisfaction of performance obligations as well as revenue recognition and important payment terms	
Licenses	**Proprietary software and external software vendors** Revenue from perpetual rights of use for software is recognized immediately at the delivery date, when the customer gains control of the software.	Customers are invoiced on contract signing/delivery, and payment terms are normally 30 days.
Recurring revenue	**Software subscriptions and lease contracts** Revenue from software subscriptions and lease contracts relating to time-restricted rights of use and updates, where Group companies have an obligation to the customer, is recognized on a straight-line basis over the contract term as the performance obligation is satisfied. The contract term is typically one year, but can vary between a quarter and in some cases several years. Sales of Dassault Systèmes' software are now conducted to a greater extent in the form of software subscriptions. **Support and maintenance agreements** Revenue from support and maintenance agreements where Group companies have an obligation to the customer is recognized on a straight-line basis over the contract term as the performance obligation is satisfied. The contract term is typically one year, but can vary between a quarter and in some cases several years.	For software subscriptions, lease contracts, and support and maintenance agreements, customers are usually invoiced in advance, where the time invoiced may be all or part of the contract term. Amounts invoiced in advance are recognized as deferred income in the Balance Sheet. Payment terms are normally 30 days. **SaaS services** Revenue for SaaS services is negligible and is recognized in pace with provision of the services. Customers are invoiced and typically pay for services rendered monthly in arrears.
Services	Revenue from service assignments is recognized as the services are performed. Customers are typically invoiced and pay monthly in arrears. There are some fixed-fee assignments, where revenue is recognized on a percentage of completion basis on the reporting date. Invoiced fees	for fixed-fee assignments relating to services that have not yet been rendered are recognized as advances from customers in the Balance Sheet.

Process Management

Product and service	Description of the nature, invoicing and timing of satisfaction of performance obligations as well as revenue recognition and important payment terms	
Licenses	Revenue from perpetual rights of use for software that constitutes a distinct performance obligation is recognized immediately at the delivery date, when the customer gains control of the software, and has confirmed receipt.	Customers are invoiced on contract signing/delivery, and payment terms are normally 30 days.
Implementation of system solutions (combination of licenses and services)	Licenses for proprietary software may in certain cases be included as part of a larger implementation project with a high degree of customization. If these performance obligations are determined to be so integrated that they each do not constitute distinct performance obligations, the license revenue is recognized successively in pace with performance of the implementation services	In these cases, invoicing and payment terms are often based on specific agreements with the customer.
Recurring revenue	**Support and maintenance agreements** Revenue from support and maintenance agreements where Group companies have an obligation to the customer is recognized on a straight-line basis over the contract term as the performance obligation is satisfied. The contract term is typically one year, but can be several years. There are some maintenance agreements relating to external vendors' software where Group companies do not have an obligation to the customer, where revenue is recognized immediately at the start of the agreement, when the performance obligation has been satisfied.	Customers are typically invoiced in advance, where the time invoiced may be all or part of the contract term. Amounts invoiced in advance are recognized as deferred income in the Balance Sheet. Payment terms are normally 30 days. **SaaS services** Revenue for SaaS services is recognized as the services are performed. Customers are invoiced and typically pay for services rendered either monthly in advance or in arrears. Amounts invoiced in advance are recognized as deferred income in the Balance Sheet. Payment terms are normally 30 days.
Services	Revenue from service assignments is recognized as the services are performed. Customers are typically invoiced and pay monthly in arrears. There are some fixed-fee assignments, where revenue is recognized on a percentage of completion basis on the reporting date.	Invoiced fees for fixed-fee assignments relating to services that have not yet been rendered are recognized as advances from customers in the Balance Sheet.

Note 3 Revenue from contracts with customers, cont.

Contract assets and contract liabilities
Addnode Group recognizes trade receivables when there is an unconditional right to payment for services rendered. Accrued income is recognized for earned fees and other payment for services rendered that have not yet been invoiced on the reporting date. Contracts invoiced in advance are recognized as deferred income in the Balance Sheet. Invoiced fees for fixed-fee assignments for services that have not yet been rendered are recognized as advances from customers.

Accrued income
Of the year's opening balance of SEK 64 m (58), SEK 54 m (56) was invoiced in 2023. No significant impairment was recognized for accrued income at the beginning of the year. SEK 205 m (61) of revenue recognized in 2023 is included in accrued income at year-end.

Deferred income
Of the year's opening balance of SEK 1,201 m (771), SEK 992 m (762) was revenue recognized in 2023. Companies acquired in 2023 increased deferred income by SEK 0 m (3), with SEK 0 m (3) of this revenue recognized in 2023. Deferred income of SEK 1,051 m (1,193) of agreements advance invoiced in 2023 was included in deferred income at the end of the year.

Advances from customers
Of the year's opening balance of SEK 26 m (31), SEK 23 m (28) was revenue recognized in 2023. SEK 31 m (21) of fees invoiced on fixed-fee assignments for services not yet rendered are included in the closing balance for the year.

Trade receivables and possible and expected credit losses
Addnode Group has historically had very low costs for bad debt. The provision for bad debt on the reporting date of December 31, 2023 was SEK 30 m (28), which corresponds to 2.5 percent (2.4) of total trade receivables. Profit for 2023 was impacted negatively by SEK 3 m (2) due to provisions and reversals of previous provisions for possible and expected credit losses. The Group's trade receivables are divided over a large base of counterparties. In terms of monetary amounts, the effects of the model for calculating the provision for expected credit losses according to IFRS 9 have been negligible.

Contract fees
Addnode Group has not reported any assets due to fees for receiving or fulfilling contracts with customers.

Transaction price allocated to remaining performance obligations
The following table shows revenue to be recognized in the future relating to unsatisfied or partly satisfied performance obligations on the reporting date, and when revenue is expected to be recognized (SEK m).

	Dec 31, 2023	Dec 31, 2022
Within one year of reporting date	439	314
Later than one year but within five years of reporting date	360	222
Later than five years from reporting date	59	10
Total	**858**	**546**

The table does not include performance obligations that are part of a contract with an original anticipated term of not more than one year or a contract under which the company has a right to variable compensation based on its completed performance, such as consulting contracts where compensation is at a fixed rate per hour of completed work (according to IFRS 15 points 121 and B16).

Parent Company
The Parent Company's net sales relate mainly to invoicing to subsidiaries for premises rent and services rendered.

Note 4 Salaries, other benefits and social security costs

	Group		Parent Company	
SEK m	**2023**	**2022**	**2023**	**2022**
Salaries and other benefits to:				
– boards of directors, presidents and senior executives	245	203	19	22
– other employees	1,722	1,372	10	6
Government assistance for reduced working hours and sick pay	-1	-4	–	–
Pension costs for:				
– boards of directors, presidents and senior executives	25	23	4	3
– other employees	111	93	1	1
Other social security costs	368	356	10	9
Total	**2,470**	**2,043**	**44**	**41**
The above salaries and other benefits to boards of directors, presidents and senior executives include the following bonuses etc.	41	36	8	8
The number of people included in boards of directors, presidents and senior executives above	161	153	13	12

Government assistance
As stated in the table above, the Group received government assistance in the USA and Germany totalling SEK 1 m (4) for reduced working hours and sick pay, reported as a decrease in the Group's personnel costs. The accounting policies for government assistance are described in more detail in note 1.

Stock option program
The AGM 2023 approved a long-term incentive program (LTIP 2023) for managers and senior executives of Addnode Group. This program consists of call options on Addnode Group's repurchased shares, with each call option conferring entitlement to acquire one repurchased class B share. The option premium of the program has been set using an accepted valuation methodology, Black-Scholes. The conditions for computation set the exercise price at 126 percent of the calculated average of the high and low share prices quoted during the day over the measurement period, volatility was based on statistical historical data, the risk-free interest rate was based on the yield on government bonds, the term and exercise period pursuant to the terms and conditions of the program, and dividend according to financial analysts' estimates available, balanced with the Group's dividend policy.

In June 2023, 201,000 call options on class B shares were issued to some 40 participants. Granting varied between 100–20,000 options per person. The measurement period for determining the average share price, which was

Note 4 Salaries, other benefits and social security costs, cont.

SEK 125.03, was May 5–9, 2023. The exercise price of the call options was set at SEK 157.50. The market-valued call option premium was SEK 19.45 per option. The program has three exercise periods, which are after 3, 3.5 and 4 years, respectively. Exercise is possible in three periods: (i) from and including the day after the company publishes its Interim Report for the period July 1, 2026–September 30, 2026, but no earlier than October 25, 2026, and up to and including December 10, 2026, (ii) after the company publishes its Year-end Report for the period January 1, 2026–December 31, 2026, but no earlier than the January 25, 2027, and up to and including March 10, 2027, (iii) after the company publishes its Interim Report for the period January 1, 2027–March 31, 2027, but no earlier than April 25, 2027, and up to and including June 10, 2027.

The AGM 2022 approved a long-term incentive program (LTIP 2022) for managers and senior executives of Addnode Group. This program consists of call options on Addnode Group's repurchased shares, with each call option conferring entitlement to acquire four repurchased class B shares. The option premium of the program has been set using an accepted valuation methodology, Black-Scholes. The conditions for computation set the exercise price at 126 percent of the calculated average of the high and low share prices quoted during the day over the measurement period, volatility was based on statistical historical data, the risk-free interest rate was based on the yield on government bonds, the term and exercise period pursuant to the terms and conditions of the program, and dividend according to financial analysts' estimates available, balanced with the Group's dividend policy.

In June 2022, 56,950 call options on class B shares were issued to some 40 participants. Granting varied between 100–5,000 options per person. The measurement period for determining the average share price, which was SEK 91.60, was May 5–19, 2022. The exercise price of the call options was set at SEK 115.80. The market-valued call option premium was SEK 49.70 per option. The program has three exercise periods, which are after 3, 3.5 and 4 years, respectively. Exercise is possible in three periods: (i) from and including the day after the company publishes its Interim Report for the period July 1, 2025–September 30, 2025, but no earlier than October 25, 2025, and up to and including December 10, 2025, (ii) after the company publishes its Year-end Report for the period January 1, 2025–December 31, 2025, but no earlier than the January 25, 2026, and up to and including March 10, 2026, (iii) after the company publishes its Interim Report for the period January 1, 2026–March 31, 2026, but no earlier than April 25, 2026, and up to and including June 10, 2026.

The AGM 2021 approved an incentive program (LTIP 2021) for managers and senior executives of Addnode Group. This program consists of call options on Addnode Group's repurchased shares, with each call option conferring entitlement to acquire four repurchased class B shares. The option premium of the program has been set using an accepted valuation methodology, Black-Scholes. The conditions for computation set the exercise price at 126 percent of the calculated average of the high and low share prices quoted during the day over the measurement period, volatility was based on statistical historical data, the risk-free interest rate was based on the yield on government bonds, the term and exercise period pursuant to the terms and conditions of the program, and dividend according to financial analysts' estimates available, balanced with the Group's dividend policy.

The program covered 60 people and a total of 195,800 call options were granted. Granting varied between 100–13,000 options per person. The measurement period for determining the average share price, which was SEK 74.39, was May 7–21, 2021. The exercise price of the call options was set at SEK 93.73. The exercise price and share price were recalculated because of the 4:1 share split conducted in 2022. The market value of the call options was set at SEK 29.80 per option. The program has three exercise periods, which are after 3, 3.5 and 4 years, respectively. Exercise is possible in three periods: (i) from and including the day after the company publishes its Interim Report for the period July 1, 2024–September 30, 2024, but no earlier than October 25, 2024, and up to and including December 10, 2024, (ii) after the company publishes its Year-end Report for the period January 1, 2024–December 31, 2024, but no earlier than the January 25, 2025, and up to and including March 10, 2025, (iii) after the company publishes its Interim Report for the period January 1, 2025–March 31, 2025, but no earlier than April 25, 2025, and up to and including June 10, 2025.

For complete terms and conditions, please refer to the convening notices for the 2021, 2022 and 2023 AGMs, which are available at addnodegroup.com

The following two call option programs were outstanding at year-end:

Stock option programme	No. outstanding options	Corresponds to no. of shares	Exercise price (SEK)
LTIP 2021	195,800[1]	783,200	93.73
LTIP 2022	56,950[1]	227,800	115.80
LTIP 2023	201,000	201,000	157.50
Total	**453,750**	**1,212,000**	

1) One option entitles the holder to purchase four shares.

In 2023, 2022 and 2021, the CEO acquired a total of 20,000, 5,000 and 13,000 call options on class B shares in Addnode Group AB under the incentive programs approved by the 2023, 2022 and 2021 AGMs, respectively.

In 2023, 2022 and 2021, other senior executives acquired a total of 46,600, 14,800 and 39,200 call options on class B shares in Addnode Group AB under the incentive programs approved by the 2023, 2022 and 2021 AGMs, respectively.

Note 5 Remuneration of the Board of Directors and senior executives

Remuneration and other benefits in 2023

SEK thousand	Basic salary/fee	Variable remuneration	Other benefits	Pension costs	Total 2023
Chairman of the Board Staffan Hanstorp	587	–	–	–	587[1]
Board member Jan Andersson	410	–	–	–	410
Board member Kristofer Arwin	370	–	–	–	370
Board member Johanna Frelin	267	–	–	–	267
Board member Sigrun Hjelmquist	120	–	–	–	120[2]
Board member Thord Wilkne	320	–	–	–	320
Board member Kristina Willgård	267	–	–	–	267[3]
Board member Petra Ålund	250	–	–	–	250
Chief Executive Officer Johan Andersson	4,330	1,340	150	1,357	7,177
Other senior executives (6 people)	14,503	3,226	2,111	3,265	23,105
Total	**21,424**	**4,566**	**2,261**	**4,622**	**32,873**

1) In 2023, Chairman of the Board Staffan Hanstorp invoiced the Parent Company SEK 2,474,000 in fees from a company for consulting services related to the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters. This amount is not included in the table above.

2) Board member Sigrun Hjelmquist invoiced the Parent Company SEK 20,000 from a company for administering and compiling an appraisal of the Board of Directors. This amount is not included in the table above.

3) Board member Kristina Willgård invoiced the Parent Company SEK 28,000 from a company for participation in evaluating Group development projects. This amount is not included in the table above.

Note 5 Remuneration of the Board of Directors and senior executives, cont.

Remuneration and other benefits in 2022

SEK thousand	Basic salary/fee	Variable remuneration	Other benefits	Pension costs	Total 2022
Chairman of the Board Staffan Hanstorp	539	–	–	–	539[1)]
Board member Jan Andersson	384	–	–	–	384
Board member Kristofer Arwin	343	–	–	–	343
Board member Johanna Frelin	248	–	–	–	248
Board member Sigrun Hjelmquist	343	–	–	–	343[2)]
Board member Thord Wilkne	290	–	–	–	290
Board member Kristina Willgård	248	–	–	–	248[3)]
Chief Executive Officer Johan Andersson	3,777	3,660	113	1,065	8,615
Other senior executives (6 people)	12,635	7,459	1,858	2,752	24,704
Total	**18,807**	**11,119**	**1,971**	**3,817**	**35,714**

1) In 2022, Chairman of the Board Staffan Hanstorp invoiced the Parent Company SEK 2,422,000 in fees from a company for consulting services related to the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters. This amount is not included in the table above.

2) Board member Sigrun Hjelmquist invoiced the Parent Company SEK 20,000 from a company for administering and compiling an appraisal of the Board of Directors. This amount is not included in the table above.

3) Board member Kristina Willgård invoiced the Parent Company SEK 37,000 from a company for participation in evaluating Group development projects. This amount is not included in the table above.

Remuneration guidelines for senior executives

Remuneration guidelines for senior executives, as approved by the 2020 AGM and applicable until the 2024 AGM, providing are presented in the Board of Directors' Report, pages 75–76. Ahead of the 2024 AGM, a minor amendment to the remuneration guidelines is proposed involving an update to the financial targets.

Remuneration and benefits for the Board of Directors and senior executives in 2023

Parent Company Board of Directors

For the time between the 2023 and 2024 AGMs, a fixed fee of SEK 540,000 is payable to the Chairman of the Board and SEK 270,000 to each of the other Board members. A fee of SEK 145,000 is payable to the Audit Committee chair, and a fee of SEK 105,000 is payable to each of the two other members of the Audit Committee. A fee of SEK 55,000 is payable to each of the two members of the Board's Remuneration Committee. In 2023, Chairman of the Board Staffan Hanstorp was contracted on a consulting basis for work with the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters. Fees invoiced for the consulting services rendered by Staffan Hanstorp were a maximum of SEK 238,000 per month (based on an invoiced amount including social security contributions). Board member Sigrun Hjelmquist invoiced the Parent Company SEK 20,000 from a company for administering and compiling an appraisal of the Board of Directors. Board member Kristina Willgård invoiced the Parent Company SEK 28,000 from a company for participation in evaluating Group development projects. No other fees were paid in 2023 for service on the Board of Directors or the Audit or Remuneration Committees. There are no agreements concerning pensions, severance pay or other benefits for Board members.

Subsidiary Boards of Directors

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

CEO of the Parent Company

The CEO, Johan Andersson, is employed by the Parent Company. Under his employment contract, remuneration is paid in the form of basic salary of SEK 305,000 per month, variable remuneration, other benefits and occupational pension premiums. Variable remuneration refers to the expensed bonus for 2023, which will be paid in 2024. Variable remuneration is based on growth of consolidated net sales, EBIT and earnings per share. The variable remuneration component is capped at 12 months' fixed salary on a yearly basis. Other benefits consist primarily of a car mileage allowance. Pension costs relate to the cost that affects profit for the year. Occupational pension premiums are paid at an amount corresponding to 30 percent of fixed salary.

The CEO's employment contract has a mutual notice period of six months with continued service. In the event the company serves notice, severance pay equivalent to six months' fixed salary is payable.

In 2023, 2022 and 2021, the CEO acquired a total of 20,000, 5,000 and 13,000 call options on class B shares of Addnode Group AB under the incentive programs approved by the 2023, 2022 and 2021 AGMs, respectively (see notes 1 and 4).

Remuneration of the CEO of the Parent Company is considered and set by the Board's Remuneration Committee.

Other senior executives

For 2023, other senior executives in the above table include Group Management, except for the CEO of the Parent Company, as in the Corporate Governance Report on page 68. Remuneration of other senior executives consists of a basic salary, variable remuneration, other benefits and occupational pension premiums. For the 2023 financial year, variable remuneration is the expensed bonus, which will be paid in 2024. For division presidents, variable remuneration is largely based on the respective division's net sales growth, EBITA and before work performed by the company for its own use and capitalized for each division. Variable remuneration is capped at nine months' fixed salary. The other benefits in the table above are largely reimbursement and expenses related to one of the senior executive's work with a Group company in the USA as well as mileage allowance or car benefits. Pension costs relate to the cost that affects profit for the year. Occupational pension premiums are paid at a maximum of approximately 30 percent of fixed salary.

The employment contracts have a mutual notice period of 3 to 12 months with continued service.

In 2023, 2022 and 2021, other senior executives acquired a total of 46,600, 14,800 and 39,200 call options on class B shares in Addnode Group AB under the incentive programs approved by the 2023, 2022 and 2021 AGMs, respectively (see notes 1 and 4).

Remuneration of other senior executives in the Group is considered and determined by the CEO of the Parent Company after consultation with the Board's Remuneration Committee.

Note 6 Auditors' fees

	Group		Parent Company	
SEK thousand	**2023**	**2022**	**2023**	**2022**
Audit assignment				
PricewaterhouseCoopers	5,255	5,275	973	920
– of which to PricewaterhouseCoopers AB[1]	3,841	2,373		
Other auditors	3,073	2,170	–	–
Auditing activities in addition to the audit assignment				
PricewaterhouseCoopers	78	125	52	20
– of which to PricewaterhouseCoopers AB[1]	78	125		
Other auditors	186	265	–	–
Tax consultancy				
PricewaterhouseCoopers	615	85	95	85
– of which to PricewaterhouseCoopers AB[1]	615	85		
Other auditors	99	79		–
Other services				
PricewaterhouseCoopers	1,048	238	995	–
– of which to PricewaterhouseCoopers AB[1]	1,048	5	995	
Other auditors	832	506		–
Total	**11,186**	**8,743**	**2,115**	**1,025**

1) The proportion of the Group's total reimbursement of auditors relating to the audit firm in Sweden appointed by the AGM.

The fee for the audit assignment includes reviews of interim reports.

Note 7 Exchange rate differences

Consolidated operating profit includes exchange rate differences attributable to operating receivables and operating liabilities of SEK -6 m (-5) net. Forward exchange contracts are used to hedge amounts for future payment flows in foreign currencies. No forward exchange contracts were outstanding as of December 31, 2023 or December 31, 2022.

More information on the currency hedging policy is provided in note 36, Financial risks and risk management.

Note 8 Research and development

Research and development costs for the year amounted to SEK 51 m (34). SEK 152 m (106) of expenditure for investments in proprietary software and applications were capitalized in 2023 (see note 15). SEK 87 m (73) of expenditure for proprietary software and applications capitalized during the year and the previous years were amortized in 2023.

Note 9 Financial income

	Group	
SEK m	**2023**	**2022**
Interest income	30	4
Share dividends	2	2
Exchange rate differences	13	4
Other financial income	1	1
Total	**46**	**11**

	Parent Company	
SEK m	**2023**	**2022**
Profit from participations in Group companies		
Share dividends	174	149
Group contributions received and paid	207	269
Impairment	-33	-46
Total	**348**	**372**

	Parent Company	
SEK m	**2023**	**2022**
Profit/loss from other securities that are non-current assets		
Share dividends	2	2
Interest income and similar profit/loss items		
External interest income	26	4
Interest income from Group companies	4	2
Exchange rate differences	11	2
Total	**41**	**8**

Note 10 Financial expenses

	Group	
SEK m	**2023**	**2022**
Interest expenses	-89	-37
Exchange rate differences	-11	-6
Other financial expenses	-10	-5
Total	**-110**	**-48**

	Parent Company	
SEK m	**2023**	**2022**
Interest expenses and similar profit/loss items		
External interest expenses	-52	-21
Interest expenses to Group companies	-40	-8
Exchange rate differences	-13	-6
Other financial expenses	-7	-5
Total	**-112**	**-40**

Note 11 Tax

	Group		Parent Company	
SEK m	**2023**	**2022**	**2023**	**2022**
Current tax on profit for the year	-116	-114	-20	-29
Adjustments relating to previous years	-1	-2	–	–
Deferred tax (see note 12)	34	3	7	0
Total	**-83**	**-113**	**-13**	**-29**

The tax effect attributable to the components of other comprehensive income for the Group for 2023 amount to a total of SEK 0 m (2), of which SEK 0 m (1) pertains to hedging of net investments in foreign operations and SEK 0 m (1) to actuarial gains and losses on pension obligations.

The difference between tax calculated at the nominal Swedish tax rate on profit before tax and effective tax as reported in the Income Statement arises as follows:

	Group		Parent Company	
SEK m	**2023**	**2022**	**2023**	**2022**
Profit after financial items/ profit before tax	**362**	**495**	**205**	**244**
Tax calculated according to nominal Swedish tax rate of 20.6% (20.6%)	-75	-102	-42	-50
Non-deductible expenses	-13	-9	-13	-10
Dividend from Group companies	–	–	36	31
Other tax-exempt income	6	10	0	0
Capitalization of tax assets attributable to future deductions	11	–	6	–
Utilization of previously unrecognized loss carry-forwards	2	3	–	–
Decrease in deferred tax assets for loss carry-forwards and temporary differences	–	-1	–	–
Increase in loss carry-forwards and temporary differences for which no deferred tax asset has been capitalized	–	-1	–	–
Effect of foreign tax rates	-13	-11	–	–
Adjustments relating to previous years	-1	-2	–	–
Tax according to Income Statement	**-83**	**-113**	**-13**	**-29**

In 2023 and 2022, the non-deductible expenses of the Parent Company include impairment of participations in Group companies. In 2023, the non-deductible expenses of the Parent Company also include interest deduction limitations.

Note 12 Deferred tax

Deferred tax assets and deferred tax liabilities relate to temporary differences and tax loss carry-forwards. Temporary differences exist for cases where the carrying amount and tax values of the assets and liabilities are different. Deferred tax assets relating to tax loss carry-forwards or other tax deductions are recognized 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 relate to temporary differences and tax loss carry-forwards on the respective reporting dates as follows:

	Group		Parent Company	
SEK m as of 31 December	**2023**	**2022**	**2023**	**2022**
Deferred tax assets				-
Intangible non-current assets	4	2	–	–
Property, plant and equipment	2	1	–	–
Non-current receivables	2	–	–	–
Temporary differences in receivables and liabilities	11	6	6	0
Lease liabilities	–	1	–	–
Loss carry-forwards	7	8	–	–
Other current and non-current liabilities	8	–	0	–
Total	**34**	**18**	**0**	**0**
Deferred tax liabilities				
Capitalized development expenditure	10	8	–	–
Customer contracts, software and similar rights	66	78	–	–
Equipment, tools, fixtures and fittings	0	2	–	–
Untaxed reserves	44	44	–	–
Total	**120**	**132**	**–**	**–**
Deferred tax assets and deferred tax liabilities, net	**-86**	**-114**	**6**	**0**

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

	Group		Parent Company	
SEK m as of 31 December	**2023**	**2022**	**2023**	**2022**
Opening book value	-114	-91	0	0
Acquired Group companies	-6	-26	–	–
Recognized in profit or loss (see note 11)	34	3	7	0
Translation difference	0	0	–	–
Closing book value	**-86**	**-114**	**7**	**0**

The amounts recognized in the Balance Sheet include the following:

	Group	
SEK m	**2023**	**2022**
Deferred tax assets that can be used after 12 months at the earliest	19	6
Deferred tax liabilities that must be paid after 12 months at the earliest	-96	-100

Deferred tax assets not reported as assets

The Group's total tax loss carry-forwards were approximately SEK 65 m (75) on December 31, 2023. SEK 7 m (8) of deferred tax assets are recognized in the Consolidated Balance Sheet as the value of these loss carry-forwards. The deferred tax assets relating to loss carry-forwards are recognized as assets to the extent it is likely that the loss carry-forwards may be deducted against surpluses in future taxation. The Group's tax loss carry-forwards largely relate to foreign companies, where the scope for use may be limited because the Group does not currently conduct any operations with taxable profit in those countries where these loss carry-forwards exist. Deferred tax assets that have not been recognized as assets were approximately SEK 5 m (8) on December 31, 2023. There are no established maturity dates for the Group's tax loss carry-forwards on December 31, 2023.

Note 13 Earnings per share

SEK	Group 2023	Group 2022
Earnings per share before and after dilution	**2.09**	**2.86**

At year-end, there were 134,528,232 registered shares. A 4:1 share split was conducted during 2022 after an AGM resolution. Because of the share split, the historical number of shares and earnings per share have been restated.

The number of shares outstanding at year-end 2023 was 133,318,232 (133,498,232), after the repurchase of 1,210,000 (1,030,000) shares.

Earnings per share before dilution
The calculation of earnings per share before dilution for 2023 was based on profit for the year of SEK 279 m (382), and a weighted average number of outstanding common shares in 2023 of 133,433,183 (133,633,040).

Number of shares	2023	2022
Total number of shares outstanding on January 1	133,498,232	133,728,232
Repurchase of shares	-65,049	-95,192
Weighted average number of shares in the year before dilution	**133,433,183**	**133,633,040**

Earnings per share after dilution
The calculation of earnings per share after dilution for 2023 was based on profit for the year of SEK 279 m (382), and a weighted number of outstanding common shares in 2023 of 133,454,966 (133,644,956).

Number of shares	2023	2022
Weighted average number of shares in the year before dilution	133,433,183	133,633,040
Calculated number of potential shares related to call option programs	21,783	11,916
Weighted average number of shares in the year after dilution	**133,454,966**	**133,644,956**

Note 14 Proposed appropriation of profit

Profit for the year of SEK 192 m and other non-restricted equity of SEK 796 m, a total of SEK 988 m, is at the disposal of the AGM. The Board of Directors proposes that these funds be appropriated as follows:

Dividend to shareholders, SEK 1.00 per share	133
Carried forward	855
Total	**988**

A dividend of SEK 1.00 per share was paid in 2023, corresponding to a total of SEK 133 m.

Note 15 Intangible non-current assets

SEK m	Goodwill	Customer contracts and similar rights	Acquired software	Expenditure for software development	Group
January 1 –December 31, 2023					
Opening book value	2,681	381	144	203	3,409
Purchases in the year[1)]	347	321	28	152	848
Amortization for the year	–	-96	-46	-87	-229
Translation difference	-50	-27	1	-1	-77
Closing book value	**2,978**	**579**	**127**	**267**	**3,951**
As of December 31, 2023					
Cost	3,008	958	343	675	4,984
Accumulated amortization and impairment	-30	-379	-216	-408	-1,033
Closing book value	**2,978**	**579**	**127**	**267**	**3,951**

1) Through business development and acquisitions, the proportion of proprietary software and applications has increased in the IT solutions the Group offers to customers. In 2023, expenditure for investments in proprietary software and applications that satisfy the capitalization criteria amounted to SEK 120 m (106).

SEK m	Goodwill	Customer contracts and similar rights	Acquired software	Expenditure for software development	Group
January 1–December 31, 2022					
Opening book value	2,107	158	142	167	2,574
Purchases in the year[1)]	486	279	48	106	919
Amortization for the year	–	-80	-48	-73	-201
Translation difference	88	24	2	3	117
Closing book value	**2,681**	**381**	**144**	**203**	**3,409**
As of December 31, 2022					
Cost	2,711	664	314	524	4,213
Accumulated amortization and impairment	-30	-283	-170	-321	-804
Closing book value	**2,681**	**381**	**144**	**203**	**3,409**

1) Through business development and acquisitions, the proportion of proprietary software and applications has increased in the IT solutions the Group offers to customers. In 2022, expenditure for investments in proprietary software and applications that satisfy the capitalization criteria amounted to SEK 106 m (80).

Note 15 Intangible non-current assets, cont.

Goodwill impairment testing

Goodwill is allocated to the Group's cash-generating units identified by operating segment. The division of goodwill at operating segment and country levels is summarized in the following tables:

	Design		PLM		Process		Group	
SEK m as of 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Sweden	173	146	95	95	820	820	1,088	1,061
Norway	169	181		–	58	62	227	243
Finland	23	23	29	29	–	–	52	52
Denmark	23	23		–	–	–	23	23
Germany	–	–	270	271	–	–	270	271
Netherlands	–	–	19	19	–	–	19	19
UK	362	356	257	253	–	–	619	609
Ireland	22	23	–	–	–	–	22	23
France	–	–	21	21			21	21
Poland	–	–	13	12			13	13
Serbia	–	–	–	–	5	6	5	5
USA	610	341	8	–	–	–	618	341
Total	**1,382**	**1,093**	**712**	**700**	**883**	**888**	**2,977**	**2,681**

Impairment testing of goodwill is conducted yearly or more often if there is an indication of impairment.

The recoverable amount of 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 management. The cash flow forecasts are based on an assessment of the anticipated growth rate and progress of the EBITA margin (operating margin before amortization and impairment of intangible assets), starting from the budget for the next year, and forecasts for the next four years. Estimated value in use is most sensitive to changes in the assumptions regarding the growth rate, EBITA margin and discount rate. The assumptions applied are based on previous experience and progress in the market. Cash flow forecasts for two to five years are based on a yearly growth rate of 2.0 percent (2.0) for all cash-generating units. A yearly nominal growth rate of 2.0 percent (2.0) after the forecast period is applied to all cash-generating units. The growth rate does not exceed the long-term growth rate stated in trade reports for the markets where each cash-generating unit operates. The discount rate used for calculating the recoverable amount is 11.0 percent (9.7) before tax. The required rate of return is based on the Group's current capital structure and reflects the risks that apply to the various operating segments.

According to the impairment tests conducted, there is no impairment of goodwill as of December 31, 2023. A separate sensitivity analysis has been prepared for each cash-generating unit. Individually, a 2 percentage point increase in the discount rate, decreasing the EBITA margin by 2 percentage points, or decreasing the assumed long-term growth rate by 2 percentage points would not cause any impairment of any of the cash-generating units as of December 31, 2023.

	Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**
Software		
Opening cost	1	1
Closing accumulated cost	**1**	**1**
Opening amortization	-1	-1
Amortization for the year	0	0
Closing accumulated amortization	**-1**	**-1**
Closing residual value according to plan	**–**	**–**

Note 16 Property, plant and equipment

	Group		Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Equipment, tools, fixtures and fittings				
Opening cost	107	92	0	0
Additional from acquired companies	4	9	–	–
Purchases in the year	26	14	9	–
Sales/retirements	-27	-15	–	–
Translation difference	-18	7	–	–
Closing accumulated cost	**92**	**107**	**9**	**0**
Opening depreciation	-74	-67	0	0
Sales/retirements	26	14	–	–
Depreciation for the year	-17	-15	0	0
Translation difference	18	-6	–	–
Closing accumulated depreciation	**-47**	**-74**	**0**	0
Closing residual value according to plan	**45**	**33**	**9**	**–**

	Group	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**
Right-of-use assets		
Opening cost	409	266
Additional from acquired companies	38	82
Additional rights of use	174	96
Sales/retirements	-105	-42
Translation difference	-6	7
Closing accumulated cost	**510**	**409**
Opening depreciation	-214	-158
Sales/retirements	105	40
Depreciation for the year	-103	-91
Translation difference	2	-5
Closing accumulated depreciation	**-210**	**-214**
Closing residual value according to plan	**300**	**195**

	Group	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**
Buildings and land		
Opening cost	0	30
Sales/retirements	–	-30
Translation difference	0	0
Closing accumulated cost	**0**	**0**
Opening depreciation	0	-1
Depreciation for the year	–	0
Translation difference	0	1
Closing accumulated depreciation	**0**	**0**
Closing residual value according to plan	**0**	**0**

Most of the buildings and land item related to an office property in the UK included in the acquisition of Excitech Ltd. in 2020, which was divested in January 2022, with a capital gain of approximately SEK 24 m.

Note 17 Leases

This note states information on leases where the Group is lessee.

Carrying amounts in the Balance Sheet
The following amounts related to leases are reported in the Balance Sheet:

	Group	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**
Right-of-use assets		
Office premises	285	183
Company cars	16	12
Total	**301**	**195**
Lease liabilities		
Current lease liabilities	95	82
Non-current lease liabilities	202	108
Total	**297**	**190**

Additional rights of use in 2023 amounted to SEK 97 m (178).

Note 17 Leases, cont.

Carrying amounts in the Income Statement
The following amounts related to leases are reported in the Income Statement:

	Group	
SEK m	**2023**	**2022**
Depreciation of right-of-use assets:		
Office premises	-94	-82
Company cars	-9	-9
Total depreciation (included in depreciation of property, plant and equipment)	**-104**	**-91**
Interest expenses (included in financial expenses)	-4	-3
Expenditure related to short-term leases (included in other external costs)	-1	-1
Expenditure related to leases where the underlying asset is of low value and that are not short-term leases (included in other external costs)	-5	-5
Expenditure related to variable lease payments not included in lease liabilities (included in other external costs)	-19	-16

The total cash flow related to leases in 2023 was SEK -129 m (-103).

The Group's leases and their recognition
The Group's leases consist mainly of lease contracts for premises and leases for company cars. Leases are normally entered for fixed terms of between six months and five years, but in individual cases may extend for up to ten years. Leases may have extension options, which are described below.

Effective January 1, 2019, leases are recognized as right-of-use assets, and a corresponding liability on the date the leased asset is available for use by the Group. A lease may include both lease and non-lease components. The Group allocates the payments in accordance with the lease, where possible, to lease and non-lease components based on their relative, independent prices.

Terms are negotiated separately for each lease and include a large number of different contractual terms. Leases do not contain any special restrictions other than that the lessor retains the rights to pledge leased assets. The leased assets may not be used as collateral for loans.

Assets and liabilities that arise from leases are initially recognized at present value. The lease liabilities include the present value of the following lease payments:

- Fixed fees (including fixed fees in substance) after deducting any benefits in connection with the signing of the lease.
- Variable lease payments that are dependent on an index or a price that is initially set with the help of an index or the price at the inception date of the lease.
- Amounts that are expected to be paid out by the lessee in accordance with residual value guarantees.
- The exercise price for a call option if the Group is reasonably certain it will exercise such an option.
- Penalty fees payable upon termination of the lease if the lease term reflects that the Group will exercise an option to terminate the lease.

Lease payments that are made to reasonably ensure extension options are also included in the valuation of the lease liability.

The lease payments are discounted using the rate implicit in the lease. If this interest rate cannot be determined easily, the lessee's incremental borrowing rate is used, which is the interest rate that the individual lessee would have to pay to borrow the necessary funds to purchase an asset of similar value as the right-of-use asset in a similar economic environment with similar terms and collateral. The Group determines the incremental borrowing rate as the risk-free rate adjusted for credit risk and the specific terms of the lease, such as the lease term, country and currency.

The Group is exposed to possible future increases in variable lease payments based on an index or interest rate, which are not included in the lease liability until they take effect. When adjustments of lease payments based on an index or interest rate take effect, the lease liability is remeasured and adjusted to the right-of-use asset.

Lease payments are divided between repayment of principal and payment of interest. The interest is recognized through profit or loss over the term of the lease in a way that conveys a fixed interest rate for the lease liability that is recognized during the respective period.

Right-of-use assets are measured at cost, which includes the following:

- The amount at which the lease liability was originally measured.
- Lease payments made on or before the inception date after deducting any benefits received on signing the lease
- Initial direct fees.
- Fees for restoring the asset to the condition prescribed in the terms of the lease.

Right-of-use assets are normally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Payments for short-term leases and all leases with a low value are expensed on a straight-line basis in the Income Statement. Short-term leases are leases with a term of 12 months or less. Leases with a low value include parking spaces, and IT and office equipment.

Variable lease payments
The Group has no sales-based rents in current leases.

Options to extend and terminate leases
Options to extend and terminate leases are included in a number of the Group's leases. The majority of the options that provide an option to extend and terminate a lease may be used by the Group and the lessors.

Note 18 Participations in Group companies

All Group companies are consolidated. The operations of the Group companies are mainly conducted in those countries where their registered offices are located. There are no significant limitations to accessing Group companies' assets and settling their liabilities.

	Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**
Opening cost	3,377	3,155
Investments in subsidiaries in the year[1)]	63	191
Paid-up capital to subsidiaries	30	28
Sales of subsidiaries[2)]	-10	–
Revaluation of contingent considerations	-15	3
Closing accumulated cost	**3,445**	**3,377**
Opening impairment	-492	-445
Impairment for the year	-34	-47
Sales of subsidiaries[2)]	10	–
Closing accumulated impairment	**-515**	**-492**
Closing book value	**2,929**	**2,885**

1) The year's investments in subsidiaries include estimated contingent consideration totalling SEK 58 m (12). The outcome is dependent on the financial performance of acquired companies.

2) Sales in 2023 were to other Group companies pre-merger.

Not 18 Participations in Group companies, cont.

Company	Corporate identity number	Registered office	Number of shares	Share of equity/votes, %	Book value, Dec 31, 2023	Book value, Dec 31, 2022
Mogul Holding AB	556300-0073	Stockholm, Sweden	10 275 103	100	341	341
Evitbe AB	556557-7599	Stockholm, Sweden	20,000	100	–	–
Symetri Ltd	3239798	Newcastle, UK	500,000	100	–	–
Microdesk Ltd	09750999	Taunton, Somerset, UK	100	100	–	–
Addnode Balkan d.o.o	17598732	Belgrade, Serbia	1	100	–	–
Optosof GmbH	HRB 731607	Karlsruhe, Germany	3	100	–	–
Icebound AB	556751-4749	Stockholm, Sweden	1,320	100	–	–
Technia Holding AB	556516-7367	Stockholm, Sweden	4,533,500	100	194	189
TECHNIA AB	556481-3193	Stockholm, Sweden	5,000	100	–	–
Addnode India Private Limited[1)]	U72200MH2012FTC229607	Thane, India	100	100	–	–
TECHNIA AS	880 823 582	Oslo, Norway	250	100	–	–
TECHNIA Oy	0755401-4	Espoo, Finland	77	100	–	–
Symetri Europe AB	556524-6989	Borlänge, Sweden	1,000	100	–	–
Mogul Sweden AB	556511-2975	Stockholm, Sweden	1,000	100	–	–
Addnode Inc	75-3269017	Naperville, IL, USA	100	100	–	–
Key Performance	03-0402181	Delray Beach, PL, USA	1	100	–	–
Addnode Germany GmbH	HRB 732456	Karlsruhe, Germany	1	100	156	156
Transcat GmbH	HRB 110416	Karlsruhe, Germany	25,000	100	–	–
TECHNIA GmbH	HRB 109117	Karlsruhe, Germany	1	100	–	–
TECHNIA Slovakia s.r.o.	34196/B	Bratislava, Slovakia	1	100	–	–
TECHNIA GmbH	FN 399981 h	Linz, Austria	1	100	–	–
Technia B.V.	08095732	Loenen, Apeldoorn, Netherlands	10,136	100	18	18
TECHNIA Ltd	04286171	Milton Keynes, UK	101	100	174	174
Claytex Services Ltd	03539836	Leamington Spa, UK	211	100	83	82
Claytex USA inc	81-5036506	Cornelius, NC, USA	1,000	100	–	–
Strategic Simulation and Analysis Ltd	06433279	Charlbury, UK	1,000	100	0	0
Simuleon B.V.	55204982	Bruchem, Netherlands	18,000	100	10	10
TECHNIA SAS	488 343 401	Paris, France	1,000	100	33	33
TECHNIA K.K.	0100-1-198112	Tokyo, Japan	1,000	100	–	–
Budsoft Sp. z o.o.	0000140361	Poznan, Poland	100	100	18	18
Symetri AB	556359-5429	Borlänge, Sweden	10,000	100	164	157
Symetri AS	957 168 868	Oslo, Norway	200	100	71	71
Symetri Oy	1058681-8	Helsinki, Finland	3,000	100	37	37
Symetri A/S	13 737 436	Copenhagen, Denmark	60	100	1	1
Addnode USA Holding Co	35-2742278	Wilmington, DE, USA	1,000	100	0	0
Microdesk LLC	04-3238199	Boston, MS, USA	1,000	100	–	–
D3 Technical Services LLC	43-1835341	Springfield, MO, USA	0	100	–	1
Excitech Ltd	01894184	Middlesex, UK	286,540	100	0	20
Micro Concepts Ltd	03008091	Middlesex, UK	100	100	–	–

1) This company is 99 percent owned by TECHNIA AB and 1 percent owned by TECHNIA Oy.

Not 18 Participations in Group companies, cont.

Company	Corporate identity number	Registered office	Number of shares	Share of equity/votes, %	Book value, Dec 31, 2023	Book value, Dec 31, 2022
Computer Aided Business Systems Ltd	03523862	Middlesex, UK	30,040	100	–	–
Symetri Ltd	554 759	Limerick, Ireland	51	100	37	35
Tribia AS	983 443 117	Oslo, Norway	3,644	100	147	125
Tribia AB	556657-7176	Stockholm, Sweden	1,001	100	21	21
UniZite AS	999 574 327	Lysaker, Norway	1,166	100	–	22
UniZite AB	559148-2004	Karlstad, Sweden	500	100	–	–
Cadassist Ltd	01994562	Bramhall, Stockport, UK	12,105	100	2	7
d2m3 Ltd	04309261	Bramhall, Stockport, UK	105	100	0	8
Service Works Global Ltd	04915250	London, UK	33,094,051	100	157	157
Service Works International Ltd	04915227	London, UK	1	100	–	–
Service Works Global Pty. Ltd	11 108 665 818	Melbourne, VIC, Australia	200,001	100	–	–
Service Works Global (Asia Pacific) Pty. Ltd	49 144 482 995	Melbourne, VIC, Australia	10	100	–	–
Service Works Global Ltd	3222235	Halifax, Canada	30,000	100	–	–
Service Works Global (North America) Inc	3268696	Halifax, Canada	100	100	–	–
Service Works Global Inc	35-2653333	Camden, DE, USA	1,000	100	–	–
Service Works Group Ltd	06975966	London, UK	100	100	–	–
Service Works Global Nordic AB	556535-3918	Eskilstuna, Sweden	4,586,000	100	19	17
SWG Nordic Housing AB	556516-5247	Stockholm, Sweden	5,500	100	56	0
Ida Infront AB	556316-2469	Linköping, Sweden	5,894,650	100	127	121
Ida Infront AS	988 393 568	Oslo, Norway	100	100	1	1
Stamford AB	556325-7913	Stockholm, Sweden	1,000	100	75	75
Elpool i Umeå AB	556423-0000	Umeå, Sweden	1,020	100	18	18
Decerno AB	556498-5025	Stockholm, Sweden	10,000	100	44	44
Decerno Väst AB	556564-9885	Gothenburg, Sweden	28,000,000	100	16	17
Decisive AS	928 720 691	Oslo, Norway	216,051	100	98	109
Sokigo AB	556550-6309	Köping, Sweden	5,000	100	173	173
Arkiva AB	556313-5952	Västerås, Sweden	1,000	100	7	7
Adtollo AB	556476-6813	Stockholm, Sweden	2,400	100	38	38
Forsler & Stjerna Konsult AB	556412-4849	Lund, Sweden	1,000	100	28	28
Svenska ITKompanion AB	556710-4244	Malmö, Sweden	185,795	100	10	10
IntraPhone Solutions AB	559186-3674	Malmö, Sweden	500	100	45	45
Netpublicator Apps AB	556861-8127	Jönköping, Sweden	834	100	100	100
S-GROUP Solutions AB	556214-2900	Karlskrona, Sweden	2,214,000	100	349	342
UAB S-Group Lietuva	111 549 859	Vilnius, Lithuania	900	100	–	–
Canella IT Products AB	556818-6927	Stockholm, Sweden	500	100	40	38
Voice Provider Sweden AB	556598-3276	Stockholm, Sweden	215,960	100	19	19
Mittbygge AB	556586-1555	Varberg, Sweden	1,000	100	1	1
Total book value					**2,929**	**2,885**

Note 19 Disclosures on financial instruments

The carrying amount of the Group's financial instruments, divided between IFRS 9 measurement categories, is summarized in the table below. No financial assets or liabilities are recognized at a value that departs materially from fair value. A more detailed description of certain items is provided in separate notes as indicated below. Financial risks and risk management are described in note 36.

		Group	
SEK m	**Note**	**Dec 31, 2023**	**Dec 31, 2022**
ASSETS			
Financial assets measured at amortized cost			
Non-current receivables	21	16	18
Trade receivables		1,204	1,182
Other receivables		49	25
Financial assets measured at fair value through other comprehensive income			
Long-term securities holdings[1)]	20	23	18
Cash and cash equivalents	34	**667**	**600**
LIABILITIES			
Financial liabilities measured at fair value through profit or loss			
Provisions for estimated contingent considerations[2)]	27	481	361
Other financial liabilities			
Non-current and current interest-bearing liabilities	26	1,670	1,069
Trade payables		541	626

1) Long-term securities holdings pertain to unlisted shares and participations and are attributable to level 3 of the fair value hierarchy in accordance with IFRS 13. Level 3 means fair value measurement is not based on observable market data. The opening carrying amount of unlisted shares and participations in the year was SEK 18 m (13), investments in the year were SEK 5 m (5), sales in the year were SEK 0 m (0), translation differences in the year were SEK 0 m (0) and the closing carrying amount for the year was SEK 23 m (18) (see note 20). Dividends received from holdings of unlisted shares and participations of SEK 2 m (2) were recognized as financial income in profit or loss. For holdings of shares and participations remaining as of December 31, 2023, no gains or losses were recognized in profit or loss or other comprehensive income for 2023 or 2022, apart from dividends. Carrying amounts of unlisted holdings of shares and participations on December 31, 2023 correspond to the cost of each holding. Reasonable possible alternative assumptions for estimating fair value would not have any material impact on the Group's accounting.

2) Provisions for estimated contingent considerations for acquisitions are attributable to level 3 in the fair value hierarchy in accordance with IFRS 13. Provisions have been measured at fair value based on an estimate of the future financial performance of acquired companies. The opening carrying amount of provisions for the year for contingent considerations was SEK 361 m (92), the additional provisions on acquisitions for the year were SEK 219 m (328), contingent considerations paid in the year were SEK -75 m (-54), revaluations in the year were SEK -15 m (-5), reclassifications as current liabilities in the year were SEK – m (-2), exchange rate differences in the year were SEK -9 m (2), and closing carrying amounts for the year were SEK 481 m (361). In 2023, profit/loss from revaluations of contingent considerations of SEK 15 m (5) was recognized in profit or loss. More information on contingent considerations and their valuation is presented in notes 27 and 33.

	Group 2023			Group 2022		
SEK m	**Gain/ loss**	**Interest income**	**Interest expense**	**Gain/ loss**	**Interest income**	**Interest expense**
Financial assets measured at amortized cost						
Non-current receivables and other current receivables	–	0	–	–	0	–
Financial assets measured at fair value through other comprehensive income						
Long-term securities holdings[3)]	2	–	–	2	–	–
Cash and cash equivalents	–	29	–	–	4	–
Other financial liabilities						
Interest expense on liabilities to credit institutions	–	–	-87	–	–	-29
Interest expense on discounted contingent considerations	–	–	1	–	–	-5
Interest expense according to leases	–	–	-4	–	–	-3
Other interest expenses	–	–	0	–	–	0
Total	**2**	**29**	**-90**	**2**	**4**	**-37**

3) The gain/loss amount refers to a dividend, reported as financial income in the Income Statement.

Note 20 Long-term securities holdings

	Group		Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Opening cost	18	13	7	3
Investments in the year	5	5	6	4
Translation difference	0	0	–	–
Closing accumulated cost	**23**	**18**	**13**	**7**
Closing book value	**23**	**18**	**13**	**7**

Note 20 Long-term securities holdings, cont.

Company	Corporate identity number	Registered office	Number of shares	Share of equity/votes, %	Book value, Dec 31, 2023	Book value, Dec 31, 2022
Waltecon AB	559208-9618	Stockholm, Sweden	18,519	37.04	4	3
Bimify AB	559369-7898	Stockholm, Sweden	7,353	10.73	5	–
Kope AI Ltd	12180284	London, UK	835,174	3.09	4	4
Total holding in Parent Company					**13**	**7**
Additional, Group:						
Optimdata SAS	809 999 188	Nanterre, France	416,667	18.40	7	7
Upwave Technologies AS	918 835 881	Oslo, Norway	61,647	7.58	2	3
Other					1	1
Closing book value					**23**	**18**

The Group's securities holdings are reported at cost for each holding. The equity method has not been applied to these holdings, because the effects on the Group's accounting would not be material. Information on companies' profit or loss and equity are of no significance considering the requirement of a true and fair view.

Note 21 Other non-current receivables

	Group		Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Opening cost	18	13	–	–
Additional from acquired companies	0	7	–	–
Loans granted	3	0	–	–
Amortization and repayment	0	-3	–	–
Reclassifications	-4	0	–	–
Exchange rate difference	-1	1	–	–
Closing accumulated cost	**16**	**18**	**–**	**–**
Closing book value	**16**	**18**	**–**	**–**

Non-current receivables fall due for payment within five years of each reporting date. Interest-bearing receivables were SEK 6 m (0) on December 31, 2023.

Note 22 Prepaid expenses and accrued income

	Group		Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Prepaid rent and lease payments	0	3	0	3
Prepaid licenses and service agreements	422	528	0	2
Other prepaid expenses	227	71	14	3
Accrued income	210	64	–	–
Total	**859**	**666**	**14**	**8**

Note 23 Cash and cash equivalents in Group account

	Parent Company	
	Dec 31, 2023	**Dec 31, 2022**
Cash and cash equivalents in Group account	404	350

Cash and cash equivalents in the Group account consist of cash and cash equivalents that are invested in bank accounts through the Parent Company in a Group-wide central account system. These funds are available without advance notice. At year-end 2023, the used portion of the Group account system was SEK 0 m (0) (see also note 28).

SEK 29 m (12) relating to the Group account is included in current receivables from Group companies, of which SEK 0 m (0) had been offset against the Parent Company's liabilities to the same Group companies. SEK 1,189 m (1,096) relating to the Group account is included in current liabilities to Group companies, of which SEK 174 m (157) had been offset against the Parent Company's receivables from the same Group companies.

Note 24 Equity

A specification of changes in equity is presented in the Consolidated and Parent Company Statement of Changes in Equity (see pages 77–78 and 82 respectively). At year-end, there were 134,528,232 registered shares. A 4:1 share split was conducted during 2022 after an AGM resolution. Because of the share split, the historical number of shares and earnings per share have been restated. Changes in the number of shares outstanding are presented in the following table:

	Class A shares	Class B shares	Total number of shares outstanding
Number on Dec 31, 2021	**3,948,696**	**129,779,536**	**133,728,232**
Repurchase of the company's shares		-230,000	-230,000
Number on Dec 31, 2022	**3,948,696**	**129,549,536**	**133,498,232**
Repurchase of the company's shares		-180,000	-180,000
Number on Dec 31, 2023	**3,948,696**	**129,369,536**	**133,318,232**

The quotient value of shares is SEK 3. Class A shares carry ten votes and class B shares carry one vote per share. All shares are fully paid up.

	Group	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**
Exchange rate differences in equity		
Opening balance	161	78
Change in the year's translation of foreign subsidiaries	-16	83
Closing balance	**145**	**161**
Hedge of net investment in foreign operations recognized in equity		
Opening balance	-93	-56
Remeasurement at fair value	-9	-37
Closing balance	**-102**	**-93**

Disclosures on equity
Total equity is calculated as equity in the Consolidated Balance Sheet. The Group's equity/assets ratio, defined as total equity in relation to total assets, was 29 percent (32) at December 31, 2023. The Group's dividend policy is stated on page 131.

Acquisitions, transfers and holdings of treasury shares
In June 2023, Addnode Group's Board of Directors decided to repurchase class B shares with authorization from the 2023 AGM. The main purpose of the Board of Directors' decision to exercise the AGM's authorization was to enable delivery of shares associated with the implementation of Addnode Group's share-based incentive programme. The repurchase of 180,000 (230,000) class B shares had been executed before December 31, 2023. The Group's holdings of treasury shares as of December 31, 2023 amounted to 1,210,000 repurchased class B shares.

Call options issued
In 2023, Addnode Group AB issued 201,000 (56,950) call options to managers and senior executives of the Group (see note 4).

Note 25 Untaxed reserves

	Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**
Tax allocation reserve 2018 tax year	–	21
Tax allocation reserve 2019 tax year	19	19
Tax allocation reserve 2020 tax year	22	22
Tax allocation reserve 2021 tax year	25	25
Tax allocation reserve 2022 tax year	29	29
Tax allocation reserve 2023 tax year	47	47
Tax allocation reserve 2024 tax year	20	0
Total	**162**	**163**

Note 26 Interest-bearing liabilities

	Group		Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Non-current interest-bearing liabilities				
Liabilities to credit institutions	1,372	878	670	646
Lease liabilities according to IFRS 16	202	109	–	–
Total	**1,574**	**987**	**670**	**646**
Current interest-bearing liabilities				
Lease liabilities according to IFRS 16	95	82	–	–
Total	**95**	**82**	**–**	**–**
Total	**1,669**	**1,069**	**670**	**646**

Interest-bearing liabilities
Addnode Group's SEK 1,600 m credit facility arranged in June 2021 had a three-year term with 1+1 year extension. In June 2023, Addnode Group exercised its option to extend the credit facility by one year to June 2026, with other terms and conditions unchanged. The utilized portion of the credit facility has been classified as non-current interest-bearing liabilities.

Non-current liabilities fall due for payment as follows:

	Group		Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Between 1 and 2 years after the reporting date	76	45	–	–
Between 2 and 5 years after the reporting date	1,498	942	670	646
Total	**1,574**	**987**	**670**	**646**

Fair values
The carrying amount of interest-bearing liabilities are a good approximation of the fair value of these liabilities.

Note 27 Provisions

	Group		Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Estimated contingent considerations for acquisitions	481	361	55	90
Decided restructuring measures	3	1	–	–
Guarantee provisions	2	2	–	–
Pension obligations (see below)	8	7	–	–
Other provisions	13	9	2	–
Total	**507**	**380**	**57**	**90**
Of which to be settled within 12 months	**22**	**104**	**4**	**34**
Of which to be settled after more than 12 months	**485**	**276**	**53**	**56**

	Group		Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Opening balance	380	106	90	93
Provisions for restructuring measures in the period	7	0	–	–
Used in the period	-5	-1	–	–
Estimated contingent considerations for acquisitions	251	328	15	56
Remeasurement of contingent considerations	-16	-5	-18	-5
Contingent considerations paid	-93	-54	-32	-54
Changes in provisions for pension obligations	0	-2	–	–
Changes in guarantee provisions	0	0	–	–
Reclassification to other current liabilities	0	-2	–	–
Other provisions	5	9	2	–
Exchange rate differences	-22	1	0	0
Closing balance	**507**	**380**	**90**	**90**

Estimated contingent considerations for acquisitions
Provisions for estimated contingent considerations on December 31, 2023 mainly relate to the acquisitions of D3 Technical Services, LLC, Microdesk LLC, SWG Nordic Housing AB, Claytex Ltd and Decisive AS. Payments corresponding to provisions as of December 31, 2023 are scheduled for 2024–2026.

Additionally, the office property in Enfield, UK, included in the acquisition of Excitech Ltd in 2020, was divested in January 2022. The remaining purchase consideration to the sellers of the shares in Excitech was definitively settled in conjunction with this transaction.

Provisions for restructuring measures and utilization in the period
Amounts for the period's provisions and portion utilized in the period pertain to expenses for personnel.

Pension obligations
The German subsidiary TECHNIA GmbH has defined benefit pension obligations for five employees. The provision for these pension obligations corresponded to SEK 7 m (7) as of December 31, 2023, calculated according to IAS 19 by an independent actuary using the projected unit credit method and a discount rate of 3.66 percent (3.70).

Note 28 Overdraft facility

At December 31, 2023, Group companies had committed overdraft facilities of a total of SEK 50 m (50) within the framework of the revolving credit facility. The overdraft facility was unutilized as of December 31, 2023 and December 31, 2022, respectively.

Note 29 Accrued expenses and deferred income

	Group		Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Personnel-related expenses	304	293	11	14
Other accrued expenses	312	122	11	9
Deferred income	1,255	1,204	–	–
Total	**1,871**	**1,619**	**22**	**23**

Note 30 Pledged assets

	Group		Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
For rental contracts				
Non-current receivables	19	15	–	–
Current receivables	0	0	–	–
Total	**19**	**15**	**–**	**–**

Note 31 Contingent liabilities

	Group		Parent Company	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Payment guarantee for contingent consideration	–	–	211	114
Payment guarantee for trade payables	–	–	32	114
Sureties for bank guarantees	3	3	3	3
Sureties for Group companies	20	20	20	20
Total	**23**	**23**	**266**	**137**

Note 32 Adjustments for other non-cash items

	Group		Parent Company	
SEK m	**2023**	**2022**	**2023**	**2022**
Capital gain/loss	1	-22	–	–
Unrealized exchange rate differences	1	1	–	–
Changes to provisions	7	8	–	–
Change in provision for bad debt	1	-1	–	–
Total	**10**	**-14**	**–**	**–**

Note 33 Acquisitions of subsidiaries and operations

Acquisitions in 2023

All of the shares in three operations were acquired: FAST2 Affärssystem AB (now SWG Nordic Housing AB), Key Performance LLC and D3 Technical Services LLC (Team D3). In 2023, these acquisitions contributed net sales of SEK 607 m, while their impact on EBITA amounted to SEK 14 m. The Group's other external costs include expenses of SEK -14 m (-13) for completing the acquisitions, which were primarily attributable to the acquisition of Team D3. If the acquisitions had been conducted as of January 1, 2023, the Group's net sales in 2023 would have been approximately SEK 7,879 m and EBITA approximately SEK 657 m.

Design Management

In January 2023, FAST2 was acquired, with yearly sales of approximately SEK 80 m at the time of acquisition. The company is one of Sweden's leading providers of ERP systems for technical and financial management for real estate companies. In July 2023, the acquisition of Team D3 was completed, with yearly sales of approximately SEK 120 m at the time of acquisition. The company is a Platinum Partner of Autodesk, and the acquisition meant that the Design Management division has secured a strong position in the central USA.

Product Lifecycle Management

In March 2023, Key Performance was acquired, with yearly sales of approximately SEK 25 m at the time of acquisition. The company specializes in model-based design.

The following tables state purchase consideration, identifiable net assets and goodwill.

SEK m	TEAM D3	Other acquisitions	Total acquisitions in 2023
Purchase consideration			
Cash paid in 2023	320	59	379
Current and non-current liabilities to sellers	50	2	52
Estimated contingent considerations[1])	240	15	255
Total	**610**	**76**	**686**
Identifiable net assets (see below)	-306	-41	-347
Goodwill	**304**	**35**	**339**

1) The acquisition of Team D3 includes estimated discounted contingent consideration liabilities of USD 22 m that may be payable in 2026 period and a non-current non-interest-bearing liability of USD 3 m. Non-current contingent considerations of a maximum of SEK 25 m may be payable for the acquisition of FAST2, of which SEK 7.5 m has been entered as a liability. The acquisition of Key Performance includes a current non-interest-bearing liability of USD 0.15 m, which has been entered as a liability.

The acquired companies are knowledge businesses, and accordingly, goodwill relates to the accumulated skills of staff and employees' aggregate knowledge of the relevant software and digital solutions as well as, to some extent, synergy effects.

The fair value of the identifiable assets and liabilities included in acquisitions were as follows:

SEK m	TEAM D3	Other acquisitions	Total acquisitions in 2023
Customer contracts, software, trademarks and brands	288	30	318
Other intangible non-current assets	–	9	9
Property, plant and equipment	1	2	3
Receivables[2)]	119	43	162
Cash and cash equivalents	60	5	65
Current liabilities	-162	-42	-204
Deferred tax, net	–	-6	-6
Identifiable net assets	**306**	**41**	**347**

2) Essentially, contracted gross amounts correspond to the above fair values of acquired receivables.

Acquisitions in 2022

All the shares of five companies were acquired: Claytex Services Limited ("Claytex"), DESYS GmbH ("DESYS"), Microdesk LLC and M2 Technologies LLC ("Microdesk") as well as Decisive AS ("Decisive"). In 2022, these acquisitions contributed net sales of SEK 1,365 m and EBITA of SEK 104 m. SEK 13 m (4) of costs for completing the acquisitions are included in the Group's other external costs, and mainly related to the acquisition of Microdesk. If the acquisitions had been conducted as of January 1, 2022, the Group's net sales in 2022 would have been approximately SEK 6,462 m and EBITA approximately SEK 741 m.

Design Management

Microdesk was acquired on March 1, with yearly sales of approximately USD 110 m. The company is a Platinum Partner of Autodesk, and the acquisition meant that the Design Management division has secured a strong position in the US market.

Product Lifecycle Management

Claytex was acquired on January 11, and has yearly sales of approximately SEK 25 m. The company specializes in advanced simulation and testing for the automotive industry.

DESYS was acquired on March 1, and has yearly sales of approximately SEK 170 m. The company is a leading partner of Dassault Systèmes in Germany, and also offers proprietary complementary software solutions.

The net assets of JBL Technologies of the USA were acquired on October 21. The acquired assets were mainly customer contracts. This operation has sales of approximately SEK 15 m and is part of TECHNIA in the Product Lifecycle Management division.

Process Management

Decisive was acquired on June 1, with yearly sales of approximately SEK 57 m. This company is a leading provider of rule-based digital decision management systems for the Norwegian public sector.

Note 33 Acquisitions of subsidiaries and operations, cont.

The following tables state purchase consideration, identifiable net assets and goodwill.

SEK m	MICRODESK	Other acquisitions	Total acquisitions in 2023
Purchase consideration			
Cash paid in 2022	225	215	440
Current and non-current liabilities to sellers	42	19	61
Estimated contingent considerations[1)]	235	58	293
Total	**502**	**292**	**794**
Identifiable net assets (see below)	-192	-116	-308
Goodwill	**310**	**176**	**486**

1) The acquisition of Microdesk includes estimated discounted contingent considerations of USD 24 m recognized as a liability, which may be paid in the period 2023–2025, and a current, non-interest-bearing liability of USD 4 m. The acquisition of Claytex includes contingent considerations of GBP 3 m recognized as a liability, and a current, non-interest-bearing liability of GBP 0.5 m. The acquisition of DESYS includes a non-current, non-interest-bearing liability of EUR 0.1 m, and a current, non-interest-bearing liability of EUR 0.5 m recognized as liabilities. A non-current contingent consideration of a maximum of NOK 35 m may be payable for the acquisition of Decisive, of which NOK 19 m has been recognized as a liability, as well as a current, non-interest-bearing liability of NOK 5 m.

The acquired companies are knowledge businesses, and accordingly, goodwill relates to the accumulated skills of staff and employees' aggregate knowledge of the relevant software and digital solutions as well as, to some extent, synergy effects.

The fair value of the identifiable assets and liabilities included in acquisitions were as follows:

SEK m	MICRODESK	Other acquisitions	Total acquisitions in 2022
Customer contracts, software, trademarks and brands	201	106	307
Other intangible non-current assets	2	–	2
Property, plant and equipment	8	–	8
Financial assets	1	–	1
Receivables[2)]	197	43	240
Cash and cash equivalents	12	83	95
Current liabilities	-229	-90	-319
Deferred tax, net	–	-26	-26
Identifiable net assets	**192**	**116**	**308**

2) Essentially, contracted gross amounts correspond to the above fair values of acquired receivables.

Note 34 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 on December 31, 2023 or December 31, 2022.

Note 35 Changes in liabilities relating to financing activities

SEK m	Liabilities to credit institutions	Lease liabilities	Group
Opening balance, January 1, 2022	**669**	**105**	**774**
Cash flow for the year 2022:			
Borrowings	304	–	304
Repayment of loans	-153	-94	-247
Non-cash items 2022:			
New and terminated leases	–	179	179
Exchange rate differences	58	1	59
Closing balance, December 31, 2022	**878**	**191**	**1,069**
Cash flow for the year 2023:			
Borrowings	569	–	569
Repayment of loans	-49	-101	-150
Non-cash items 2023:			
New and terminated leases	–	212	212
Exchange rate differences	-27	0	-31
Closing balance, December 31, 2023	**1,372**	**297**	**1,669**

Note 36 Financial risks and risk management

Financial risks

In the course of its international operations, Addnode Group is exposed to various types of financial risk that can affect earnings, cash flow and equity. These risks include:

- Interest rate risks for loans and cash and cash equivalents
- Financing and liquidity risks associated with the Group's capital requirement
- Currency risks associated with commercial flows and net investments in foreign subsidiaries
- Credit risks associated with financial and commercial activities
- Other price risks

Addnode Group has a Group-wide Finance Policy adopted by the Board of Directors of Addnode Group AB. The Finance Policy defines interest rate, financing, liquidity, currency and credit risks, and assigns responsibility and authorization for management of these risks. The Finance Policy stipulates that the purpose of financial risk management is to minimize the impact on the Group's earnings and financial position.

In the Group's decentralized organization, finance operations are centralized to the Parent Company, which has overarching responsibility for the Group's financial risk management in order to be able to monitor the Group's overall financial risk positions, achieve cost-efficiency, and promote Group-wide interests.

No significant changes have been made in the Group's targets, policies or methods for managing financial risks compared to the preceding year. The Board evaluates the Group's targets, policies and methods for managing financial risks on a regular basis.

Interest rate risk

Interest rate risk is defined as the risk that changes in market interest rates will have a negative effect on the Group's earnings and cash flow.

The Group is exposed to interest rate risk through interest-bearing loans and cash and cash equivalents. Changes to interest rates have a direct impact on the Group's net interest income. The Group's borrowings and debt management are managed within the Parent Company. Interest-bearing borrowings consist mainly of bank loans within the framework of the credit facility.

At present, the Group does not use derivative instruments to manage interest rate risk. The average term of fixed interest at December 31, 2023 was 0.5 years (0.3).

The Group's interest expenses are mainly affected by changes in market interest rates for outstanding loans in USD, GBP and EUR.

The table below shows the Group's interest-bearing net debt on each reporting date. Based on interest-bearing net debt, excluding lease liabilities according to IFRS 16, an unfavorable 1 percentage point change in interest rates would have an earnings impact of SEK -7 m (-3) on the reporting date.

	Group	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**
Interest-bearing net debt		
Cash and cash equivalents	-667	-600
Interest-bearing receivables	-2	-6
Interest-bearing liabilities	1,669	1,069
Net debt (+)/receivables (–)	**999**	**463**

Liquidity risk

Liquidity risk is defined as the risk of the Group on a given occasion not having sufficient cash and cash equivalents or other means of payment to be able to meet its regular payment obligations. To secure its solvency, Addnode Group's goal is to maintain a liquidity buffer of a minimum of 5 percent of the Group's rolling annual sales. The liquidity buffer is defined as bank balances and short-term investments plus unutilized, committed bank overdraft facilities. The liquidity reserve target was satisfied as of December 31, 2023.

The Parent Company works actively to ensure optimal management of the Group's liquidity by centralizing liquidity in the Parent Company via Group accounts and internal loans. Surplus liquidity should primarily be used for the repayment of external debt. Any additional cash and cash equivalents should be held in bank accounts or invested in fixed-income instruments with high liquidity.

The Parent Company has a SEK 1,600 m revolving credit facility. SEK 434 m (878) of this credit facility had been utilized as of December 31, 2023. This meant available credit of SEK 1,166 m. The utilized portion of the credit facility was classified under non-current liabilities.

	Group	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**
Cash and cash equivalents	667	600
Granted credit facility/overdraft facility	1,600	1,600
Utilized amount	-434	-878
Available liquidity	**1,833**	**1,322**

Financing risk

Financing risk is defined as the risk that it will be difficult and/or costly to obtain new financing or to refinance existing debt at a given point in time.

Financing risk is managed through the use of long-term credit facilities. In June 2023, Addnode Group agreed to increase its existing credit line with a term loan of SEK 1,000 m with Nordea and SEB. This loan can be utilized to refinance existing loans in different currencies and for general corporate purposes. The new loan has a three-year term, with a 1+1 year extension option. Most of the loans drawn from the revolving credit facility were transferred to this new loan, which created available scope in the revolving credit facility. In June 2023, Addnode Group also exercised its option to extend its existing SEK 1,600 m revolving credit facility by one year to June 2026 with other terms and conditions unchanged. Utilized draw-downs in the credit facility are recognized as long-term loans. Each bank loan may have a maturity of either one, three or six months, but the debt amount can then be re-borrowed in its entirety within the overall total of the credit facility. Of the Group's liabilities to credit institutions at December 31, 2023, SEK 421 m (415) was denominated in GBP, SEK 227 m (270) was denominated in EUR, SEK 659 m (193) was denominated in USD, and SEK 64 was denominated in SEK. Interest rates are adjusted on the roll-over of each loan. SEK 434 m (878) of this credit facility had been utilized as of December 31, 2023.

The facility is conditional on the satisfaction of certain covenants, including certain financial KPIs such as net debt/EBITDA and interest coverage ratio, which may not depart from levels stipulated in the agreement. Earnings metrics should apply to the most recent rolling 12-month period, and are calculated pro forma as if any acquisitions or divestments of operations had occurred on the first day of the relevant 12-month period. Management and the Board of Directors continuously monitor the Group's forecast performance in relation to the covenants. The loan covenants were satisfied as of December 31, 2023 and are expected to remain so in 2024.

Note 36 Financial risks and risk management, cont.

The following table shows non-discounted future cash flows including future interest payments.

SEK m	Due for payment Within 1 year	Between 1 and 2 yrs	Between 2 and 5 yrs	After more than 5 yrs
Provisions and financial liabilities as of Dec 31, 2023				
Provisions for contingent considerations	6	265	281	–
Provisions for decided restructuring measures	3	–	0	–
Other provisions	0	–	2	7
Interest-bearing liabilities, excluding lease liabilities according to IFRS 16	0	1	1,372	–
Interest-bearing lease liabilities according to IFRS 16	97	74	126	–
Liabilities for purchase considerations, non-interest-bearing	29	–		–
Trade payables and other financial liabilities	541	30	3	1
Total	**675**	**369**	**1,784**	**9**

SEK m	Due for payment Within 1 year	Between 1 and 2 yrs	Between 2 and 5 yrs	After more than 5 yrs
Provisions and financial liabilities as of Dec 31, 2022				
Provisions for contingent considerations	94	83	194	–
Provisions for decided restructuring measures	1	–	–	–
Other provisions	–	2	–	7
Interest-bearing liabilities, excluding lease liabilities according to IFRS 16	5	–	879	–
Interest-bearing lease liabilities according to IFRS 16	82	45	61	4
Liabilities for purchase considerations, non-interest-bearing	67	–	–	–
Trade payables and other financial liabilities	627	1	–	1
Total	**875**	**131**	**1,134**	**13**

Currency risk

Currency risk means the risk of unfavorable changes in exchange rates having a negative impact on the Group's earnings and financial position. The Group is exposed to currency risks through continuing business transactions in various currencies (transaction exposure). The Group is also affected by translation effects when foreign subsidiaries' earnings and net assets in foreign currencies are translated to Swedish kronor (translation exposure).

Transaction exposure

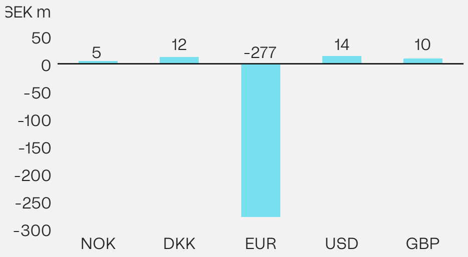
Transaction exposure arises when a company has cash flows in currencies other than the local currency (functional currency). Exchange rate movements affect cash flow in foreign currencies and entail a risk of the Group's profitability being negatively affected.

The Group's subsidiaries mainly operate in their individual local markets, with revenue and expenses in local currency, which reduces transaction exposure. The transaction exposure that has arisen in the Group relates mainly to purchases in EUR where the sale is conducted in another currency. Historically, a high share has been managed through pricing.

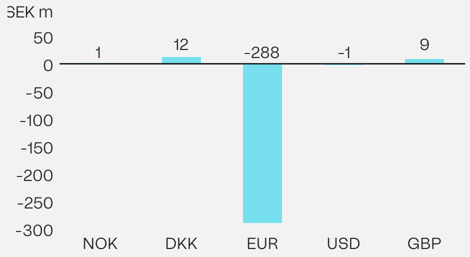
Decisions on possible hedges of transaction exposure through currency derivatives are made centrally by the Parent Company. In 2023, no transaction flows in foreign currency were hedged through forward exchange contracts.

The following chart shows net transaction exposure (revenue less expenses) in the most significant surplus and deficit currencies.

Transaction exposure, 2023



Transaction exposure, 2022



Based on net flows in 2023, the following table illustrates a sensitivity analysis of the effect on profit after tax of a 10 percent weaker SEK in relation to other currencies, with all other variables remaining constant.

SEK –10% against:	SEK m
EUR	-21
DKK	1
GBP	1
NOK	0
USD	1

Translation exposure

On consolidation to the Group's presentation currency SEK, net assets in foreign subsidiaries give rise to a translation difference that impacts consolidated equity. In certain cases, the Group can hedge translation exposure in net assets by these assets being financed with debt in the same currency.

The table illustrates the net assets that were denominated in foreign currency as of the reporting date of December 31, 2023. If the exchange rates of the EUR, GBP, USD and NOK appreciated/depreciated by 10 percent against the SEK, the Group's total equity would increase/decrease by approximately SEK 27 m related to the EUR, approximately SEK 40 m related to the GBP, approximately SEK 7 m related to the USD, and approximately SEK 31 m related to the NOK. At present, some of these net assets are currency hedged through liabilities in the corresponding currency, which are recognized against the translation difference in other comprehensive income in equity.
In those cases where the net assets are not currency hedged by loans in the same currency, an exposure arises, which is recognized in other comprehensive income in equity.

Currency	Net assets	Currency hedge	2023
DKK	30	–	30
EUR	444	-178	266
GBP	902	-499	403
NOK	320	-9	311
USD	73	–	73
Other currencies	119	–	119
Total	**1,888**	**-686**	**1,202**

Note 36 Financial risks and risk management, cont.

Currency	Net assets	Currency hedge	2022
DKK	28	–	28
EUR	410	-226	184
GBP	801	-460	341
NOK	321	-25	296
USD	59	–	59
Other currencies	11	–	11
Total	**1,630**	**-711**	**919**

Other price risks

As of December 31, 2023, there were no significant assets or liabilities with exposure to other price risks.

Credit risk

Credit risk is the risk of losses due to the Group's customers or counterparties in financial contracts failing to meet their payment obligations. Accordingly, credit risk is divided between financial credit risk and business-related credit risk.

Financial credit risk

Financial credit risk in the form of counterparty risks arises in connection with investments of cash and cash equivalents and trading in derivative instruments. Investment of surplus liquidity are only permitted with counterparties with high credit ratings and that meet the Group's minimum rating requirement. The maximum credit risk corresponds to the carrying amount of financial assets in the Consolidated Balance Sheet.

Business-related credit risk

Addnode Group's business-related credit risk primarily relates to trade receivables and is managed in the respective divisions and subsidiaries. Trade receivables are divided between a large number of counterparties. Of total trade receivables at December 31, 2023, 28 percent (39) were for amounts of less than SEK 1 m per customer. Guidelines have been set to ensure sales are only made to customers with satisfactory credit histories. Historically, the Group has incurred very low costs for bad debt. The provision for bad debt amounted to SEK 30 m (28) on the reporting date of December 31, 2023, corresponding to 3 percent (2) of total trade receivables. Earnings for 2023 were negatively affected by SEK 3 m (2) through provisions for bad debt.

	Group			
	Dec 31, 2023		Dec 31, 2022	
SEK m	**Amount**	**Share, %**	**Amount**	**Share, %**
Concentration of trade receivables				
Trade receivables <SEK 1 m, per customer	341	28	465	39
Trade receivables SEK 1–5 m, per customer	364	30	306	26
Trade receivables >SEK 5 m, per customer	499	41	411	35
Total	**1,204**	**100**	**1,182**	**100**

The following table shows the age structure of the trade receivables that were past due on the reporting date, but for which no need to recognize impairment was identified. The Group works actively to reduce working capital tied up, which includes a focus on collecting customer payments to free up cash and cash equivalents and reduce the share of overdue trade receivables.

	Group	
SEK m	**Dec 31, 2023**	**Dec 31, 2022**
Overdue trade receivables		
Trade receivables overdue 1–29 days	195	150
Trade receivables overdue 30–59 days	21	49
Trade receivables overdue 60–89 days	5	17
Trade receivables overdue 90 days or more	17	24
Total	**238**	**240**

Derivative instruments

The Group had no outstanding forward exchange contracts or other held or issued derivative instruments on December 31, 2023 or December 31, 2022.

Measurement of fair value

No financial assets or liabilities are recognized at a value that departs materially from fair value.

Note 37 Important estimates and assessments for accounting purposes

Preparation of financial statements and application of accounting policies are often based on assessments, estimates and assumptions that are considered reasonable and well-considered at the time they are made. With other assessments, assumptions or estimates, outcomes may be different, and events can occur that may require significant adjustment of the carrying amount of the relevant asset or liability.

The most important accounting policies, whose application is based on such assessments, and the most important sources of estimate uncertainty that the Group believes may have the most significant impact on the Group's reported earnings and financial position relate mainly to goodwill and other acquisition-related intangible assets, provisions for contingent considerations, and deferred tax assets and liabilities.

With respect to goodwill and other acquisition-related intangible assets (see note 15), this relates mainly to the impairment testing that is conducted on a regular basis. Carrying amounts can be affected by changes in the applied discount rate as well as by estimates of the future development of prices, costs and demand for the goods and services that form the basis of cash flow forecasts.

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 considerations are normally dependent on the future earnings performance and/or revenue growth of the acquired company. At the time of acquisition, provisions for estimated contingent consideration are reported based on forecasts of future revenue and earnings performance of the acquired companies (see notes 27 and 33). According to IFRS 3, subsequent remeasurements of provisions for contingent considerations and the differences between the reported provision and the actual outcome are to be recognized in the Consolidated Income Statement. This means that future remeasurements of reported provisions may significantly affect consolidated earnings, both positively and negatively, in coming years.

Reporting of deferred tax assets relating to tax loss carry-forwards and other future tax deductions is based on assessments of the opportunity for future use. Deferred tax assets are reported only to the extent it is likely that the deductions can be offset against surpluses in future taxation (see note 12).

Note 38 RELATED PARTY DISCLOSURES

On December 31, 2023, Aretro Capital Group AB's ownership amounted to 5.4 percent (5.4) of the share capital and 17.5 percent (15.1) of the votes in Addnode Group AB (publ). Aretro Capital Group AB is owned jointly via companies by Staffan Hanstorp and Jonas Gejer. Staffan Hanstorp is Chairman of the Board of Addnode Group. Jonas Gejer was President of TECHNIA AB and of the Product Lifecycle Management division in the period 2011–2020, and is thereafter Vice President Business Development of Addnode Group and a continued member of Group Management. There were no transactions between Aretro Capital Group AB and companies in the Group in which Addnode Group AB (publ) is the Parent Company.

Chairman of the Board Staffan Hanstorp invoiced the Parent Company SEK 2,474,000 (2,422,000) in fees from a company for consulting services related to the Group's acquisition opportunities, financing matters, strategic partnerships and overarching strategic matters in 2023. Board member Sigrun Hjelmquist invoiced the Parent Company SEK 20,000 (20,000) from a company for administering and compiling an appraisal of the Board of Directors. Board member Kristina Willgård invoiced the Parent Company SEK 28,000 (37,000) from a company for participation in evaluating Group development projects. These amounts are not included in the following table.

	Group	
SEK thousand	**2023**	**2022**
Remuneration of the Board of Directors and senior executives:		
Salaries and other short-term employment benefits (see also note 5)	32,873	35,714
Total	**32,873**	**35,714**

Sales to and purchases from other companies in Addnode Group

For the Parent Company Addnode Group AB (publ), 100 percent (100) of net sales for the year and 16 percent (16) of purchases for the year related to its subsidiaries. For sales and purchases between Group companies, the same principles apply for pricing as in transactions with external parties.

Note 39 Average number of employees, etc.

	2023		2022	
	Average number of employees	Of which women	Average number of employees	Of which women
Parent Company	15	6	10	3
Subsidiaries				
Sweden	1,007	284	912	246
Norway	138	31	116	24
Finland	63	14	56	7
Denmark	13	5	13	6
Germany	185	47	187	43
Poland	6	1	6	2
Lithuania	10	1	11	1
Slovakia	28	5	26	3
Serbia	7	2	8	2
Austria	4	0	4	–
France	37	6	35	6
Netherlands	22	3	20	2
UK	296	79	272	66
Ireland	26	13	23	12
USA	355	104	229	64
Canada	6	2	4	2
India	220	68	188	46
Japan	5	0	5	–
Australia	12	5	12	5
Total, subsidiaries	**2,440**	**670**	**2,128**	**537**
Group total	**2,455**	**676**	**2,137**	**540**

	2023		2022	
Board members and senior executives	Number on reporting date	Of which women	Number on reporting date	Of which women
Parent Company				
Board members	7	3	7	3
CEO and other senior executives	5	2	4	2

Note 40 Events after the reporting date

After the end of the period, the companies Sokigo and S-GROUP Solutions, which are part of the Process Management division, were merged under the name Sokigo. The merger will enable Sokigo to offer Swedish municipalities an uninterrupted digital urban development process and better conditions for sustainable urban development.

In January 2024, the software company Efficture was acquired, a complementary acquisition within Icebound that delivers digital solutions to the forest sector and other primary industries.

In January 2024, Addnode Group signed an agreement to acquire all the shares of Jetas Quality Systems. The company is a supplier of case management systems for fault reports and work orders within public transport and property management, and has collaborated with the Group company Forsler & Stjerna for several years.

In February 2024, Optimec Consultants was acquired. The company is a renowned Dassault Systèmes Partner based in Québec, Canada. Optimec has about 20 employees and net sales of SEK 40 million. Since its foundation in 2002, Optimec has been focused on computer-aided engineering (CAE) technologies. Today, Optimec is a leading provider of turnkey solutions, including high-end software and professional services. Optimec's expertise in product development processes helps to shorten the time to market and reduce costs, while improving product quality and performance.

Note 41 Information on 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 Norra Stationsgatan 93, SE-113 64 Stockholm. The Parent Company's class B shares are listed on Nasdaq Stockholm.

These annual accounts and consolidated accounts were approved for publication by the Board of Directors on March 20, 2024.

The Income Statements and Balance Sheets for the Parent Company and the Group will be presented for adoption at the Annual General Meeting on May 7, 2024.

Signatures

The Board of Directors and CEO certify that the consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and give a true and fair view of the Group's financial position and results of operations. The annual accounts were prepared in accordance with generally accepted accounting practice and give a true and fair view of the Parent Company's financial position and results of operations.

The Board of Directors' Report of the Group and the Parent Company give a true and fair view of the Group's and the Parent Company's operations, financial position and results of operations, and describe the significant risks and uncertainties facing the Parent Company and the companies in the Group.

Stockholm, Sweden, March 20, 2024

Staffan Hanstorp
Chairman of the Board

Jan Andersson
Board member

Kristofer Arwin
Board member

Johanna Frelin
Board member

Thord Wilkne
Board member

Kristina Willgård
Board member

Petra Ålund
Board member

Johan Andersson
CEO

Our Audit Report was presented on March 25, 2024
PricewaterhouseCoopers AB

Anna Rosendal
Authorized Public Accountant
Auditor in Charge

Auditor's report

Unofficial translation
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 2023. The annual accounts and consolidated accounts of the company are included on pages 71–120 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 and the group as of 31 december 2023 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 2023 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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
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.

Addnode Group acquires, operates and develops cutting edge enterprises that digitalize society. The strategy is built upon growth through acquisitions and organic growth. During the last couple of years, companies of a significant size have been acquired in the US. The Group also has geographical presence, through some 20 subsidiaries, in for instance Sweden, Norway, Finland, Germany and Great Britain. The Group's operations are divided into three divisions - Design Management, Product Lifecycle Management and Process Management. The Group's revenue streams primarily come from consulting, service and licensed products. Revenue is mainly contractual and recurring.

Our audit strategy is built on our knowledge and understanding of Addnode Group's operations, strategy, governance and overall control environment. With this as a foundation, we tailor our Group audit with a focus on the key audit matters and other risks with the purpose of gaining audit comfort in order to express an opinion on the consolidated Financial statements. For this purpose we have decided that the most significant subsidiaries should be in scope for the Group audit. Most subsidiaries in the Group are also subject to statutory audit requirements.

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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated 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.

Revisionsberättelse, forts.

Key Audit Matter	How our audit addressed the Key audit matter
Valuation of Goodwill In the consolidated balance sheet, externally acquired goodwill is presented and represents a significant asset for the Group. In addition, valuation of goodwill is influenced by management's judgments. Based on this, we consider valuation of goodwill as a Key audit matter in our audit. Management conducts an impairment test of goodwill annually to determine whether or not there is a need for write-down. Assumptions and judgments include forecasts of growth and operating margin, investment needs and applied discount rate. If the actual performance deviates negatively from applied assumptions and judgments, an impairment need may arise. In note 15 there is additional information about the impairment test of goodwill including the most significant assumptions and judgments applied.	Our audit included but was not limited to the following activities: • Assessed the model used by the Group for impairment testing with support from PwCs valuation specialists and evaluated the significant assumptions for establishing forecasted cash flows and discount interest rates used for calculating the value-in-use of the cash generating units. In our evaluation, we have compared with the historic business performance and the Group's forecasts and strategic planning as well as with external data sources when possible and relevant. • Traced disclosure information to accounting records and other supporting documentation.
Accounting for acquisitions During the year, the group acquired three companies which in 2023 have contributed to net sales for the year with SEK 607 million. Accounting for acquisitions is associated with significant estimates and judgments with respect to the value of acquired assets and liabilities. In connection with preparation of purchase price allocations, the company has allocated the purchase price to acquired assets, where the majority is goodwill. This by identifying acquired assets and determining fair value based on acceptable valuation principles and models. Additional information about acquisitions during the year and purchase price allocations are found in note 33.	Our audit included but was not limited to the following activities: • Evaluated whether the purchase price allocations of the significant acquisitions made during the year meet the requirements of IFRS and have been prepared according to generally accepted practices. Assessed that significant assumptions used to measure values of acquired assets are reasonable. • Traced disclosure information to accounting records and other supporting documentation.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual report and consolidated accounts and can be found on pages 1–70 and 125–134 and the statutory sustainability report on pages 33–56. This other information also contains the Remuneration report that we expect to receive after the release of the Auditors' report. 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 Director's 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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/revisornsansvar. This description is part of the auditor's report.

Audit Report, cont.

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 Director's and the Managing Director of Addnode Group AB (publ) for the year 2023 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 Director's 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 Director's 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' 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 fulfill 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/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion
In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Addnode Group AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions
We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the Esef report*. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Addnode Group AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors (and the Managing Director) determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

Audit Report, cont.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Addnode Group AB (publ) by the general meeting of the shareholders on May 4, 2023 and has been the company's auditor since the general meeting of the shareholders on April 9, 2003.

Stockholm 25 March 2024

PricewaterhouseCoopers AB

Anna Rosendal
Authorized Public Accountant
Auditor in Charge

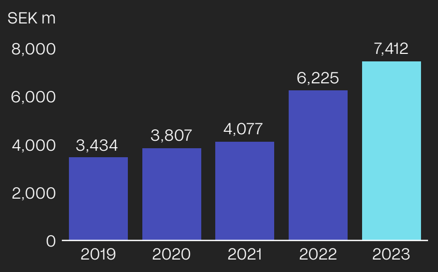
Five-year summary

	2023	2022	2021	2020	2019
INCOME STATEMENT (SEK m)					
Net sales	7,412	6,225	4,077	3,807	3,434
of which outside Sweden	2,160	4,276	2,331	2,365	1,956
Operating profit before depreciation/ amortisation	760	834	547	444	412
EBITA	640	728	461	356	327
Operating profit	410	527	305	229	218
Net financial items	-62	-32	-20	-18	-43
Profit before tax	362	495	285	211	175
Tax	-83	-113	-62	-48	-46
Profit for the year	279	382	223	163	129
BALANCE SHEET (SEK m)					
Intangible non-current assets	3,949	3,409	2,574	2,143	1,894
Property, plant and equipment	346	229	162	187	169
Financial assets	73	53	48	40	30
Inventories	1	2	0	1	1
Other receivables	2,161	1,906	1,132	803	781
Cash and cash equivalents	667	600	406	644	294
Total assets	**7,197**	**6,199**	**4,322**	**3,818**	**3,169**
Equity	2,116	2,005	1,693	1,512	1,410
Non-current liabilities	2,213	1,398	892	235	155
Current liabilities	2,869	2,796	1,737	2,071	1,604
Total equity and liabilities	**7,197**	**6,199**	**4,322**	**3,818**	**3,169**

	2023	2022	2021	2020	2019
CASH FLOW (SEK m)					
Cash flow from operating activities	485	714	437	579	413[1)]
Cash flow from investing activities	-672	-490	-398	-375	-321
Cash flow from financing activities	276	-63	-305	193	-204
– of which dividend to shareholders	-133	-100	-84	–	-84
Total cash flow	**89**	**161**	**-266**	**397**	**-112**
RETURN METRICS					
Change in net sales, %	16	53	7	11	17
Return on capital employed, %	13.8	19.6	13.0	10.6	10.0
Return on equity, %	13.5	20.7	13.9	11.2	9.4
EBITA margin, %	8.6	11.7	11.3	9.4	9.5
Operating margin, %	6.5	8.5	7.5	6.0	6.3
Profit margin, %	4.9	8.0	7.0	5.5	5.1
FINANCIAL METRICS					
Interest coverage ratio, multiple	4	11	12	11	9
Equity/assets ratio, %	29	32	39	40	44
Debt/equity ratio, multiple	0.47	0.23	0.22	0.12	0.23
Net debt, SEK m	999	463	368	182	321
Equity, SEK m	2,116	2,005	1,693	1,512	1,410
EMPLOYEES					
Number of employees, 31 December	2,654	2,370	1,897	1,833	1,714
Average number of employees	2,455	2,137	1,776	1,758	1,590
Net sales per employee, SEK thousand	3,019	2,913	2,296	2,166	2,160

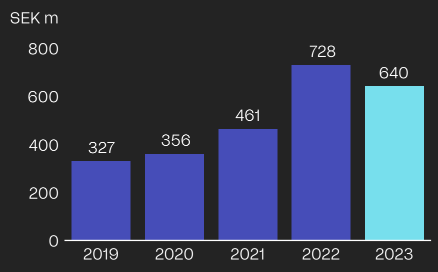
Five-year summary, cont.

NET SALES



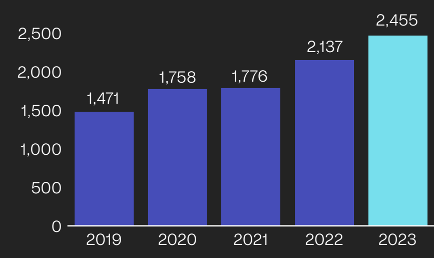
Net sales increased from SEK 3,434 m to SEK 7,412 m over the five-year period. This equates to average yearly growth of 21 percent. The Group's target is to grow by at least 10 percent per year.

EBITA



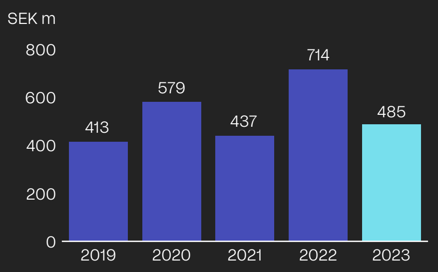
EBITA increased from SEK 327 m to SEK 640 m over the five-year period. This equates to average yearly growth of 18 percent.The earnings increase is partly due to higher demand for the Group's software and services, and partly to contributions from companies acquired in the period.

AVERAGE NUMBER OF EMPLOYEES



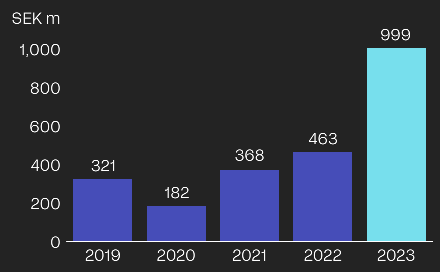
The average number of employees increased by 13 percent per year over the five-year period, mainly related to acquisitions.

CASH FLOW FROM OPERATING ACTIVITIES



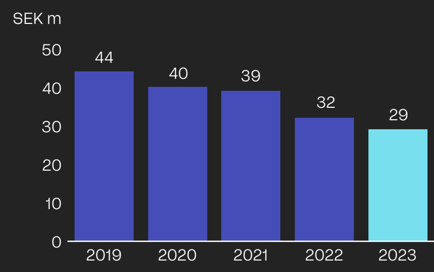
Addnode Group's business model, with a high share of support and maintenance agreements, software leasing and SaaS services paid in advance, means that operations tie up relatively low capital. Historically, cash flow from operating activities has been on a par with EBITA. The decrease in 2023 related mainly to weaker operating profit, but also to the negative working capital trend and higher interest rates.

NET DEBT



Addnode Group has a SEK 1,600 m credit facility for financing acquisitions, of which SEK 434 m had been utilized as of December 31, 2023. The increase in net debt in 2023 was mainly borrowings in conjunction with acquisitions.

EQUITY/ASSETS RATIO



The equity/assets ratio averaged 37 percent over the five-year period.

KPIs

Use and reconciliation of alternative performance measures

The European Securities and Markets Authority (ESMA) has issued guidelines for disclosures on Alternative Performance Measures (APMs) for companies with securities listed on a regulated market in the EU, which apply to Alternative Performance Measures in published mandatory information. Alternative Performance Measures are financial metrics on historical or future performance of earnings, financial position, financial results or cash flows that are not defined or stated in the applicable rules for financial reporting. Certain performance metrics are used in this Annual Report that are not defined in IFRS, with the intention of offering investors, financial analysts and other stakeholders clear and relevant information on the company's operations and performance. The use of these performance metrics and reconciliation with the financial statements are presented below.

Definitions are provided on page 129

EBITA

EBITA is a metric the Group considers relevant to investors, financial analysts and other stakeholders to understand earnings generation before investments in intangible non-current assets. This measure is an expression of operating profit before the amortisation and impairment of intangible non-current assets.

Reconciliation of EBITA, SEK m	2023	2022
Operating profit	410	527
Amortisation and impairment of intangible non-current assets	230	201
EBITA	**640**	**728**

Net debt

The Group considers this key ratio useful to the users of financial statements as a complement in evaluating dividend potential, making strategic investments and assessing the Group's potential to satisfy financial obligations. This key ratio is an expression of the level of financial borrowing in absolute terms after deducting cash and cash equivalents.

Reconciliation of net debt, SEK m	Dec 31, 2023	Dec 31, 2022
Non-current liabilities	2,212	1,398
Current liabilities	2,869	2,796
Non-interest-bearing non-current and current liabilities	-3,412	-3,125
Total interest-bearing liabilities	**1,669**	**1,069**
Cash and cash equivalents	-667	-600
Other interest-bearing receivables	-3	-6
Net debt(+)/receivable(–)	**999**	**463**

Definitions

Financial terms

Average number of employees
Average number of employees in the period (full-time equivalents).

Capital employed
Total assets less non-interest-bearing liabilities and non-interest-bearing provisions including deferred tax liabilities.

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

Currency-adjusted organic growth
Change in net sales, restated using the preceding year's exchange rates, excluding acquired entities in the most recent 12-month period.

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

Earnings per share
Profit after tax divided by the average number of shares outstanding.

EBITA
Earnings before amortisation and impairment of intangible assets.

EBITA margin
EBITA as a percentage of net sales.

Equity/assets ratio
Equity (including equity attributable to non-controlling interests) as a percentage of total assets.

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

Equity per share
Equity divided by the total number of shares outstanding.

Gross profit
Net sales less purchases of goods and services.

Gross margin
Gross profit as a percentage of net sales.

Interest coverage ratio
Profit before tax plus financial expenses divided by financial expenses.

Net debt
Interest-bearing liabilities less cash and cash equivalents and other interest-bearing receivables. According to this definition, negative net debt means that cash and cash equivalents and other interest-bearing financial assets exceed interest-bearing liabilities.

Net sales per employee
Net sales divided by the average number of employees (full-time equivalents).

Organic growth
Change in net sales excluding acquired entities in the most recent 12-month period.

Operating margin
Operating profit as a percentage of net sales.

P/E ratio
Share price in relation to earnings per share.

Profit margin
Profit before tax as a percentage of net sales.

Recurring revenue
Revenue of an annually recurring character such as revenue from support and maintenance agreements and revenue from subscription agreements, lease contracts and SaaS solutions. See also note 3 on pages 89–91.

Return on capital employed
Profit before tax plus financial expenses as a percentage of average capital employed. It is based on profit for the last 12 months and the average of the opening and closing balance of capital employed.

Return on equity
Profit after tax as a percentage of average equity. Based on profit for the last 12 months and the average of the opening and closing balances of equity.

Share price/equity
Share price in relation to equity per share.

Definitions

Glossary

AEC (architecture, engineering and construction)
The companies and sectors that provide services in building design, technical design and construction.

BIM (building information modelling)
An IT solution that enables digital representation and information management of buildings and facilities, such as buildings, roads, railways, tunnels, bridges and water pipelines. BIM systems enable teams, workflows and data to interconnect throughout project lifecycles—from design and construction—to building and operation.

CSDDD (Corporate Sustainability Due Diligence Directive)
A draft directive from the EU to increase corporate accountability for human rights, the environment and governance through mandatory due diligence in the value chain. In this context, due diligence means a process to identify, prevent, alleviate and be accountable for material and actual impact on the environment and people related to the company's operations. This Directive is scheduled to come into effect at some point between 2024 and 2026.

CSRD (Corporate Sustainability Reporting Directive)
The new EU regulation on corporate sustainability reporting expected to apply effective the 2024 financial year and onwards. On the introduction of the CSRD, new, more detailed reporting standards for sustainability data will be implemented, called European Sustainable Reporting Standards (ESRS).

Digital twin
A digital representation of an asset, system, product or entity. Digital twin representation is often extended to other technologies such as simulation, optimization and machine learning.

e-Archiving
A digital solution for long-term storage and sustainable management of digital information.

FM (facility management)
A collective term for the care, management and development of the resources and services necessary for real estate or other facilities to function well and effectively.

GHG Protocol
Global standard used to facilitate an organization's reporting of greenhouse gas emissions. This standard covers the six greenhouse gases: CO_2, CH_4, N_2O, SF_6, HFCs and PFCs.

GIS (geographic information system)
A digital solution to collect, process and analyze data based on geography. GIS interconnects most types of data, analyzes spatial factors and processes data layers into visualizations in the form of maps and 3D representations.

PLM (product lifecycle management)
Digital solutions including:
- Systems to capture, create manage, disseminate, visualize, analyze, model and document information on products, buildings and facilities.
- Systems to plan collaboration, processes, resources, production layouts, and analyze and simulate production processes.

A PLM system manages complete product lifecycles. This covers the whole process—from developing an idea, product development, manufacture, marketing, use, service and maintenance, product upgrades—to end-of-life, and if necessary, recycling.

SaaS (software as a service)
A model for offering software as a service, where users gain access to applications via the Internet, i.e. without owning the software themselves, or having the system, service or program installed on their own computer or server.

Simulation
Various scenarios are tested in virtual copies, such as digital twins, to find a solution to a problem. The best possible solution can then be applied to the digital twin's physical counterpart, for example.

TCFD (Task Force on Climate-related Financial Disclosures)
Issues recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks related to climate change.

The EU Taxonomy Regulation
The EU framework for what is considered an environmentally sustainable economic activity. The legislation covers various types of reporting obligation for companies and financial institutions, with the purpose of helping investors to identify and compare environmentally sustainable investments.

The share

Addnode Group's class B share is listed on Nasdaq Stockholm, where it trades with the ticker ANOD B. On December 29, 2023, Addnode Group had 7,279 shareholders (6,874), and the proportion of foreign-held shares was 17 percent (20). Institutional ownership was 79 percent (76). Addnode Group's share has been in Nasdaq Stockholm's Large Cap segment since January 2023.

Share price performance

At year-end 2023, Addnode Group's share was quoted at SEK 85.30 (98.40), a 13 percent share price decrease. The share's progress can be compared to the Stockholm Stock Exchange overall, which increased by 13 percent in 2023. The OMX Stockholm Technology sector index, which Addnode Group is a constituent of, rose by 9 percent in 2023.

The highest price paid for the share in 2023 was SEK 132.5 on May 5, and the lowest price paid was SEK 63.55 on October 5.

Total share turnover on Nasdaq Stockholm in 2023 was 54,519,516 (46,007,110), corresponding to an average daily turnover of 217,209 (181,130) shares per trading day. The share's turnover rate in 2023 was 41 percent. At year-end, Addnode Group's market capitalization was SEK 11 billion (13).

Share data

In June 2023, the Board of Directors decided to repurchase class B shares with authorization from the 2023 AGM. The main purpose of using this authorization was to enable delivery of shares associated with the implementation of Addnode Group's share-based incentive program. 180,000 class B shares were repurchased on Nasdaq Stockholm in the third quarter of 2023, which remained in treasury as of December 29, 2023. The number of registered Addnode Group shares on December 29, 2023 was 134,528,232 (134,528,232), of which 130,579,536 class B shares and 3,948,696 class A shares. On the same date, the number of shares outstanding was 133,318,232 (133,498,232), and Addnode Group held 1,210,000 (1,030,000) class B shares in treasury. Each class A share carries ten votes, and each class B share carries one vote. Addnode Group's shares are denominated in SEK, and the quotient value per share is SEK 3. Class A and B shares are entitled to dividends.

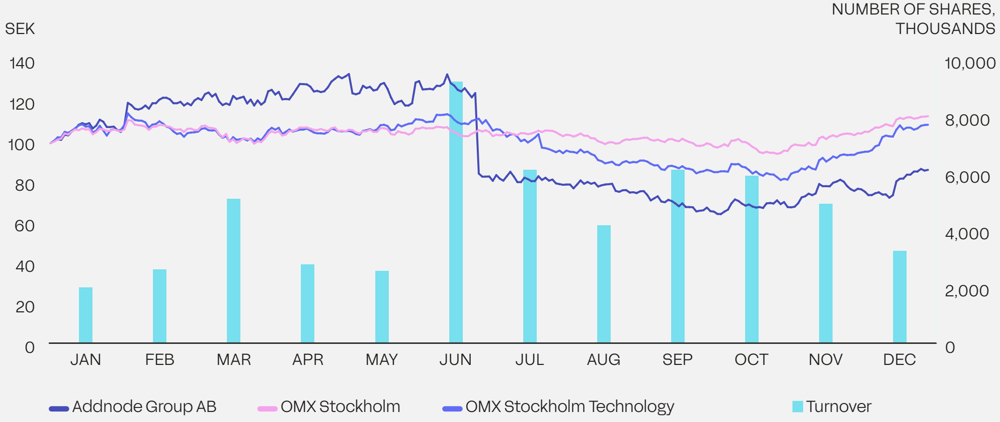
Ownership

The largest shareholders of Addnode Group AB as of December 29, 2023 are stated in the table on page 131. The number of shareholders as of December 29, 2023 was 7,279 (6,874).

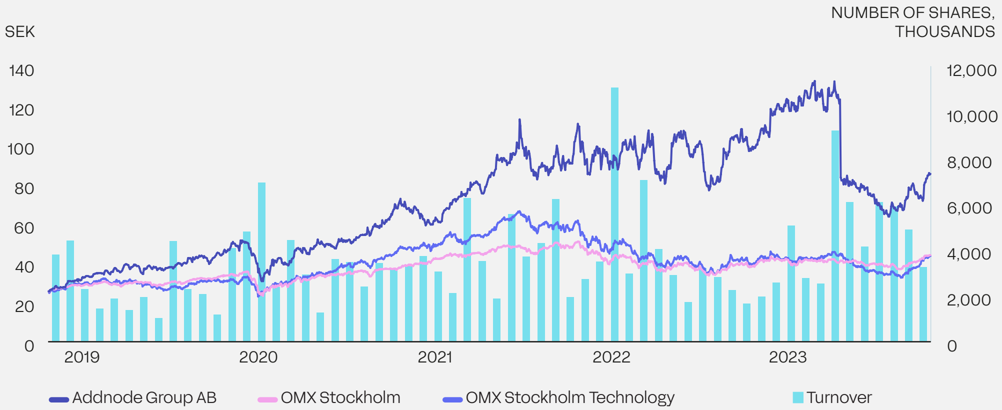
Index

Addnode Group's share was included in the OMX Stockholm Benchmark Index until November. From February 2024, the share is included in the MSCI Global Small Cap index.

SHARE PRICE AND TRADING VOLUME, 2023



SHARE PRICE AND TRADING VOLUME, 2019–2023



The share, cont.

Stock option program

The 2023 AGM resolved on a share-based, long-term incentive program ("LTIP 2023") for managers and senior executives. 201,000 call options were issued to some 40 participants in June 2023. The market-valued call option premium of SEK 19.45 generated a total purchase consideration of approximately SEK 4 m, which was added to consolidated equity. These options can be exercised for class B shares in periods stipulated by agreement between October 25, 2026 and June 10, 2027. The exercise price of the call options is SEK 157.50. For full terms and conditions, please refer to the Invitation to the 2023 AGM, which is available at addnodegroup.com.

See notes 4 and 5 on pages 97–98 for more information on all outstanding incentive programmes.

Dividend policy

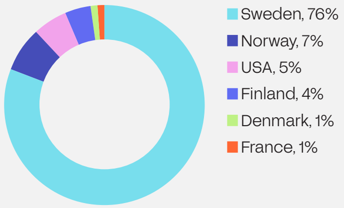
The dividend policy was amended in early 2023, from the previous target of distributing at least 50 percent of the Group's profit after tax to shareholders, to the new target of 30–50 percent of the Group's profit after tax, providing that liquidity and the financial position are sufficient to operate and develop the business.

Dividend proposal

The Board of Directors proposes that the AGM resolves on a dividend of SEK 1.00 (1.00) per share for the 2023 financial year, corresponding to a total dividend of SEK 133 m (133). The Board's opinion is that after the proposed dividend, the company will have sufficient funds to be able to achieve its financial targets. The proposed record date for dividends is Monday, May 7, 2024. If the AGM approves this proposal, dividends will be scheduled for disbursement on Wednesday, May 15, 2024.

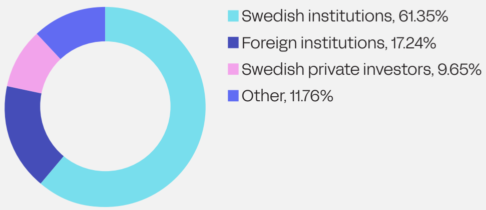
SHAREHOLDERS BY COUNTRY, DEC 29, 2023

Share of capital

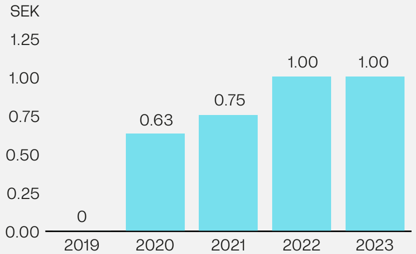


SHAREHOLDERS BY TYPE, DEC 29, 2023

Share of capital



DIVIDEND PER SHARE



Share data[1)]

	2023	2022	2021	2020	2019
Average number of shares outstanding before and after dilution, million	133.4	133.6	134.2	133.6	133.6
Total number of shares outstanding, million	133.3	133.5	133.7	133.7	133.7
Total number of registered shares, million	134.5	134.5	134.5	133.7	133.7
Earnings per share before and after dilution, SEK	2.09	2.86	1.66	1.22	0.97
Cash flow from operating activities per share, SEK	3.63	5.34	3.27	4.33	3.09
Equity per share, SEK	15.87	15.02	12.66	11.31	10.55
Dividend per share, SEK	1.00[2)]	1.00	0.75	0.63	0.00
Share price at end of period, SEK	85.30	98.40	107.25	71.50	44.63
Share price/equity per share	5	7	8	6	4
P/E ratio	41	34	65	59	46

1) The number of shares and historical KPIs based on the number of shares have been recalculated because of the 4:1 share split conducted in May 2022.
2) Board of Directors' proposal to AGM.

Shareholders, December 29, 2023

Shareholder	No. of class A shares	No. of class B shares	Share of capital, %	Share of votes, %
Aretro Capital Group AB[1)]	2,501,328	4,738,496	5.38%	17.49%
Verg AB	1,446,668		1.08%	8.51%
Lannebo Fonder		13,424,136	9.98%	7.89%
SEB Fonder		11,624,326	8.64%	6.84%
Swedbank Robur Fonder		10,905,115	8.11%	6.41%
Cliens Fonder		8,289,292	6.16%	4.87%
Second AP (Swedish National Pension Insurance) fund		7,516,473	5.59%	4.42%
Fourth AP (Swedish National Pension Insurance) fund		6,336,528	4.71%	3.73%
ODIN Fonder		5,250,000	3.90%	3.09%
Other shareholders[2)]	700	62,495,170	46.46%	36.75%
Total	**3,948,696**	**130,579,536**	**100%**	**100%**

1) Aretro Capital Group AB is held jointly through companies by Addnode Group's Chairman, Staffan Hanstorp, and Jonas Gejer, Addnode Group's Vice President of Business Development.
2) Other shareholders include Addnode Group's holding of 1,210,000 shares, which account for 0.86 percent of the capital and 0.69 percent of the votes.

The share, cont.

Division of shareholdings, Dec 29, 2023

Size of shareholding	No. of shareholders	Share of capital, %	Share of votes, %
1–500	5,415	0.42	0.34
501–1,000	577	0.33	0.26
1,001–2,000	498	0.58	0.46
2,001–5,000	384	0.96	0.76
5,001–10,000	189	1.03	0.81
10,001–20,000	81	0.85	0.67
20,001–50,000	44	1.02	0.81
50,001–100,000	29	1.56	1.24
100,001–500,000	29	4.57	3.61
500,001–1,000,000	6	3.27	2.58
1,000,001–	27	84.38	87.64
Anonymous ownership	–	1.03	0.82
Total	**7,279**	**100.00**	**100.00**

Investor relations

Addnode Group's share is monitored by five investment banks: ABG Sundal Collier (Daniel Thorsson and Simon Granath), Carnegie Investment Bank (Mikael Laséen), Handelsbanken (Daniel Djurberg and Fredrik Lithell), Redeye (Fredrik Nilsson), and SEB (Erik Larsson and Karl Norén). Redeye monitors Addnode Group's share on assignment, and is compensated by Addnode Group.

Addnode Group streams its interim report presentations. In addition, Addnode Group participates in investor conferences arranged by banks and securities institutions.

Distribution policy

The printed Annual Report is available to order prior to the AGM, and is also available as a downloadable PDF file from addnodegroup.com.

Calendar

Interim Report January–March	April 25, 2024
AGM	May 7, 2024
Interim Report January–June	July 12, 2024
Interim Report January–September	October 24, 2024
Year-end Report January–December	January 31, 2025

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