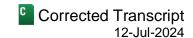


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# Addnode Group AB (ANOD.B.SE)

Q2 2024 Earnings Call



### CORPORATE PARTICIPANTS

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

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Fredrik Nilsson

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**Daniel Thorsson** 

Analyst, ABG Sundal Collier AB

### MANAGEMENT DISCUSSION SECTION

**Operator:** Welcome to the Addnode Group's Q2 Presentation. [Operator Instructions] . Now, I will hand the conference over to CEO, Johan Andersson, and CFO, Kristina Mackintosh. Please go ahead.

### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Hello, everyone, and welcome to the presentation of the Addnode Group Q2 report for 2024. I'm the CEO of Addnode Group, Johan Andersson. And with me, I have our CFO, Kristina Elfström Mackintosh. And I know it's a busy day for most of you and a lot of reporting companies. So, thank you for taking this opportunity listening to this as well.

So, for today, we will follow the agenda. We'll dive into Q2 and a little bit about what we believe the investment case is and then we'll open up for questions. And then you will find some supporting material in the appendix as well.

So, looking at Q2 2024. We believe that it was a quarter with growth and robust earnings improvement. It was a strong quarter for Addnode Group. We had organic and acquired growth and the robust improvement in earnings. Net sales increased by 29%. 11% was currency adjusted organic growth. The EBITA increased with 47% to SEK 162 million and earnings per share improved by 64%. We also had a strong cash flow from operating activities who increased to SEK 178 million compared to SEK 127 million in Q2 last year.

Looking at the quarter, we can see that we had a strong growth for Symetri in division Design Management. We had additional – the acquisition of Team D3 and the cost efficiency in Product Lifecycle Management contributed also to the positive development in the quarter. After the end of the quarter, we have announced two smaller acquisitions, Prime Aerostructures in the Product Lifecycle Management division and Addoceo in the Process Management division.

Looking at the economic situation, we can see there are still some uncertainties. Although customers are postponing major investments in new products, there are many opportunities for upselling to existing customers, driving growth. Looking at rolling 12 months, we are now at the net sales above SEK 8 billion and profits are trending up. I'm proud of our employees' ability to both pursue daily improvements and invest in new digital solutions and carry out acquisitions all with the customer in focus.

With that as an introduction to Q2, I would like to hand over to our CFO, Kristina.

### Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

Thank you, Johan. And I would like to start by sharing a few more details on the net sales development and the revenue breakdown. And we have two pie charts in front of us and that is showing the breakdown on net sales from two different perspectives. So, if we look at the pie chart to the left, we are presenting a breakdown on net sales by geography. And the international expansion into the US market has been strengthened by the acquisitions of Symetri US, which was formerly named under Microdesk, and Team D3 in Design division. And you can see that approximately 28% of the revenue come from the US market, and that is the same level as Sweden. And then, it's followed by UK of 19% and Germany, 10%, and other countries was about 15%.

And going down to the pie chart to the right, we can see a breakdown on net sales by category. And we can see also that the recurring revenue continued to form a stable foundation for our business, and in the quarter it amounts to 72% of net sales. And recurring revenue consists of both third-party sales and also revenue from our own solutions. And we can also see that the service revenue is increased about 15% in total this quarter, and that consists of both service-related services relating to our own software offerings and also customer-specific solutions. And also, the largest increase in consulting services is coming from acquisitions in the Design division.

And then, I would like to hand back to Johan for division details.

### Johan Fredrik Andersson

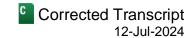
President & Chief Executive Officer, Addnode Group AB

Thank you, Kristina. So, looking at Addnode Group, everything we do is about digitalization for a better society. This is why we exist and what we want to achieve in everything we do. Our digital solutions transform both the private and the public sector to design, build and operate more sustainable products, buildings and societies. Our key markets enjoy a strong and continuous growth driven by global trends in urbanization, digitalization, automation, AI and sustainability. And I would like to share three examples of what we mean by that.

So, in the rapidly-changing world, responsible and efficient use of resources is crucial when it comes to building a long-term, sustainable society. These are three concrete examples of how we are working with our customers to develop digital solutions for efficient resource use and a more sustainable society. Looking to the left, you have an example of proactive maintenance strategy that saves time and money. Our company, SWG, have supported Kettering NHS in the UK with digital solutions to collect and digitalize information on drawings, equipment and transportation data, among other things. The time spent on maintenance is now reduced with this solution and so are delays in cleaning services. This more proactive maintenance strategy now saves about £4,000 every week year around for Kettering NHS.

In the middle, you'll find an example of more efficient simulation that reduces carbon emissions from buildings. Our company, Technia, has supported Catapult in developing a more efficient simulation tool for energy usage in

Q2 2024 Earnings Call



buildings and assessments of low-carbon heating systems. After the improvements, Catapult can now offer faster evaluation, selection and implementation of technologies that reduces carbon emissions from a building's heating and cooling systems.

And the third one, looking to the right, is an example of a platform for circular and recyclable packaging. Our company, Decerno, has developed a new business and logistics platform for the organization, Naringslivets Producentansvar, in Sweden. It's a platform that has the capacity to enable customers, businesses and municipalities to achieve higher recycling rates, as well as supporting manufacturers and recycling facilities to design more sustainable packaging. So, it's three good examples how we can help our customers with digital solutions to make sure that we develop digital solutions for more efficient resource use.

So, with that as an introduction, let's go back to our three divisions. As you all know, we are organized in three divisions, Design Management, Product Lifecycle Management and Process Management. And looking at the distribution of our three divisions, you can see clear to the right that Design Management represents roughly half of our earnings, Product Lifecycle Management, 20%, and Process Management, 30%, in Q2.

So, Design Management. Second quarter, we had a net sales up increase with 56% to roughly SEK 1.2 billion. Adjusted for currency, organic growth was 22%. We can see improved sales in both Europe and US. The acquisition of Team D3 and the product mix with a higher share of revenue from Autodesk three-year agreements has also contributed to the significant improvement in the quarter.

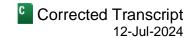
The division's operation within digital solutions for design, BIM and product data, which are conducted by Symetri, experienced increased demand and strong sales during the quarter with a sales mix with the largest share of Autodesk agreements compared with the corresponding period last year. Sales in the UK were strong both to the construction and manufacturing industries. In the US, we note the strongest sales to architects and technical consultants compared with the preceding year, but please observe that last year's comparative figures were impacted by weak sales mainly in the US. The cost reductions implemented in the US operations in 2023 continue to contribute to earnings in the second quarter. Moreover, the acquisition of Team D3, which was completed in July 2023, contributed positively both to net sales and earnings. Service Works Global, which provides digital solutions for facility management, and Tribia, which provides collaborative solutions for the construction and infrastructure sector, displayed stable growth.

So, looking at the change in the new transaction model that we have discussed earlier. We can see that we are now moving into a situation where we have had the US exchange was completed in June 10, 2024. That means that we are starting to sell according to the new transaction model, but please be aware the rev rec is when the start of the contract. That means that we can sell according to the new transaction model, but the start date of the contract can be at a later date. So, there is a delay there in between. So, that means here, in the Q2, we have very little impact in our books of the new transaction model. I think it's way below SEK 10 million in net sales that we have recognized according to new transaction model in Q2. So, you will see the effect in Q3 starting there.

And then in Europe, there has been announced a date saying that the transition will start in September 2024. So, that means that we will starting to sell according to the new transaction model in Europe as well end of September. And that means that you will probably not see any real effect in our P&L of new transaction model from Europe in Q3. It will probably happen in Q4 that you will see the effect.

So, with that, I think let's move on to PLM. In the second quarter for PLM, net sales were unchanged at SEK 468 million. Adjusted for currency effect, the organic growth was minus 2%. However, EBITA increased to SEK 37 million. The cost efficiency measures implemented in 2023 meant that the EBITA margin improved from 4.3% to

Q2 2024 Earnings Call



7.9% in the quarter despite negative organic growth. Earnings for the previous year were also affected by restructuring cost of SEK 10 million in the second quarter 2023. Demand for PLM systems and associated services was good in the Nordic countries. Sales were slightly weak in Germany, UK and US due to a decline in license sales in predominantly the automotive industry.

The economic situation in the interest rates have affected customers' decision-making processes concerning new and larger system products investments leading to more frequent postponements during the year. Service revenues, implementation, integration, et cetera, was somewhat higher than in the previous year. The trend of customers increasingly preferring to rent licenses on a fixed term basis rather than purchasing licenses with perpetual right of use continued as before.

Addnode Group, we are a growth platform for entrepreneurs. It means that we acquire and support entrepreneurial companies in their efforts to become even better. So far, we have completed six acquisitions in 2024 and we continue to see many opportunities for further acquisitions. In PLM, we have made an acquisition this quarter. It's Prime Aerostructure. It's a leading Dassault Systèmes Partner based in Austria and a simulation leader in the aerospace engineering industry. The company has about 10 employees and net sales of approximately SEK 45 million. It's a bolt-on acquisition to Technia and will be consolidated in Q3.

Division Process Management. In the second quarter, net sales increased by 5% to SEK 335 million. Adjusted for currency effect, organic growth was 4%. EBITA amounted to SEK 59 million and the margin was 17.6%. Municipalities and public authorities show continued restraint in terms of investment in major projects, meaning less tenders out there in Q2 than in previous years. But sales remain stable and that has to do with the division's good and well-established relationships with a large public sector customer base that present frequently opportunities for recurring sales and expansion of current assignments. The division's business are well-positioned in public sector tenders, owing to their attractive digital solutions, in-depth experience and good references.

We have made two acquisitions to division Management (sic) [division Design Management] (15:34) this quarter. The first one is GPS Timber. It's a software for timberyard logistics, supporting management of raw materials at sawmills and pulp mills. It has installation in over 40 industry facilities around Europe. It has net sales of around SEK 8 million. We have previously owned 50% of the product and we have bought the last 50% of the product. So, it means that we are the main owner of that now going forward.

We also made another acquisition to the division. It's a company called Addoceo. Its software, Navet, is used to manage cases related to the transportation of people with mobility or cognitive difficulties, has a net sales of roughly SEK 50 million and it will become part of the company, Stamford, in the division. And this will also be part of the Q3 results going forward. Those are two good examples how we can expand our software portfolio in the divisions.

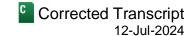
So, with that as an introduction to Addnode's divisions, I would like to hand over to our CFO who will walk you through cash flow and financial position.

### Kristina Elfström Mackintosh

Chief Financial Officer, Addnode Group AB

Yes. Thank you very much, Johan. And I'm going to take you through this way that I'm going to start with the quarter and then move on to the cumulated six months year-to-date till June. So, we'll start with the cash flow from operating activities. And you can see that there was an increase of SEK 51 million to SEK 178 million in cash flow from operating activities. And that increase is mainly relating to the operating profit that increased by SEK 40

Q2 2024 Earnings Call



million and also a good work in changes in working capital that you can see, also SEK 51 million. If we look at the six months period, we generated SEK 559 million in operating cash flow, and this was SEK 163 million above last year of SEK 396 million. And the main reason for the increase relating to the operating profit, as you can see, of SEK 78 million and also a good improvement in changes in working capital of SEK 130 million.

Going down the rows down to investment activities, we can see that the investment activities amounted to SEK 64 million minus. And that is mainly relating to our investment in our own proprietary products, capitalized development costs and also acquisition of external software that we talked about just now. Going down to the right, you can see for the six months, we had cash flow from investment activities of SEK 206 million. And that included the acquisitions that we made and concluded in Q1, and also consideration for sellers for acquisitions that were made in previous years that's earn-out payments. So that half of the SEK 206 million are relating to the investment and the earnouts. And the rest, the remaining [ph] SEK 105 million numbers (19:16) were relating to investment in our own software and also acquired software and other tangible fixed assets.

And then the last line on the cash flow is from financing activities. You can see that financing activities for the quarter amounted to SEK 301 million, and that was relating to the dividend that we paid now in May of SEK 133 million and we also made a repayment of loan in foreign currency of SEK 143 million and also a smaller amount related to IFRS 16, the leasing, of SEK 25 million. Then looking at the six months period, the financing activities, SEK 282 million apart from what I've just said for the quarter, the dividend and the repayment. We also increased borrowings in the foreign currency regarding acquisitions in Q1. So, that was the cash flow part.

And then I'm also going to speak a little bit about the balance sheet, and I would like you to pay attention. This is the operating balance sheet. It's not the balance sheet that you can read from the report, but we think this is a good way to present the financial position of the company. So, you can see that we continue to operate supported by a resilient balance sheet. That's an important foundation for our continued growth, both organically and through acquisitions. And the main changes in the balance sheet during 2024 are mainly driven from the acquisitions we have made so far, increases in goodwill and other intangible assets, are mainly relating to the acquisition of which Optimec was the largest impact. There's also a translation difference that had effect on intangible assets.

And then we can see that our business model enables us to operate with a negative net working capital. And you can see that here representing an amount of minus SEK 783 million. And going down the line, we have a line for provision, taxes and other debts of SEK 732 million. And that includes – the majority in that is relating to earnouts and other liabilities to sellers of companies. And that, in total, amounted to SEK 583 million. And the majority of that, about 85%, is related to the US acquisitions of Microdesk, now Symetri US and D3.

Next line is the net debt, SEK 825 million, and you can see that that was a decrease from December 31, 2023, by SEK 174 million, and it's partly due to or mainly due to the strong cash flow from operations. We have a cash position of SEK 770 million. That is net increase of about SEK 100 million from December of 2023, and we have total facilities of SEK 2.6 billion and approximately SEK 1.1 billion of those are unutilized as of 30th of June 2024.

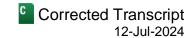
And then I would like to hand back to Johan to talk about Addnode as an investment.

### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Thank you, Kristina. Just to sum it up where we are. Addnode Group, we are all about digitalization for better society. Long-term, we can see that the demand for the digital solutions offered by our companies extends beyond and across economic cycles, driven both by customer needs such as digitalization, automation, urbanization and sustainability. Our strategy is to do it with a sound risk taking, capitalize on these trends by

Q2 2024 Earnings Call



continuously acquiring new businesses and actively supporting our subsidiaries to generate sustainable value growth and drive organic earnings growth. So far, we have completed six acquisitions in 2024 and I continue to see many opportunities for acquisitions this year.

We have a business model with a high portion of recurring revenue, usually prepaid, giving a solid cash generation, as Kristina earlier described. We do have an uncertain economic situation but believe that demand in most of Addnode Group's market is stable. The strength and capability of our companies to deliver digital solutions for sustainable society, our healthy financial position and our acquisition capacity will continue to provide a solid foundation for continued value creation.

So, with that as an introduction to Q2, let's go to Q&A.

### QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] . The next question comes from Erik Larsson from SEB. Please go ahead.

#### Erik Larsson

Analyst, Skandinaviska Enskilda Banken AB

Thank you. I have a few questions. First off, on PLM and the weakness here, we saw Dassault's profit warning the other day, so it's not completely unexpected. And they said that customers are still – they are still there but they remain cautious. So, my question is, do you expect this dynamic to remain throughout 2024?

#### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Thank you, Erik. We can see the same dynamic and you can also see, like we described, that we have a dynamic where customers instead of rather go for the old perpetual licenses, they go for a rental model. So, that also affects our top line growth. It could be that we have the similar business, but instead it's going for a rental model, meaning that we are increasing the recurring revenue rather than the top line growth for that. We have that as well. But putting – so, that's a long-term trend that's there, but we can also see that the customers in predominantly like we wrote and report in the automotive industry, they are postponing bigger deals. So, we are selling less licenses. But we are working with our customer, the implementation, integration with their activities.

So, the short answer is, yes, we can see the same trend. I guess, the proof of the pudding will come in the second part of the year here when we are coming close to Q4 and that they will do it, but we see the same trend.

### **Erik Larsson**

Analyst, Skandinaviska Enskilda Banken AB

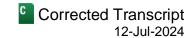
Yeah. And this follow-up there would be if there are any additional cost initiatives here or if the situation differs a bit from last year when you made some restructuring.

### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

No. We don't see any sort of big things that we need to do. We have doubled the margin compared to last year, we are more efficient in our products, and we can see that we can do a healthy margin on the business even though we don't have top line growth. So, that means that we are much more better conditions here. You can also

Q2 2024 Earnings Call



see, if you look at the number of employees, even though we have done acquisitions, it's less employees in PLM now than compared to last year. So, I think we – I don't expect us to do any bigger sort of reductions in this.

### Erik Larsson Analyst, Skandinaviska Enskilda Banken AB Okay. Great. And then on Process Management where margins were a bit soft. I'm just curious if there were anything specific here and if there are any reasons why we should not expect you to be in around the 19% margin you have been at for the last five quarters or so going forward. Johan Fredrik Andersson President & Chief Executive Officer, Addnode Group AB No. There are no specific reasons. What can happen sometimes is that we can have a mix of more consulting, more licenses or so that can have an effect. There are no reason why we shouldn't be able to produce that. Sometimes, we can have a quarter that we sort of wonder and some that we overperform. So, I don't think that long-term we should have, but don't expect us to go above the sort of the trend as well. Erik Larsson Analyst, Skandinaviska Enskilda Banken AB Okay, okay. I understand. And then a final question on earnouts. If you could just remind us how much earnouts you expect to pay in 2024 and 2025 if you could? Johan Fredrik Andersson President & Chief Executive Officer, Addnode Group AB Kristina? Kristina Elfström Mackintosh Chief Financial Officer, Addnode Group AB Yes, yes. We will pay for a one smaller part for the Microdesk acquisitions in 2024 and the majority would lie within 2025 and 2026 for the acquisitions in the US. Erik Larsson Analyst, Skandinaviska Enskilda Banken AB Okay. And Team D3, is that also for 2025-2026? Kristina Elfström Mackintosh Chief Financial Officer, Addnode Group AB Team D3 is mainly in 2026. **Erik Larsson** Analyst, Skandinaviska Enskilda Banken AB

Johan Fredrik Andersson

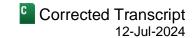
President & Chief Executive Officer, Addnode Group AB

Okay. Perfect. Thank you. That's all from me. I'll get back in the queue.

Thank you, Erik.



Q2 2024 Earnings Call



Operator: The next question comes from Fredrik Nilsson from Redeye. Please go ahead.

#### Fredrik Nilsson

Analyst, Redeye AB

Thank you. Hi, Johan and Kristina. I want to [audio gap] (29:33) in Design Management. I know there is an impact from Team D3. But considering that the very strong organic growth, I would have expected a slightly higher margin. Am I missing something here?

#### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

No. I think if you look at it, what had happened is that it depends also what kind of product mix that we are growing with. Predominantly, the growth is coming from that we are selling more Autodesk products. It means that both that we are bringing in Team D3 who have a sort of compared to the division prior to the acquisition of Team D3. They have a higher portion in their product mix of Autodesk products. And then there's sometimes between the quarter, there could be an effect of the profit margin on those things that could have an effect. So, I think predominantly those are the reasons why we are having a lower gross profit margin this year. So, it's not a – I think we are in line with our OpEx. And I think the difference that you probably need to look at is the profit – gross profit in this quarter. It's not a saying that we believe that this is a trend that we will have going forward. It's just the thing in the quarter.

### Fredrik Nilsson

Analyst, Redeye AB

Okay. Makes sense. And also, the gross margin in PLM, not just for the quarter but in general, is higher than in Design Management. I would have expected the opposite considering you have some proprietary software in Design Management.

#### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Yes. We have proprietary – there are proprietary products in both. The difference with Design and PLM is that PLM has more services because they are working more with the product data management system, the PLM system, and those are integrated with other system as an integrator. And on the services, we have a gross profit of probably around 85% or 90% because we have some suppliers. But that means that will drive up the gross profit compared to Design to have more mix with more third-party products. So, both have a healthy part of own proprietary products. But what differs between Design and PLM is that PLM has more consultancy services on the things that we deliver.

#### Fredrik Nilsson

Analyst, Redeye AB

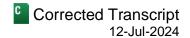
Okay. I see. And lastly, the declining trend in organic growth rate turned this quarter in Process Management. I know there's one more working day, but do you see that the willingness to invest is improving somewhat at least in the public sector in your view?

#### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

I think there are still some sort of a - it's not a - the tenders are not really there where we would like to be. There are tenders out there. We are doing work. We have a healthy sort of - we have enough to do but most of the work

Q2 2024 Earnings Call



is upsell or working with existing customers. So, I don't think it's a big trend saying that we will go to 5%, 6%, 7% I think. And we continue at 5%, then we are – that would be good for the rest of the year if we can do that. Because this year compared to last year, we have less index increases in our maintenance agreements in process. So, that means that the organic growth will either have to come from volume or that we are able to increase prices in new projects.

Fredrik Nilsson

Analyst, Redeye AB

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Okay. That's all from me. Thank you very much.

Johan Fredrik Andersson

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President & Chief Executive Officer, Addnode Group AB

Thank you, Fredrik.

Operator: The next question comes from Daniel Thorsson from ABG Sundal Collier. Please go ahead.

**Daniel Thorsson** 

Analyst, ABG Sundal Collier AB

Yes. Hi. A quick question here on Design. Do you have the organic gross profit growth figure in Q2 in Design? I guess it was a bit lower than some sales.

Johan Fredrik Andersson



President & Chief Executive Officer, Addnode Group AB

No. We don't have that and we are not in a position to display that. But as I said, I think one of the previous question was that I said that what we can see there is that, if any, we would – we can see that the gross profit margin is a little bit below our historical level this quarter. So, that means that you can do your own math and see that we are probably lower on the organic growth in gross profit down both.

**Daniel Thorsson** 

Analyst, ABG Sundal Collier AB

Yeah. No, absolutely. I agree. I was just a bit curious around what level it was up, but I agree. And then a related question about the US AEC market. We saw the latest US ABI index coming quite soft I think it was for May and you said that Q1 could have seen somewhat pre-selling held ahead of the new transaction model. Did you see that in Q2 as well, which means that there could be kind of a setback over the summer months or what's the current trending or trading in the market currently?

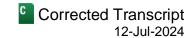
Johan Fredrik Andersson



President & Chief Executive Officer, Addnode Group AB

No. We haven't – to say a yes – your question is that, the first, the market is still and like you can see, it could be better but we are able to do business in the US market. So, we are doing better than last year. And we are also doing services with our customers. And then with regards to an effect from the transaction model, yes, there have been some activities, but most of the contract that we're selling to the new transaction model, yes, there are some both but not that much, I would say. That's not sort of the driver this quarter. It's more of a catch-up compared to last year.

Q2 2024 Earnings Call



#### **Daniel Thorsson**

Analyst, ABG Sundal Collier AB

Yeah. That's excellent. And then also regarding the new transaction model, you mentioned here verbal in the presentation it was around SEK 10 million or so in Q2, and we understood that there shouldn't be an effect as agreements will be started off after summer, for example, and sales were SEK 1.2 billion. Is it possible to give any kind of indication of this level going into Q3 and also some thinking about this level into Q4 now when we know that Europe is going to go active in September? Is this going to be like a couple of SEK 100 million in Q3 or what's kind of the ranges you're thinking of?

### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

if we're looking at – I think if you separate the question in two, in one US and one Europe, what we'll have is the situation for US that in Q3, you will probably have a mix of the old and new transaction model in our books. And then in Q4, it will probably be according to the new transaction model. And then if you look at Europe, you will have a mix in the third quarter and then it will be probably the new model in Q1. So, going from 2025 and forward, it will probably be according to the new – sort of the new model. That's our best guess.

And having said that, knowing how much we sell in the US and how we sell in Europe, so in Q3, you will probably see in the hundreds in the US. It needs to be that in order to follow that. And then you will have seen the effect in Europe as we roll forward. And so, Q3 and Q4 will be the sort of the quarter of change. And then in Q1 2025, we believe that we will have one of the slides that I have show how we will trend with regards to profit margins and et cetera will be significantly different from 2025 going forward.

#### **Daniel Thorsson**

Analyst, ABG Sundal Collier AB

Yeah. Sure. And then I'm a little bit curious about the Nordic public market here as well. How are you trending on price increases versus salary inflation at the moment?

#### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

I think we are in a good position. We are able to sort of looking at here in the Nordics and Sweden, we tend to have a good understanding that it's not that good to drive inflation on salaries, because then we will have a different mix. So, I think we are able to handle that. So, we don't see that as a problem looking at salary inflation compared to prices. And then with regards to the market, there are businesses out there. We are doing some real good and there are some pockets where we have a really good business drive. For example, we are doing business with regards to those dispensations to hospitals with regards to pills and et cetera and pharmacists et cetera. So, there are pockets of growth. And so, I think we don't expect to have that high growth, but there are businesses there. So, I don't know if that answer your questions. But...

#### **Daniel Thorsson**

Analyst, ABG Sundal Collier AB

Yeah, no. It's good to hear that you have a balance between price increases and salaries because I expect price increases to be less ahead, and in new products maybe there could be some prices actually down year-over-year et cetera. So, if you can balance it with low salary inflation, that's obviously good. And then finally, have you seen any increased activity around Autodesk reselling partners or companies in terms of M&A activity? Are they trying to sell themselves to you or are you seeing any competitors trying to consolidate the market at a faster speed than before, any changes in the M&A space in Design?

Q2 2024 Earnings Call



### Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

I think the consolidation is there of the market, hopefully, and we can see that continue. And we are a couple of players – and player is not the right word, but a couple of companies consolidate the market and those are the sort of the same one and they have different names. So, I think the activity is definitely there, and we want to be part of it as well. And – so, we are definitely a part of that and the consolidation is ongoing. Are there any big sort of changes in the pace? No, I wouldn't say that. So – but it has been ongoing the last five years.

**Daniel Thorsson** 

Analyst, ABG Sundal Collier AB

Yeah, I see. And you haven't got like significantly larger amount of inbounds from companies that would like to sell themselves because they see a tougher environment due to the new transaction model with Autodesk, nothing like that?

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

No, I wouldn't say that, that we have a – that is sort of a long significant. I would rather say that it's something that has been ongoing for a long time the consolidation of the channel and we are a part of it and we would like to be part of it.

**Daniel Thorsson** 

Analyst, ABG Sundal Collier AB

I see. Excellent. That's all. Have a great summer.

Johan Fredrik Andersson

President & Chief Executive Officer, Addnode Group AB

Thank you. And Kristina, we had some - no, no. Okay. Thank you for that, Daniel. Any more questions?

**Operator:** There are no more questions at this time. So, I hand the conference back to the speakers for any closing comments.

**Johan Fredrik Andersson** 

President & Chief Executive Officer, Addnode Group AB

Great. Thank you all for taking the time to listen in and some great questions. And Kristina and I are, of course, available, if any questions. You will find our details on our website or do get in contact. So, thank you.

Kristina Elfström Mackintosh

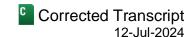
Chief Financial Officer, Addnode Group AB

Thank you.



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

Q2 2024 Earnings Call



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