vitec
vertical software

Interim Report January-September 2018

Vitec in brief

Vertical markets
Vitec is the Nordic market leader in Vertical Market Software. We develop and deliver standardized software aimed at various niche markets. This entails tailoring our offering to the unique needs and requirements of companies operating within specific sectors, to enable the management and development of their business operations.

Standardized products
Our standardized products are cost-efficient for our customers, as they allow for the assimilation of industry-wide developments and upgrades. This enables us to provide our customers with the optimal conditions to develop and future-proof their operations.

Recurring revenue
Our business model is based on a high percentage of recurring revenues, which makes us less susceptible to temporary declines in individual companies, while creating conditions conducive to a long-term approach.

Growth by acquisition
Vitec has an explicit acquisitions-based growth strategy with a sharp focus on profitability and stable cash flows. Our focus on strong cash flows creates the financial prerequisites for continued acquisition-driven growth.

Improved margin and increased profit

Summary for January-September 2018

- Net sales MSEK 727 (608)
- Profit before tax MSEK 86,3 (69,5)
- Operating margin 12,9 % (12,4)
- Earnings per share before dilution SEK 2,25 (1,83)
- Cash flow from operations MSEK 149 (158)

Summary for July-September 2018

- Net sales MSEK 262 (220)
- Profit before tax MSEK 38,1 (15,3)
- Operating margin 15,6 % (8,1)
- Earnings per share before dilution SEK 0,96 (0,39)
- Cash flow from operations MSEK 28,8 (24,0)
- Refinancing of the acquisition credit facility

CEO’s comments

Vitec has had a strong third quarter. Recurring revenues rose 25 percent, of which more than 6 percentage points derived from organic growth. Consolidated earnings rose sharply, mainly due to an improvement in operating profits. However, approximately SEK 7 million of the earnings increase was attributable to an improved balance between capitalization and depreciation/amortization, and to allocation differences between 2017 and 2018, which consequently did not contribute to cash flow for the period.

Overall, earnings and sales improved in most parts of the Group, compared with the year-earlier period. Although there is no singular explanation for the earnings improvement, it is a consequence of diligent and focused efforts throughout the Group.

We are prioritizing growth in recurring revenues, to reduce our dependency on one-off license revenues and volatile service revenues. Hence, we can now confirm that organic growth in recurring revenues was slightly more than 6 percent. Organic growth in recurring revenues is also a greater contributor to earnings than other revenue types and has continued to provide solid support to our business model.

To appreciate the potential of continued acquisitions, we continuously survey the vertical software company market in the Nordic region. Our current impression is that range of available companies matching our acquisition criteria is somewhat greater than we had previously anticipated. The overall market is considerably larger for vertical software companies, including those that do not sufficiently match our criteria. In the last four years, Vitec accounts for 10 percent of the total number of acquired vertical software companies in the Nordic region. Acquisitions implemented by parties other than Vitec comprise many purchasers of different natures, from purely financial players to major industrial enterprises acquiring a supplier.

The number of active acquisition dialogs remains high and we are continuously allocating resources to stay abreast of and further advance these dialogs. Our financial position is solid, and we are well prepared for future acquisitions and envisage conditions conducive to continued acquisition-based growth. Supported by acquisition of well-established companies and a high percentage of recurring revenues, Vitec will stay the course and operate within several independent and specialized niche markets to achieve sustainable and profitable growth.

Lars Stenlund, CEO

Group Financial information

Sales and results

January-September 2018

Revenues

Net sales for the period amounted to SEK 726,9 million (608,3), corresponding to an increase of 19%. The improvement was mainly attributable to acquisitions. Recurring revenues for the period rose 22% from the year-earlier period and totaled SEK 543,3 million (446,0), corresponding to 74,7% (73,3) of net sales. License revenues declined 11% from the year-on-year, settling at SEK 25,2 million (28,3). Service revenues fell 4% from the year-earlier period, totaling SEK 101,0 million (104,8). Other revenues rose by 97% to a total of SEK 57,5 million (29,2).
The acquired company, PP7 Affärssystem AB, which was consolidated as of April 9, contributed SEK 4,1 million in net sales during the period. The acquired Group, Agrando AS, which was consolidated as of April 19, contributed SEK 18,8 million in net sales, while the acquired the company, Cito IT A/S, which was consolidated as of May 31, contributed SEK 11,8 million.

Earnings

Operating profit amounted to SEK 94,1 million (75,6) with an operating margin of 12,9 % (12,4). Profit after tax for the period amounted to SEK 67,1 million (53,9). Earnings per share before dilution totaled SEK 2,25 (1,83).

July-September 2018

Revenues

Net sales for the period totaled SEK 261,7 million (219,8), corresponding to an increase of 19 %. The improvement was mainly attributable to acquisitions. Recurring revenues for the period rose 25 % from the year-earlier period and totaled SEK 193,3 million (154,6), corresponding to 73,9 % (70,3) of net sales. License revenues declined 16 % year-on-year, amounting to SEK 11,7 million (14,0). Service revenues remained essentially unchanged at SEK 27,0 million (26,9) in comparison with the year-earlier period. Other revenues rose by 22 % to a total of SEK 29,6 million (24,3).
The acquired company PP7 Affärssystem AB, which was consolidated as of April 9, contributed SEK 2,1 million in net sales during the period. The acquired group Agrando AS, which was consolidated as of April 19, contributed with SEK 10,7 million in net sales, while the acquired company Cito IT A/S which was consolidated as of May 31, contributed SEK 9,6 million.

Earnings

Operating profit was SEK 40,9 million (17,7) with an operating margin of 15,6 % (8,1). Profit after tax for the period amounted to SEK 28,7 million (11,5). Earnings per share before dilution totaled SEK 0,96 (0,39).

Liquidity and financial position

The Group's cash and cash equivalents including short-term investments at the end of the period totaled SEK 61,0 million (40,5). In addition to cash and cash equivalents, Vitec had overdraft facilities of SEK 20 million and SEK 47,8 million in unutilized portions of the credit facility. Our loan with Nordea was renegotiated during the period. The two credit facilities and two older loans were consolidated into a single credit facility totaling SEK 500 million. At the balance-sheet date, SEK 452,2 million of the credit facility was utilized. The facility is divided into tranches, that allow for us to autonomously decide on the amount and timing of our repayments to the facility. Since we are yet to decide on any repayment, the entire loan is regarded as a long-term loan. Terms and covenant requirements are in line with previous agreements with the bank.

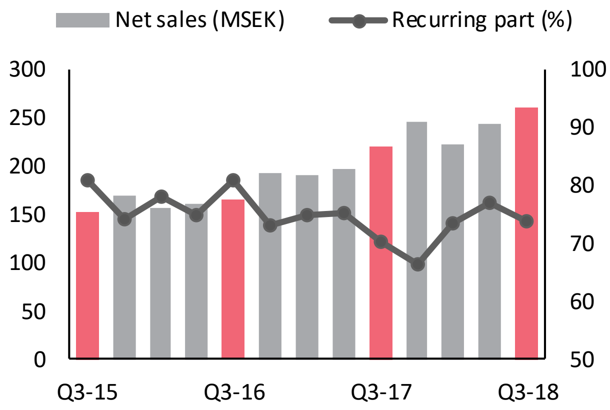
During the period SEK 149,7 million of the credit facility was utilized to finance acquisitions and SEK 51,2 million pertaining to previous acquisitions was repaid to the credit facility. Amortization of bank loans amounted to SEK 5,2 million. Cash flow from operating activities was SEK 148,6 million (158,1). Investments totaled SEK 92,8, million in capitalized work, SEK 0,7 million in other intangible assets and SEK 8,3 million in tangible assets. The acquisitions of PP7 Affärssystem AB, Agrando AS and Cito IT A/S generated SEK 149,6 million in product rights, brands, customer agreements and goodwill.

At September 30, 2018, interest-bearing liabilities totaled SEK 515,7 million (400,2) and comprised SEK 510,1 million (355,0) in long-term debt and SEK 5,6 million (45,2) in short-term interest-bearing liabilities. During the period, the additional purchase prices for the acquisitions of Futursoft Oy and Fox Publish AS were settled, SEK 22,9 million was paid with respect to Futursoft and SEK 1,4 million with respect to Fox Publish.

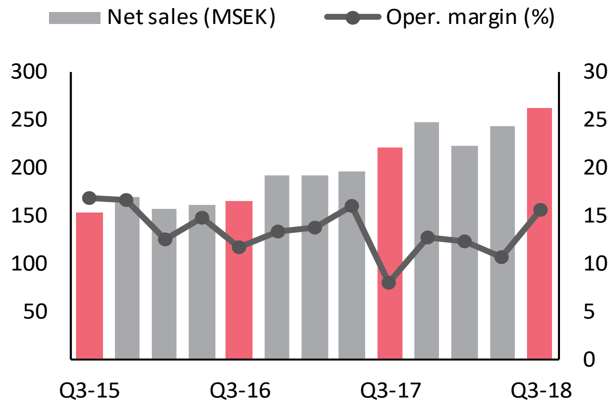
Equity attributable to Vitec's shareholders totaled SEK 455,4 million (354,6). The equity/assets ratio was 32 % (31). Dividends of SEK 1,10 per share were issued following the Annual General Meeting of April, totaling SEK 32,8 million.

Graphs Group

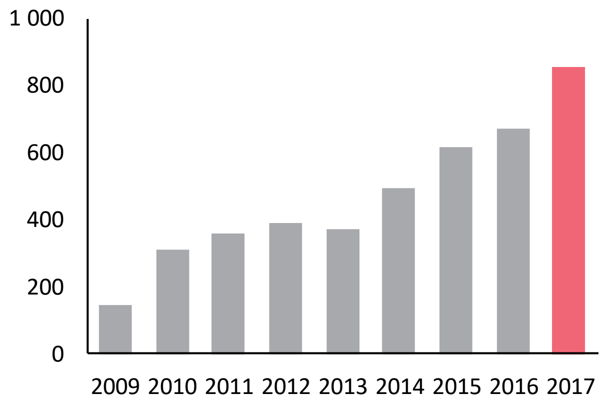
Net sales and portion of recurring revenues



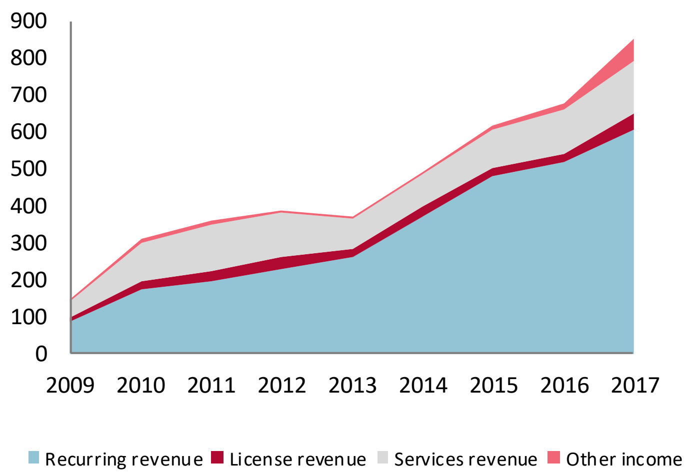
Net sales and operating margin



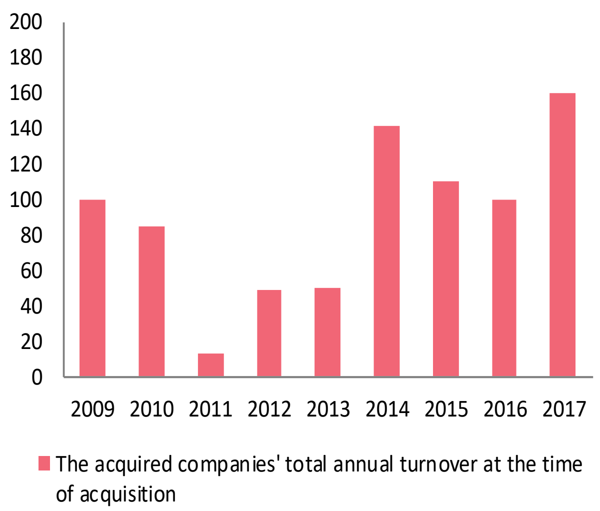
Net sales (MSEK)



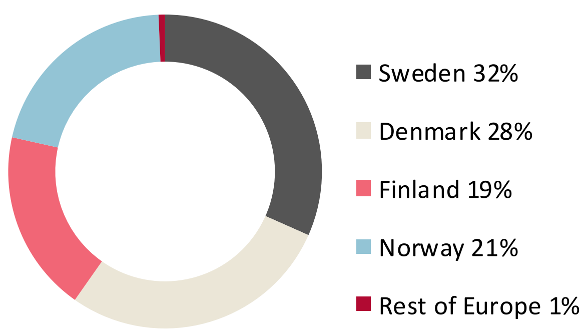
Change in revenues



Acquired Net sales



Net sales by market January-September



Significant events during the period

September 28: Vitec refinances its acquisition loan facility
Vitec signs an acquisition loan facility in Nordea of SEK 500 million. It replaces two previous facilities in Nordea of SEK 250 million and SEK 200 million. With the new facility, the loan is increased by SEK 50 million.

Operations, January–September 2018

Profits rose in five segments and declined in two, compared with the corresponding period in 2017. Recurring revenues increased within all segments, with the exception of Estate Agents, which declined somewhat. We pursued our continuous efforts to shift operations toward an ever-higher percentage of recurring revenues relentlessly. Integration of the three new operations acquired in April and May proceeded according to plan.

Auto

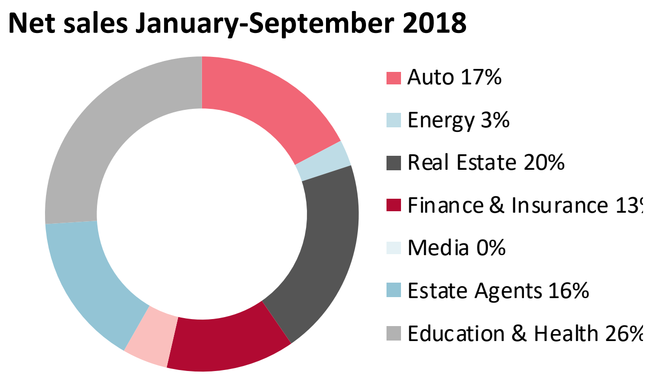
Auto profits and sales rose in comparison with the corresponding period in 2017. The transition toward a higher percentage of recurring revenues and a reduced dependency on licenses and consultancy services proceeded rapidly during the period. In Norway and Finland, initiatives are underway to provide our customers with opportunities to upgrade to our next generation of products in the next few years. In Denmark, we sharpened our focus on our sales efforts following the summer season, which resulted in a greater presence among existing and new customers. Recurring revenues gained 13%, compared with the corresponding year-earlier period.

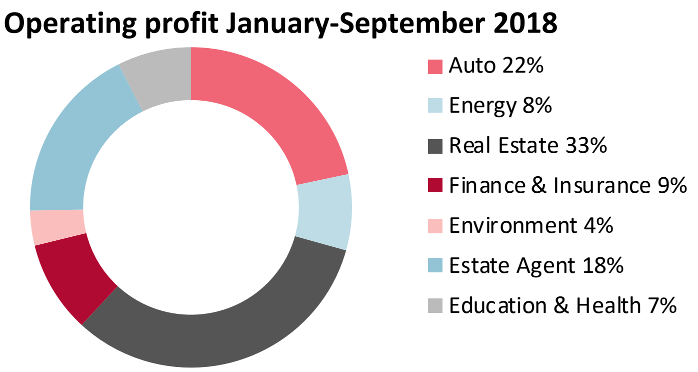
Energy

Profits and sales rose in the Energy segment, compared with the corresponding period in 2017. Efforts to fine-tune the precision of our forecast models have turned out well. We are seeing a continuous inflow of new customers in the Nordic region. Following the summer, we hosted customer seminars in Belgium, which has resulted in new sales beyond the Nordic region. Recurring revenues rose by 4%, in comparison with the corresponding period in 2017.

Real Estate

Profits and sales rose in the Real Estate segment, compared with the corresponding period in 2017. The Real Estate segment continues to trend positively. We have had an excellent demand for our products over a longer period and sales remain high. To the benefit of recurring revenues, license revenues declined 35% throughout this segment, compared with the year-earlier period. The reduction of one-off revenues from license sales are planned and enhance the Real Estate segment's opportunities to further improve customer value and efficiency. The integration of PP7, which was acquired in April are proceeding according to plan. Recurring revenues increased 17%, compared with the corresponding period in 2017.





Finance & Insurance

Profits and sales declined in the Finance & Insurance segment, compared with the corresponding year-earlier period. In Denmark, where our largest operations within the Finance & Insurance segment are located, a vigorous conversion from service revenues to recurring revenues is currently underway, which is causing a short-term impact on profits across the entire segment. In Sweden, operations are robust, and the number of users and customers continues to rise. In Norway, the focus is on winning new deals in order to compensate for one major customer departing in 2017. Recurring revenues gained 13%, compared with the corresponding period in 2017.

Environment

The Environment segment increased its profits and sales, compared with the corresponding period in 2017. The Environment segment is also adhering to its plan to shift from nonrecurring revenues to an ever-higher percentage of recurring revenues. Although the conversion is adversely impacting profits in the short term, it will strengthen our operations in the long term. Recurring revenues gained 15%, compared with the year-earlier period.

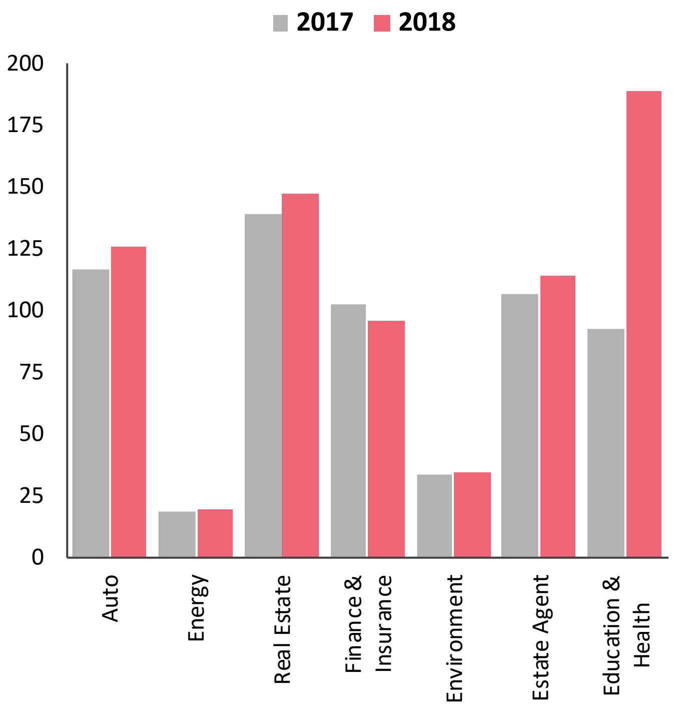
Estate Agents

The Estate Agents segment increased its profits and sales, in comparison with the corresponding period in 2017. After the summer, Estate Agents in Norway implemented a major deployment at DNB Eiendom, Norway's largest estate agent firm. Consequently, more than 1,000 additional estate agents now have access to the latest generation of our product. The sales scenario is positive and negotiations are ongoing with more players in the Norwegian market. The major implementation project in Norway has boosted service revenues to higher-than-normal levels during the period. Estate Agents in Sweden have the majority of development efforts towards the new product behind them. Consequently, the focus has shifted to the continued improvement of deliveries and creation of new sales. We are also continuing to welcome new customers and users in Sweden. Recurring revenues decreased 2%, compared with the year-earlier period.

Education & Health

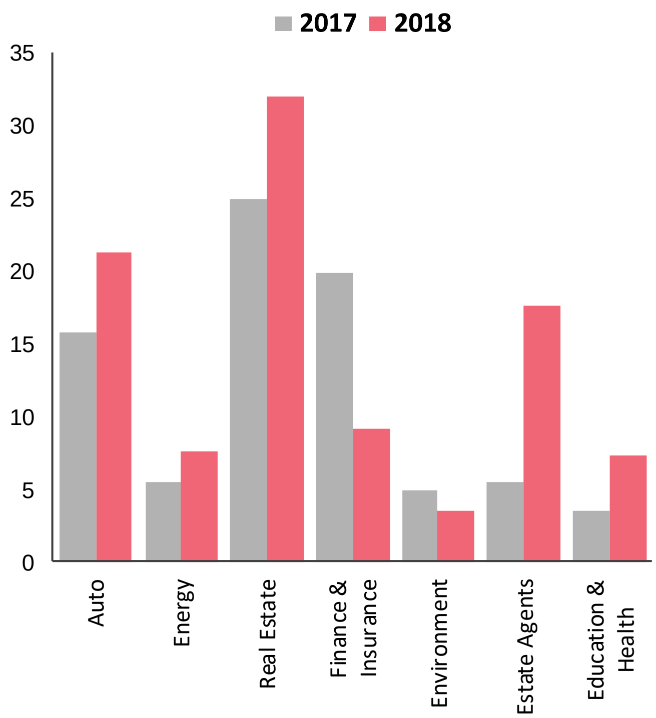
The Education and Health segment increased its profits and sales, compared with the corresponding period in 2017. Agrando and Cito, which were acquired in April and May 2018 were fully incorporated in the third quarter. Integration of both operations has commenced and are running according to plan. Vitec MV primarily supplies software to schools and a considerable portion of its sales occur at the start of school year, which has contributed strongly to the segment's combined sales and earnings in the third quarter. Cito, which is a supplier of software to pharmacies, secured a transaction with Denmark's largest pharmacy in September. Production launch is scheduled for late 2018. Recurring revenues rose 111%, compared with the year-earlier period.

Net sales January-September 2018 (MSEK)



Operating profit January-September 2018 (MSEK)

before acquisition-related costs



	Auto		Energy		Real Estate		Finance & Insurance		Environment		Estate Agent		Education & Health	
	Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Recurring revenues	108,0	95,3	14,8	14,2	93,6	80,1	86,2	76,4	28,1	24,3	100,4	102,4	112,1	53,0
License revenue	3,6	4,9	0,0	0,0	4,6	7,1	0,2	4,7	1,2	3,0	0,1	0,0	15,4	8,6
Services revenue	9,9	12,5	4,5	4,4	49,4	51,6	9,3	20,7	3,9	4,1	12,9	3,9	10,9	7,5
Other income	3,9	3,5	0,2	0,1	0,0	0,0	0,4	0,4	0,7	1,5	0,4	0,3	50,1	23,0
Net sales	**125,4**	**116,2**	**19,5**	**18,7**	**147,6**	**138,8**	**96,1**	**102,1**	**33,9**	**32,9**	**113,8**	**106,7**	**188,6**	**92,0**
Recurring revenue as a percentage of net sales	86%	82%	76%	76%	63%	58%	90%	75%	83%	74%	88%	96%	59%	58%
Operating profit*	21,3	15,8	7,5	5,4	32,0	24,9	9,1	19,8	3,5	4,9	17,6	5,4	7,3	3,4
Operating margin	17%	14%	39%	29%	22%	18%	9%	19%	10%	15%	15%	5%	4%	4%

*Operating profit for segments are presented before acquisition-related costs

Risks and uncertainties

Material risks and uncertainties are described in the administration report of the of the 2017 Annual Report under "Risks and uncertainties" on pages 28–29, in Note 1, under the section, "Assessments and estimates" on page 57, and in Note 20 Financial risks and the management of such risks on page 79–82. No material changes have occurred since that time.

The Parent Company

Net sales totaled SEK 68,9 million (58,4) and essentially comprised invoicing to subsidiaries for services rendered. Loss after tax was SEK -18,6 million (3,9). Earnings in the Parent Company were impacted by unrealized foreign-exchange losses totaling SEK -27,6 million. The value of shares in subsidiaries during the period was reduced by SEK 2,4 million due to the downward adjustment of the conditional purchase consideration for Futursoft OY. Short-term non-interest-bearing liabilities were reduced at a corresponding scope. The Parent Company is generally exposed to the same risks and uncertainties as the Group; refer to the above section, *Risks and uncertainties*.

Transactions with related parties

No significant related-party transactions occurred in the Group or Parent Company during the period.

Consolidated statement of comprehensive income

TSEK	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
OPERATING REVENUE					
Recurring revenues	193 346	154 649	543 250	446 014	609 970
License revenues	11 711	14 022	25 159	28 273	39 563
Service revenues	26 998	26 869	100 968	104 827	145 672
Other revenues	29 621	24 295	57 515	29 203	59 824
NET SALES	**261 677**	**219 835**	**726 892**	**608 317**	**855 029**
Capitalized development costs	30 186	21 623	92 784	67 896	97 213
Reversal of aditional purchase price	21	-	2 396	-	1 343
SUM	**291 884**	**241 458**	**822 072**	**676 213**	**953 585**
OPERATING EXPENSES					
Goods for resale	-23 277	-21 709	-45 910	-27 784	-48 394
Subcontractors and subscriptions	-27 272	-22 822	-78 291	-73 948	-100 791
Other external expenses	-33 842	-29 433	-105 279	-83 860	-120 597
Staff costs	-125 897	-110 827	-379 145	-320 118	-446 917
Depreciation of tangible assets	-4 108	-4 744	-12 054	-10 000	-13 514
Amortization of intangible assets	-34 848	-30 665	-99 829	-81 136	-112 025
Impairment	-21	-	-2 396	-	-1 343
Unrealized exchange gains and losses	-1 501	414	-814	383	862
TOTAL COSTS	**-250 767**	**-219 786**	**-723 718**	**-596 463**	**-842 719**
OPERATING PROFIT BEFORE ACQUSITION-RELATED COSTS	**41 117**	**21 672**	**98 354**	**79 750**	**110 866**
Acquisition-related costs	-239	-3 934	-4 271	-4 158	-4 164
OPERATING PROFIT AFTER ACQUISITION-RELATED COSTS	**40 878**	**17 738**	**94 083**	**75 592**	**106 702**
Financial income	126	43	291	148	328
Financial expense	-2 890	-2 503	-8 149	-6 260	-8 903
TOTAL FINANCIAL ITEMS	**-2 764**	**-2 460**	**-7 858**	**-6 112**	**-8 575**
PROFIT BEFORE TAX	**38 114**	**15 278**	**86 225**	**69 480**	**98 127**
Tax	-9 441	-3 729	-19 122	-15 562	-18 701
NET PROFIT	**28 673**	**11 549**	**67 103**	**53 918**	**79 426**
OTHER COMPREHENSIVE INCOME, ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS					
Currency translation differences	-6 105	615	22 970	-5 255	-2 285
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**-6 105**	**615**	**22 970**	**-5 255**	**-2 285**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**22 568**	**12 164**	**90 073**	**48 663**	**77 141**
PROFIT FOR THE PERIOD ATTRIBUTABLE TO					
-Shareholders of the Parent Company	28 673	11 549	67 103	53 918	79 426
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO					
-Shareholders of the Parent Company	22 568	12 164	90 073	48 663	77 141
EARNINGS PER SHARE					
-Before dilution (SEK)	0,96	0,39	2,25	1,83	2,70
-After dilution (SEK)	0,95	0,38	2,24	1,81	2,70
Average number of shares	29 838 900	29 396 690	29 838 900	29 396 690	29 424 555
Number of shares after dilution	30 273 505	30 057 935	30 253 696	29 912 714	29 538 825

Segment information

SEGMENTS	Net sales (MSEK)					Profit before acqusition related costs (MSEK)				
	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Auto	41,7	36,9	125,4	116,2	155,9	5,4	4,9	21,3	15,8	19,5
Energy	6,4	5,9	19,5	18,7	25,7	2,9	1,9	7,5	5,4	8,0
Real Estate	47,1	42,4	147,6	138,8	190,1	12,9	7,5	32,0	24,9	32,2
Finance & Insurance	31,7	32,7	96,1	102,1	142,3	2,8	3,9	9,1	19,8	29,0
Environment	11,0	9,5	33,9	32,9	44,1	1,3	0,7	3,5	4,9	5,5
Estate Agent	37,9	35,3	113,8	106,7	138,0	5,3	0,8	17,6	5,4	5,5
Education & Health	84,4	56,9	188,6	92,0	157,9	10,5	2,0	7,3	3,4	11,2
Shared	1,5	0,3	2,1	0,8	1,0	-	-	-	-	-
Vitec Group	**261,7**	**219,8**	**726,9**	**608,3**	**855,0**	**41,1**	**21,7**	**98,4**	**79,8**	**110,9**
Acquisition-related costs						-0,2	-3,9	-4,3	-4,2	-4,2
Operating profit after acquisition-related costs						**40,9**	17,7	94,1	75,6	106,7
Net financial income/expence						-2,8	-2,5	-7,9	-6,1	-8,6
Profit before tax						**38,1**	**15,3**	**86,2**	**69,5**	**98,1**

Vitec is a Nordic software company and our customers are mainly in Sweden, Denmark, Finland and Norway. We also have a number of customers in other parts of the world. The diagram on page five shows the distribution of sales per country.

Net sales consist of recurring revenues, license revenues, service revenues and other revenues. These consist in turn of performance obligations.

Our performance obligations are support, maintenance and upgrades, time-limited right to use and hosting, perpetual right to use, services, information services, third party perpetual right to use, third party maintenance and other. Of recurring revenues SEK 256,5 million (226,5) are support, maintenance and upgrades, 194,2 million (135,8) are time-limited right to use and hosting, SEK 81,6 million (74,3) are information services and SEK 10,9 million (9,3) are third party maintenance. License revenues consist of SEK 24,3 million (26,5) perpetual right to use and SEK 0,8 million (1,8) third party perpetual right to use.

Our most common types of contracts are cloud services SaaS, subscriptions, sales of licenses with traditional support and maintenance agreements, service sales and sales of information services. The agreements run from one month to a year, and in some cases longer. Our recurring revenues are recognized evenly distributed over the term of the contracts as the customer receives control over the service and the performance obligation is fulfilled. Our license revenues are recognized at a given point in time, our service revenues are recognized continuously as the services are rendered and the customer receives control and benefit of them.

Consolidated statement of financial position

TSEK	2018-09-30	2017-09-30	2017-12-31
ASSETS			
FIXED ASSETS			
Intangibles assets	1 123 600	926 968	944 327
Tangible fixed assets	38 721	40 647	37 956
Financial assets	1 852	1 736	1 791
Deferred tax	6 990	4 168	6 714
TOTAL FIXED ASSETS	**1 171 163**	**973 519**	**990 788**
CURRENT ASSETS			
Inventories	5 872	3 496	3 619
Receivables	170 804	139 871	209 595
Short-term investments	266	43	44
Cash and equivalents	60 743	40 467	57 924
TOTAL CURRENT ASSETS	**237 685**	**183 877**	**271 182**
TOTAL ASSETS	**1 408 848**	**1 157 396**	**1 261 970**
EQUITY AND LIABILITIES			
Equity	455 414	354 634	398 164
Long-term liabilities, interest bearing	510 080	355 019	374 918
Long-term liabilities, non-interest bearing	161 043	148 159	147 339
Short-term liabilities, interest bearing	5 620	45 173	31 180
Short-term liabilities, non-interest bearing	276 691	254 411	310 369
TOTAL EQUITY AND LIABILITIES	**1 408 848**	**1 157 396**	**1 261 970**

Consolidated statement of changes in equity

TSEK	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY*					
At beginning of period	432 846	341 315	398 164	334 213	334 213
Option element convertible bond	-	1 154	-	1 154	2 221
Conversion bonds	-	-	-	-	13 986
Dividend	-	-	-32 823	-29 397	-29 397
Total comprehensive income for the period	22 568	12 164	90 073	48 663	77 141
AT END OF PERIOD	**455 414**	**354 633**	**455 414**	**354 633**	**398 164**

Consolidated statement of cash flows

TSEK	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
OPERATING ACTIVITIES					
Operating profit	40 878	17 738	94 083	75 592	106 702
Adjustments for items not included in cash flow					
Other operating income	-21	-	-2 396	-	-1 343
Depreciation/amortisation and impairment	38 977	35 408	114 279	91 136	126 882
Unrealized exchange gains/losses	1 501	414	814	383	862
	81 335	**53 560**	**206 780**	**167 111**	**233 103**
Interest received	126	43	291	148	328
Interest paid	-2 656	-2 340	-7 442	-5 958	-8 438
Tax paid	-7 666	-5 482	-26 631	-20 993	-25 381
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	**71 139**	**45 781**	**172 998**	**140 308**	**199 612**
Changes in working capital					
Change in inventories	-795	8 617	-992	8 960	8 836
Change in accounts receivables	1 194	-8 558	68 571	52 878	-20 754
Change in operating receivables	-2 023	6 372	-24 445	-4 559	2 233
Change in accounts payable	-6 027	11 773	213	11 959	6 839
Change in operating liabilities**	-34 667	-40 008	-67 719	-51 455	-9 136
CASH FLOW FROM CURRENT OPERATIONS	**28 821**	**23 977**	**148 626**	**158 091**	**187 630**
INVESTMENT ACTIVITIES					
Acquisition of subsidiaries, net*	-1	-86 745	-108 841	-88 826	-88 826
Acquisition of intangible assets and capitalized development costs	-30 290	-22 367	-93 474	-70 283	-101 500
Acquisition of tangible assets**	-1 097	-5 029	-8 300	-6 706	-7 750
CASH FLOW FROM INVESTMENT ACTIVITIES	**-31 388**	**-114 141**	**-210 615**	**-165 815**	**-198 076**
FINANCING ACTIVITIES					
Dividend	-	-	-32 823	-29 397	-29 397
New loans	-	88 299	149 728	88 299	109 129
Amortisation of loans	-1 436	-7 425	-56 389	-88 115	-95 275
CASH FLOW FROM FINANCIAL ACTIVITIES	**-1 436**	**80 874**	**60 516**	**-29 213**	**-15 543**
CASH FLOW FOR THE PERIOD	**-4 003**	**-9 289**	**-1 473**	**-36 936**	**-25 989**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**65 900**	**49 024**	**57 968**	**80 920**	**80 920**
Exchange-rate differences in cash and cash equivalents	-889	776	4 513	-3 473	3 037
CASH AND CASH EQUIVALENTS AT END OF PERIOD* **	**61 008**	**40 511**	**61 008**	**40 511**	**57 968**

* Payment for acquisition of subsidiaries consisted during the period of proceeds for PP7 Affärssystem AB, Agrando AS and Cito IT A/S. Net cash flow amounted to SEK 84,5 million. The acquisitions related to the entire outstanding share capital and meant that control was obtained in the companies. Final payments for additional purchase prices for Futursoft Oy SEK 22,9 million and Fox Publish AS SEK 1,4 million was also made. The payments did not result in any changes in share capital or control.
Payment for acquisition of subsidiaries 2017 consisted of proceeds for MV-Nordic A/S. Net cash outflow amounted to SEK 86,7 million. The acquisition related to the entire outstanding share capital and meant that control was obtained in the company. A residual payment for Nice AS was also made, SEK 2,1 million. The payment did not result in any changes in share capital or control.

**Comparative figures for Jan-Sep 2017 and Jul-Sep 2017 have been corrected. Financial leases amounting to SEK 4 848 thousands have been reclassified from acquisition of tangible assets to change in operating liabilities.

***Cash and cash equivalents are defined as funds for which there is an insignificant risk of value fluctuations and that can easily be converted to cash at a known amount. Short-term investments comprises funds that can be converted to cash at a known amount within one banking day.

Income statement, Parent Company

TSEK	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Operating income	25 219	20 028	68 940	58 400	79 990
Operating costs	-14 896	-18 221	-56 151	-51 610	-69 796
Unrealized currency exhange differences (net)	8 748	3 644	-27 637	3 890	-7 058
OPERATING RESULT	**19 072**	**5 451**	**-14 848**	**10 680**	**3 136**
RESULT FROM FINANCIAL INVESTMENTS					
Income from shares in group companies	-	-	-	-	64 898
Financial income	41	34	123	100	231
Financial expense	-2 791	-2 203	-8 060	-5 824	-8 289
PROFIT AFTER FINANCIAL NET	**16 321**	**3 282**	**-22 785**	**4 956**	**59 976**
Appropriations	-	-	-	-	4 912
PROFIT BEFORE TAX	**16 321**	**3 282**	**-22 785**	**4 956**	**64 888**
Tax	-3 590	-722	4 198	-1 090	57
NET PROFIT	**12 731**	**2 560**	**-18 587**	**3 866**	**64 945**

The profit for the period are consistent with the total comprehensive income.

Balance sheet, Parent Company

TSEK	2018-09-30	2017-09-30	2017-12-31
ASSETS			
FIXED ASSETS			
Intangible assets	2 737	3 492	3 301
Tangible assets	11 515	11 572	11 432
Financial assets	1 156 073	973 923	980 278
TOTAL FIXED ASSETS	**1 170 325**	**988 987**	**995 011**
CURRENT ASSETS			
Receivables	31 846	27 631	90 596
Cash and equivalents	47 484	31 444	51 616
TOTAL CURRENT ASSETS	**79 330**	**59 075**	**142 212**
TOTAL ASSETS	**1 249 655**	**1 048 062**	**1 137 223**
EQUITY AND LIABILITIES			
Equity	302 063	277 183	353 473
Untaxed reserves	2 429	2 341	2 429
Long-term liabilities	519 618	356 058	374 611
Short-term liabilities	425 545	412 480	406 710
TOTAL EQUITY AND LIABILITIES	**1 249 655**	**1 048 062**	**1 137 223**

Annotations

Accounting and valuation principles and other comments

This report has been prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the Swedish Annual Accounts Act. The Parent Company's financial statements have been prepared in accordance with the Annual Accounts Act and recommendation RFR 2 Accounting for Legal Entities The new standards, amendments and interpretations of existing standards that have come into force in 2018 have not had any impact on the Group's financial position or financial statements. The accounting policies and methods of calculation remain unchanged, in comparison with the description provided in the 2017 Annual Report.

IFRS 15, Revenue from Contracts with Customers, came into force as of January 1, 2018, and Vitec has applied the new standard. In accordance with IFRS 15, revenues are recognized when the customer obtains control of the service and upon fulfillment of performance obligations. No material differences have manifested from our method for recognizing revenue prior to IFRS 15 coming into force. Consequently, the transition has had no impact on recognized sales and earnings, and no adjustments of opening balances or restatements of comparative figures were made. To apply the new standard, a company may choose between fully retroactive or future-oriented application with additional disclosures. We have chosen retroactive application.

The additional purchase price for Futursoft Oy was adjusted downward by SEK 2,4 million. Pursuant to IFRS 3:58, the adjustment was recognized as other operating revenues, while an amortization of intangible assets was recognized simultaneously. The adjustment has had no impact on net profit/loss for the year.

IFRS 16 Leasing enters into effect 1 January 2019. The standard means that the difference between operational and financial leasing is eliminated. Leases exceeding 12 months shall be reported in the balance sheet. The standard will primarily affect how we report future lease contracts for premises. A project to analyze the effects of the new standard is in progress.

Tax

Current tax for the period amounted to SEK 16,6 million (18,7). Deferred tax totaled SEK 2,5 million (-3,1).

Investments

Investments totaled SEK 92,8 million for capitalized development costs, SEK 0,7 million for other intangible assets and SEK 8,3 million for tangible assets. By means of the acquisition of PP7 Affärssystem AB, Agrando AS and Cito IT A/S, SEK 149,6 million was generated through product rights, brands, customer agreements and goodwill.

Interest bearing liabilities

Long-term interest-bearing liabilities consist of bank loans of SEK 470,6 million and convertible debentures of SEK 39,4 million. Short-term interest-bearing liabilities consist of bank loans SEK 5,6 million. The terms and conditions of the company's credit agreement with the bank comprises restrictions, known as covenants. The Group has fulfilled the terms and conditions in their entirety during the period.

Convertible debentures

Convertible debentures are included in long-term interest bearing liabilities:

- Loan 1707 (long-term debt interest bearing liabilities, acquisition MV-Nordic A/S). SEK 19,4 million. Duration of the loan is July 6, 2017 - June 30, 2020. The interest rate is Stibor 180. The conversion price is SEK 85,00. Conversion may be requested 1 January 2019 to 30 June 2020. The share capital may upon conversion increase by a maximum of SEK 23 432. At full conversion the dilution of about 0,8 % of the share capital and 0,4 % of the votes

- Loan 1801 (long-term debt interest bearing liabilities, staff). SEK 19,9 million. Duration of the loan is January 1, 2018 - December 31, 2020. The interest rate is Stibor 180. The conversion price is SEK 104,00. Conversion may be requested 1 November to 30 November 2020. The share capital may upon conversion increase by a maximum of SEK 20 029. At full conversion the dilution of about 0,7 % of the share capital and 0,3% of the votes.

Financial instruments

IFRS 9, Financial Instruments, came into force in 2018 and deals with the recognition of financial liabilities and assets. Vitec has been applying the standard as of January 1, 2018. The standard comprises other measurement categories for financial assets and a new model for impairment testing. The primary impact of the standard pertains to a partially new process with respect to loan losses. Vitec will be applying the transition prospectively. Having taken into account historical bad-debt losses over a business cycle, we can state that the new the standard does not have any material impact on the consolidated financial statements.

Classification and measurement

Financial instruments are recognized initially at the cost corresponding to the instrument's fair value plus transaction costs. A financial instrument is classified at initial recognition based on, among other factors, the purpose for which the instrument was acquired. Vitec has financial instruments under the categories, loans and accounts receivable, financial liabilities at fair value, and financial liabilities measured at amortized cost.

Financial liabilities measured at fair value

In accordance with IFRS 7, the fair value of each financial asset and financial liability must be disclosed, regardless of whether they are recognized in the balance sheet. Vitec deems the fair value of the financial assets/liabilities to be close to the recognized carrying amount.

All of company's financial instruments that are subject to measurement at fair value are classified as level 3 and pertain to additional purchase prices in connection with acquisitions.

Recurring valuations at fair value, as at 30 September 2018

	Level 1	level 2	Level 3	Book value
Additional purchase price PP7 Affärssystem AB			4 000	4 000
Additional purchase price Cito IT A/S			9 663	9 663
Total			**13 663**	**13 663**

Acquisitions

Acquistion of PP7 Affärssystem AB

On April 9, all shares and votes were acquired in the Swedish software company PP7 Affärssystem AB. The company develops software for the construction and installation market in Sweden. The main product is a cloud-based software for project and business support that optimizes flows and routines for a specific project.

The company is consolidated as from the acquisition date. The goodwill is not tax-deductible and is deemed to be attributable to the expected profitability, complementary expertise as well as anticipated synergies in the form of the joint development of our products. The acquisition-related costs amounted on September 30 to SEK 0,1 million, and are recognized as other external cost in the consolidated statement of comprehensive income. From the acquisition date up to and including the September 30, the revenues of the acquired company amount to SEK 4,1 million and profit before tax to SEK 0,8 million. If consolidation had occurred at the beginning of the year, the company would have brought the Group a further approx. SEK 1,8 million in revenue and approx. SEK 0,3 million in profit before tax.

There are items in the purchase price allocation that may be revalued since the company have been in our possession for a short period of time. These items are brands, product rights, customer agreements and goodwill. For that reason, the purchase price allocation is preliminary until twelve months have passed since the acquisition date.

The debted conditional portion of purchase price is dependent on EBITDA improvement per December 31, 2018 and is valued at maximum outcome.

Preliminary purchase price allocation (SEK thousands)	**PP7 Affärssystem AB**	**Fair value adjustment**	**Fair value recognized in the Group**
Brands	-	274	274
Product Rights	-	2 794	2 794
Customer Agreement	-	3 818	3 818
Intangible fixed assets	341	-	341
Tangible fixed assets	4	-	4
Current receivables	2 121	-	2 121
Cash and cash equivalents	4 204	-	4 204
Deferred tax liabilities	-	-1 515	-1 515
Current liabilities	-2 200	-	-2 200
Long-term liabilities	-600	-	-600
Net identifiable assets and liabilities	**3 869**	**5 371**	**9 240**
Goodwill on consolidation			5 560
Total			**14 800**
The Group´s acquisition value			**14 800**

Calculation of net cash outflow	Fair value
Group´s acqcuisition value	-14 800
Debt additional purchase price	1 000
Debt conditional portion of purchase price	4 000
Cash acquired	4 204
Net cash outflow	**-5 596**

Acquistion of Agrando AS

On April 19, 97,2 % of the shares and votes were acquired in the Norwegian software Group Agrando AS. Shortly after that, the remaining shares and votes were acquired. The company's product is an industry-specific software for the church market in the Nordic region with Norway and Sweden as main markets.

The Group is consolidated as from the acquisition date. The goodwill is not tax-deductible and is deemed to be attributable to the expected profitability, complementary expertise as well as anticipated synergies in the form of the joint development of our products. The acquisition-related costs amounted on September 30 to SEK 1,6 million, and are recognized as other external cost in the consolidated statement of comprehensive income. From the acquisition date up to and including the September 30, the revenues of the acquired company amount to SEK 18,8 million and profit before tax to SEK 1,8 million. If consolidation had occurred at the beginning of the year, the company would have brought the Group a further approx. SEK 7,4 million in revenue and approx. SEK 1,9 million in profit before tax.

There are items in the purchase price allocation that may be revalued since the company have been in our possession for a short period of time. These items are brands, product rights, customer agreements and goodwill. For that reason, the purchase price allocation is preliminary until twelve months have passed since the acquisition date.

Preliminary purchase price allocation (SEK thousands)	**Agrando AS**	**Fair value adjustment**	**Fair value recognized in the Group**
Brands	-	1 501	1 501
Product Rights	-	13 709	13 709
Customer Agreement	-	21 160	21 160
Tangible fixed assets	214	-	214
Financial fixed assets	45	-	45
Current receivables	3 481	-	3 481
Cash and cash equivalents	61 174	-	61 174
Deferred tax liabilities	-	-8 365	-8 365
Current liabilities	-34 774	-1 522	-36 297
Net identifiable assets and liabilities	**30 140**	**26 483**	**56 622**
Goodwill on consolidation			21 936
Total			**78 558**
The Group´s acquisition value			**78 558**

Calculation of net cash outflow	Fair value
Group´s acqcuisition value	-78 558
Cash acquired	61 174
Net cash outflow	**-17 385**

Acquistion of Cito IT A/S

On Maj 31, all shares and votes were acquired in the Danish software company Cito IT A/S. The company's product is an industry-specific software for the pharmacy market in Denmark.

The company is consolidated as from the acquisition date. The goodwill is not tax-deductible and is deemed to be attributable to the expected profitability, complementary expertise as well as anticipated synergies in the form of the joint development of our products. The acquisition-related costs amounted on September 30 to SEK 2,5 million, and are recognized as other external cost in the consolidated statement of comprehensive income. From the acquisition date up to and including September 30, the revenues of the acquired company amount to SEK 11,8 million and profit before tax to SEK 2,7 million. Due to other accounting principles and the split fiscal year, information regarding income and earnings from the beginning of the year are not accurate.

There are items in the purchase price allocation that may be revalued since the company have been in our possession for a short period of time. These items are inventories, brands, product rights, customer agreements and goodwill. For that reason, the purchase price allocation is preliminary until twelve months have passed since the acquisition date.

The debted conditional portion of purchase price is dependent on EBITDA improvement per June 30, 2019 and is valued at maximum outcome.

Preliminary purchase price allocation (SEK thousands)	**Cito IT A/S**	**Fair value adjustment**	**Fair value recognized in the Group**
Brands	-	1 024	1 024
Product Rights	-	4 355	4 355
Customer Agreement	-	14 538	14 538
Tangible fixed assets	1 051	-	1 051
Inventories	1 262	-	1 262
Current receivables	4 126	-	4 126
Cash and cash equivalents	16 260	-	16 260
Deferred tax liabilities	-	-4 382	-4 382
Current liabilities	-8 120	-1 609	-9 729
Net identifiable assets and liabilities	**14 580**	**13 926**	**28 506**
Goodwill on consolidation			58 966
Total			**87 472**
The Group´s acquisition value			**87 472**
Calculation of net cash outflow			Fair value
Group´s acqcuisition value			-87 472
Debt conditional portion of purchase price			9 668
Cash acquired			16 260
Net cash outflow			**-61 544**

Signatures

Umeå October 18, 2018

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Lars Stenlund (CEO)

The board: Kaj Sandart, Anna Valtonen, Crister Stjernfelt, Birgitta Johansson-Hedberg and Jan Friedman.


VITEC

Information

Publication

The information in this report is such a kind that Vitec Software Group AB (publ.) is legally required to disclose pursuant to the EU´s Market Abuse Regulation and the Swedish Securities Market Act. The information was released for publication on Thursday October 18, 2018 at 08:30 CET.

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Financial information

Our website vitecsoftware.com is the premier IR information channel. There we publish financial information immediately after publication.

You can also order information and reports trough:

E-mail: ir@vitec.se
Mail: Vitec Software Group AB (publ), Investor Relations, Tvistevägen 47 A, S-907 29 Umeå, Sweden
Phone: +46 90-15 49 00

The annual report is available on vitecsoftware.com

Financial calendar

2019-02-13	Year-end report January-December 2018 (≈08:30 CET)
2019-04-10	Interim report January-March 2019 (≈13:00 CET)

This English version of the report is a translation of the original Swedish version; in the event of variances, the Swedish version shall take precedence over the English translation.

The auditors have not audited this report.

Corporate registration

Vitec Software Group AB (publ), Org.no. 556258-4804

Key figure definitions

This interim report refers to a number of financial measures that are not defined in accordance with IFRS, so-called alternative key figures according to ESMA guidelines. These measures provide management and investors with significant information for analyzing trends in the company´s business operations. The alternative key figures are not always comparable to those used by other companies. They are intended to supplement, not replace, financial measures presented in accordance with IFRS. Key figures presented on the last page of this report are defined as follows:

Non-IFRS key figures	Definition	Description of use
Recurring revenue	Recurring, contractual income where there is no direct link between our work effort and the agreed price. The agreed amount is usually billed in advance and the income is recognized during the contract period.	*Key ratio for operating operations.*
Recurring revenue portion of sales	Recurring revenue through net sales.	*Key ratio for operating operations.*
Growth	Development of the company´s net sales in relation to the same period last year.	*Used to follow the company´s sales development*
Organic growth	Development of the company´s net sales, excluding during the period acquired companies, in relation to the same period last year.	*Used to follow the company´s sales development*
Profit growth to Parent Company shareholders	Development of the company´s profit after tax in relation to the same period last year.	*Used to follow the company´s earnings development*
Profit margin	Profit after tax in relation to net sales.	*Used to follow the company´s earnings development*
Operating margin	Operating profit in relation to net sales.	*Used to follow the company´s earnings development*
EBITDA	Earnings before interest, taxes, depreciation and amortization.	*Shows the company´s operating profit before depreciation and amortization.*
Equity/assets ratio	Shareholders ‘equity, including equity attributable to non-controlling interests, in relation to total assets.	*The measure shows the company´s financial stability.*
Equity/assets ratio after full conversion	Shareholders ‘equity, including convertible loans, in relation to total assets.	*The measure shows the company´s financial stability.*
Debt/equity ratio	Average liabilities in relation to average shareholders ‘equity and non-controlling interests.	*The measure shows the company´s financial stability.*
Average shareholders equity	Average of the periods shareholders´ equity and the previous periods shareholders´ equity.	*Underlying measure used to calculate other key ratios.*
Return on capital employed	Profit before tax plus interest expenses in relation to average capital employed. Capital employed is defined as total assets less non interest-bearing liabilities and deferred tax.	*The measure shows the company´s profitability. Indicates the company´s profitability in relation to externally financed capital and equity.*
Return on equity	Reported profit after tax in relation to average shareholders ‘equity attributable to Parent Company shareholders.	*The measure shows the company´s profitability and is a measure of the return on equity.*
Sales per employee	Net sales in relation to average number of employees.	*Used to assess the company´s efficiency*
Value added per employee	Operation profit, plus depreciation, amortization and personnel costs in relation to the average number of employees.	*Used to assess the company´s efficiency*
Personnel cost per employee	Personnel cost in relation to the average number of employees.	*Key figure for measuring efficiency in operations.*
Average number of employees	Average number of employees for the year.	*Underlying measure used to calculate other key ratios.*
Adjusted equity per share	Equity attributable to Parent Company shareholders in relation to the number of shares issued at the closing date.	*The measure shows equity per share on the balance sheet date.*
Cash flow per share	Cash flow from operating activities before the change in operating capital in relation to the average number of shares.	*Used to follow the company´s development of cash flow measured per share*
P/E ratio	Share price on the closing date in relation to earnings per share.	*Consistent measure to measure the share price in relation to profit after tax.*
P/Adjusted equity per share	The share price on the closing date multiplied by the number of shares issued on the closing date in relation to the equity.	*Consistent measure to measure the share price in relation to adjusted equity.*
P/S	The share price on the closing date multiplied by the average number of shares in relation to net sales.	*Consistent measure to measure the share price in relation to net sales*
Average number of shares after dilution	Average number of shares for the period with addition for shares attributable to full conversion of convertibles.	*Underlying measure used to calculate other key ratios.*

IFRS key figures	Definition	Description of use
Earnings per share	Profit for the period attributable to the Parent Company´s shareholders in relation to the average number of shares for the period.	*IFRS-key figure*
Earnings per share after dilution	Profit for the period attributable to the Parent Company´s shareholders with addition for interest expenses regarding convertible loans, in relation to the average number of shares.	*IFRS-key figure*

Segment definitions

Vitec Group operations are controlled and organized in seven segments. The segments are; Auto, Energy, Real Estate, Finance & Insurance, Education &Health, Environment and Estate Agent.

Auto

In segment Auto, Vitec offers software for the automotive and machinery sector in Denmark, Finland, Norway and Sweden. The products support work processes, including vehicle sales, workshops, tire storage and distribution of spare parts. The segment consists of Vitec AutoData AS, Vitec Datamann A/S, Vitec Infoeasy AS and Futursoft OY.

Energy

Vitec develops advanced forecasting systems for electricity traders, as well as calculation and map systems for owners of electricity and district heating networks. The geographic market for the segment comprises the Nordic countries, the Baltic states, the rest of Europe and the Middle East. The segment consists of Vitec Energy AB.

Real Estate

Vitec offers software for the construction and real estate sector in Sweden and Norway. This includes comprehensive business systems for our customers´ main processes, such as leasing, sales, customer service, finance, technical management and energy monitoring. The segment consists of Vitec Förvaltningssystem AB, Vitec Fastighetssystem AB, Vitec Capifast AB, Vitec Software AB, Vitec Plania AS and Vitec PP7 AB. Operations in Vitec PP7 was consolidated as of April 9, 2018.

Finance & Insurance

In segment Finance & Insurance, Vitec delivers software to banks and insurance companies in Denmark, Norway and Sweden. The segment consists of Vitec Capitex AB, the Group Aloc A/S and Vitec Nice AS.

Education & Health

Our software in segment Education & Health are developed for health care companies in Finland, for pharmacy companies in Denmark, and the education sector in Denmark, Norway and Sweden. In Finland, our offer is completely web based and used by medical centers, occupational health, hospitals, physiotherapy and rehabilitation centers. Both in private and public organizations. For the education sector, we develop and distribute reading and writing tools for people with read/write disorders. Several elementary schools and other companies within the education sector use our products in their education and communication. The segment consists of Acuvitec Oy, Vitec Cito A/S and the Group Vitec MV A/S. Operations in Vitec MV was consolidated as of July 6, 2017. Operations in Vitec Cito A/S was consolidated as of May 31, 2018.

Segment Education & Health also offers industry-specific software to church operations in the Nordic region, with Norway and Sweden as main markets. The product supports specific processes for those working in the church's operations. Some examples are graveyard administration, HR systems and online church service. The segment consists of the Group Vitec Agrando AS which was consolidated as of April 19, 2018.

Environment

In 2016, Vitec acquired the Finnish company Tietomitta Oy whose products are proprietary software for waste management in Finland. The acquisition meant a new vertical market for Vitec and the business expanded with segment Environment. The product is a market leader in Finland and manages the entire chain within waste management, from pick-up to billing, accounting and reporting. The segment also includes the operations that previously formed the segment Media. The segment consists of Tietomitta Oy and 3L Media.

Estate Agents

The Segment Estate Agents offers software for real estate agents in Norway and Sweden. Our product supports estate agents in all stages throughout the entire business process. The segment consists of Vitec Mäklarsystem AB, Capitex AB, Vitec Megler AS, Vitec Megler AB and ADservice Scandinavia AB.

Key figures

		2018 Jul-Sep	2017 Jul-Sep	2017 Jan-Dec
Net sales	(TSEK)	726 892	608 317	855 029
Auto	(TSEK)	125 432	116 217	155 920
Energy	(TSEK)	19 455	18 706	25 721
Real Estate	(TSEK)	147 558	138 794	190 111
Finance & Insurance	(TSEK)	96 134	102 148	142 293
Environment	(TSEK)	33 914	32 914	44 051
Estate Agent	(TSEK)	113 782	106 705	138 019
Eduation & Health	(TSEK)	188 562	92 046	157 944
Shared	(TSEK)	2 054	787	969
Growth	(%)	19%	26%	27%
Profit after financial items	(TSEK)	86 225	69 480	98 127
Profit for the year	(TSEK)	67 103	53 918	79 426
Profit attributable to Parent Company shareholders	(TSEK)	67 103	53 918	79 426
Profit growth to Parent Company shareholders	(%)	24%	18%	19%
Profit margin	(%)	9%	9%	9%
Operating margin	(%)	13%	12%	12%
Total assets	(tkr)	1 408 848	1 157 396	1 261 970
Equity/assets ratio	(%)	32%	31%	32%
Equity/assets ratio after full conversion	(%)	35%	33%	35%
Debt/equity ratio	(times)	2,17	2,22	2,22
Return on capital employed*	(%)	15%	14%	14%
Return on equity*	(%)	23%	22%	22%
Sales per employee	(TSEK)	1 188	1 153	1 584
Value added per employee	(TSEK)	956	923	1 258
Personnel cost per employee	(TSEK)	620	607	828
Average number of employees	(number)	612	528	540
Adjusted equity per share	(SEK)	15,26	12,06	13,34
Earnings per share	(SEK)	2,25	1,83	2,70
Earnings per share after dilution	(SEK)	2,24	1,81	2,70
Dividend paid per share	(SEK)	1,10	1,00	1,00
Cash flow per share	(SEK)	5,80	4,77	6,78
P/E ratio*		26,74	32,46	32,23
P/Adjusted equity per share		5,44	6,86	6,52
P/S*		2,54	3,04	3,04
Calculation bases:				
Profit when calculating earnings per share	(TSEK)	67 103	53 918	79 426
Cash flow when calculating of cash flow per share	(TSEK)	172 998	140 308	199 612
Average number of shares (weighted average)	(psc)	29 838 900	29 396 690	29 424 555
Average number of shares after dilution	(psc)	30 253 696	29 912 714	29 538 825
Number of shares issued as of closing date	(psc)	29 838 900	29 396 690	29 838 900
Share price at respective periods end	(SEK)	83,00	82,75	87,00

* Values for rolling 12 months.

Vitec is the Nordic market leader in Vertical Market Software. We develop and deliver standardized software for various niche markets. Vitec grows through acquisitions of well-managed and established software companies. The Group's overall processes combined with the employees' in-depth knowledge of the customer's local markets enables continuous improvement and innovation. Our 650 employees are located in Denmark, Finland, Norway and Sweden. Vitec is listed on Nasdaq Stockholm and had net sales of SEK 855 million in 2017. Read more about us at www.vitecsoftware.com.

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