

Interim report January–September 2019



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 niche markets, 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 revenues

Our business model is based on a high percentage of recurring revenues. This provides us with stable and predictable cash flows that create the prerequisites for a long-term approach. It also makes the Group less sensitive to temporary declines within individual business units.

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.



Continued growth and strengthened margins

Summary of interim period, January–September 2019

- Net sales SEK 859 million (727)
- EBITA SEK 194 million (156), with an EBITA margin of 22.6% (21.5)
- Operating profit SEK 118.1 million (94.1), with an operating margin of 13.8% (12.9)
- Profit after net financial items was SEK 108.8 million (86.3)
- Earnings per share before dilution SEK 2.66 (2.25)
- Cash flow from operating activities SEK 222 million (149)

Summary of the period, July – September 2019

- Net sales SEK 289 million (262)
- EBITA SEK 69.1 million (61.5), with an EBITA margin of 23.9% (23.5)
- Operating profit SEK 45.0 million (40.9), with an operating margin of 15.6% (15.6)
- Profit after net financial items was SEK 41.0 million (38.1)
- Earnings per share before dilution SEK 1.11 (0.96)
- Cash flow from operating activities SEK 36.2 million (28.8)

CEO's comments

During the third quarter recurring revenue increased by 22%, reaching over 80% of total revenue in a quarter for the first time. The newly acquired units are making a positive contribution, while existing operations are making gradual improvements, which together contribute to a favorable trend.

In recent years, we have made successful acquisitions in Norway, Finland and Denmark, while the pace of acquisitions has been lower in Sweden. With the aspiration of establishing Vitec as the leading vertical software company in the Nordic region, this has been a natural chain of events. We are now at a stage where our presence is similar in all four countries and it is therefore time to return part of our focus to Sweden. We will increase our efforts to make acquisitions in Sweden, while striving to maintain a balance in our Nordic presence.

With the Danish procurement process for writing and reading aids for dyslexics last summer, we decided not to prioritize the hardware business. As a result, we will have a more focused software offering in the Danish business within Vitec MV moving forward, which has also been an objective. This strategy had a negative impact on total revenue for the third quarter, since in previous years hardware sales have largely occurred specifically during the third quarter. With this, we

have also charged the result with SEK 4 million for restructuring costs.

Our financial position is solid and we are well prepared for future acquisitions and for continued acquisition-based growth. Supported by our acquisition of well-established companies and a high and increasing percentage of recurring revenues, Vitec will stay its course – to be a vertical software company with excellent risk diversification, as well as sustainable and profitable.



Lars Stenlund, CEO

Group financial information

Net sales and earnings

January–September 2019

Revenues

Net sales for the period totaled SEK 858.5 million (726.9), corresponding to an 18% increase. Recurring revenues for the period rose 24% from the year-earlier period and totaled SEK 671.2 million (543.3), corresponding to 78.2% (74.7) of net sales. License revenues declined 46% year-on-year, totaling SEK 13.7 million (25.2). Service revenues increased 18% from the year-earlier period, totaling SEK 119.4 million (101.0). Other revenues declined 6% to a total of SEK 54.2 million (57.5). The acquired company, Avoine Oy, which was consolidated as of March 5, contributed SEK 17.2 million in net sales during the period. The acquired company WIMS AS, which was consolidated as of May 8, contributed SEK 10.9 million to net sales during the period, while the acquired company, Odin Systemer AS, which was consolidated as of June 12, contributed SEK 21.0 million to net sales.

Earnings

EBITA was SEK 194.4 million (156.2), with an EBITA margin of 22.6% (21.5). An explanation and calculation of EBITA can be found on page 25 of this report. Operating profit was SEK 118.1 million (94.1), with an operating margin of 13.8% (12.9). Profit after tax for the period amounted to SEK 86.2 million (67.1). Earnings per share before dilution totaled SEK 2.66 (2.25).

July–September 2019

Revenues

Net sales for the period totaled SEK 288.7 million (261.7), corresponding to a 10% increase. Recurring revenues for the period rose 22% from the year-earlier period and totaled SEK 236.4 million (193.3), corresponding to 81.9 % (73.9) of net sales. License revenues declined 74% year-on-year, totaling SEK 3.0 million (11.7). Service revenues increased 21% from the year-earlier period, totaling SEK 32.6 million (27.0). Other revenues declined 44% to a total of SEK 16.6 million (29.6). The acquired company, Avoine Oy, which was consolidated as of March 5, contributed SEK 7.1 million in net sales during the period. The acquired company WIMS AS, which was consolidated as of May 8, contributed SEK 6.5 million in net sales, while the acquired the company, Odin Systemer AS, which was consolidated as of June 12, contributed SEK 15.8 million in net sales during the period.

Earnings

EBITA was SEK 69.1 million (61.5) with an EBITA margin of 23.9% (23.5). An explanation and calculation of EBITA can be found on page 25 of this report. Operating profit was SEK 45.0 million (40.9), with an operating margin of 15.6% (15.6). Profit after tax for the period amounted to SEK 35.9 million (28.7). Earnings per share before dilution totaled SEK 1.11 (0.96).

Liquidity and financial position

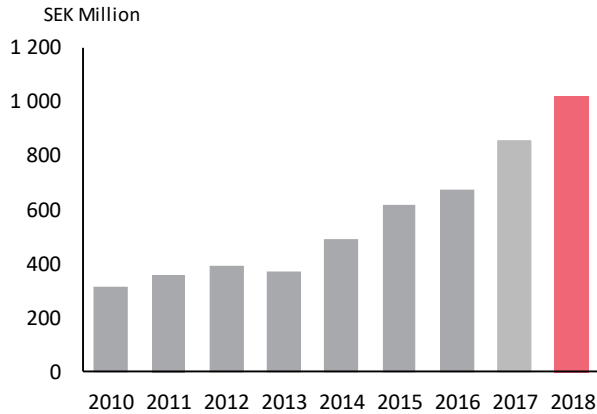
The Group's cash and cash equivalents, including current investments at the end of the period, totaled SEK 70.8 million (61.0). In addition to cash and cash equivalents, Vitec had overdraft facilities of SEK 20 million and SEK 90.4 million in unutilized portions of the credit facility.

During the period, SEK 237.0 million of the credit facility was utilized for acquisitions and SEK 284.7 million pertaining to previous acquisitions was repaid to the credit facility. Amortization of bank loans amounted to SEK 2.6 million; amortization related to leasing totaled SEK 22.6 million. Cash flow from operating activities was SEK 221.6 million (148.6). Investments totaled to SEK 103.5 million in capitalized work, SEK 0.5 million in other intangible assets and SEK 10.0 million in property, plant and equipment. The acquisitions of Avoine Oy, WIMS AS and Odin Systemer AS generated SEK 279.5 million in product rights, brands, customer agreements and goodwill.

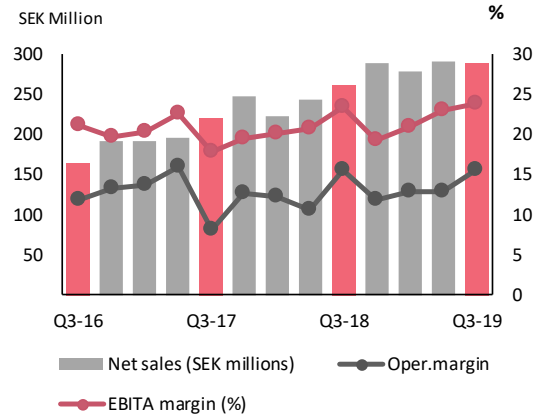
At Monday, September 30, 2019, interest-bearing liabilities totaled SEK 498.2 million (515.7) and comprised SEK 492.6 million (510.1) in non-current interest-bearing liabilities and SEK 5.6 million (5.6) in current interest-bearing liabilities. During the period SEK 1.0 million was paid as final settlement of the supplementary purchase consideration for the acquisition of Vitec PP7 AB. In July, part of the convertible bond issued in connection with the acquisition of MV Nordic A/S was converted. As a result of the conversion, the number of Class B shares increased by 29,875 and share capital increased by SEK 2987.5. Other long-term liabilities increased by SEK 50.9 million since December 31, 2018 as an effect of the introduction of IFRS 16 Leasing. Property, plant and equipment increased by SEK 50.4 million.

Graphs group

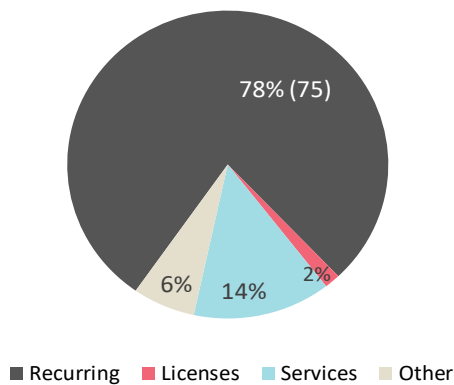
Net sales



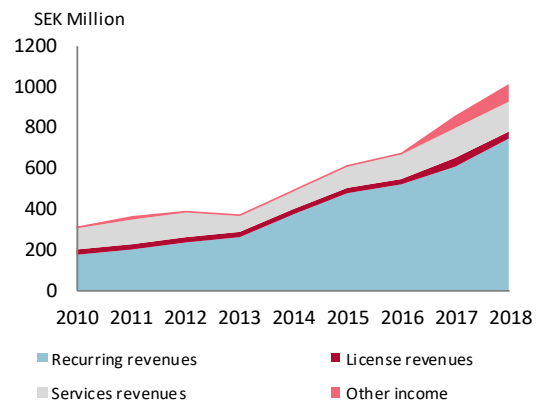
Net sales and margins



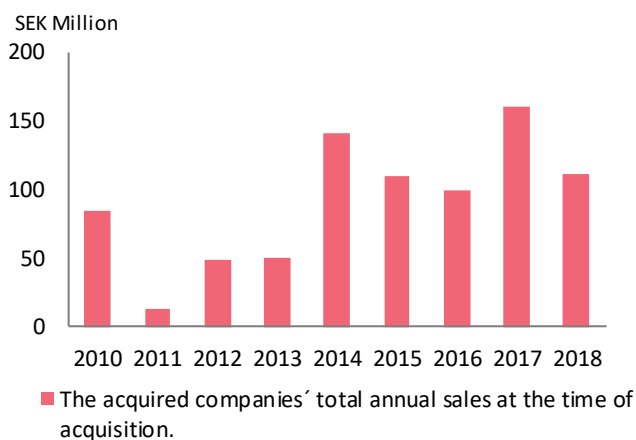
Breakdown of revenues January-September 2019



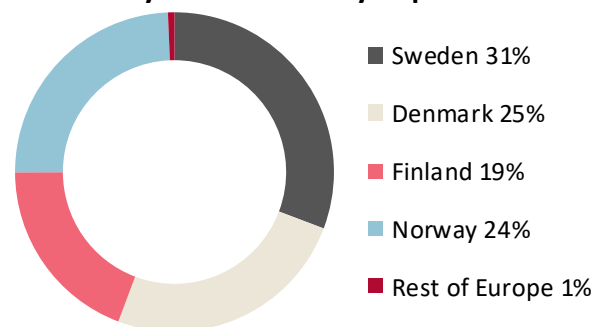
Breakdown of revenues over time



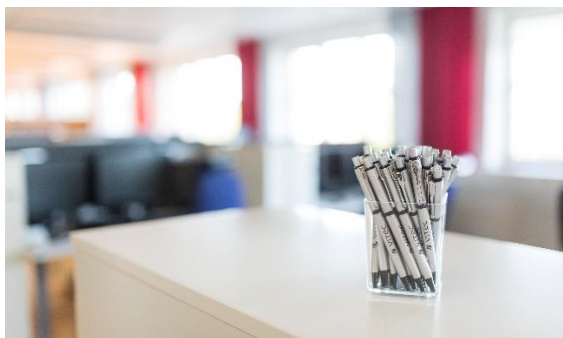
Acquired Net sales



Net sales by market January-September 2019



Significant events during the period



31 July: Increased number of shares and votes

On July 9, 2019, part of the convertible 1707 was converted. The convertible bond were issued in July 2017 in connection with the acquisition of MV Nordic AS. With the conversion has the number of B-shares increased by 29 875 and the share capital increased by 2 987.50 SEK. The total number of shares after conversion amounts to 32,368,775 of which 3,350,000 are A-shares. A-shares have 10 votes and B shares one vote.

Operations, January–September 2019

Compared with the corresponding period in 2018, net sales increased by 18%, operating profit before acquisition-related costs improved by 29% and recurring revenue rose 24%. All segments increased their sales and six of seven segments increased their operating profit. During the past quarter we discontinued a substantial portion of hardware sales in our Danish business unit, Vitec MV. The hardware was linked to a specific contract relating to delivery of school computers.

Auto

Profits and sales rose in the Auto segment, compared with the corresponding period in 2018. Our Finnish unit continues to capture market share through new customers, with increased confidence among existing customers. In Norway, we have been in the process of changing our product platform throughout 2019 and we are now in the final phase of the project. We have entered an intensive testing phase and expect to launch the product in the first half of 2020. In Denmark, an increased focus on sales has started to produce results and the number of customer inquiries is growing. Recurring revenues rose 9%, compared with the corresponding period in 2018.

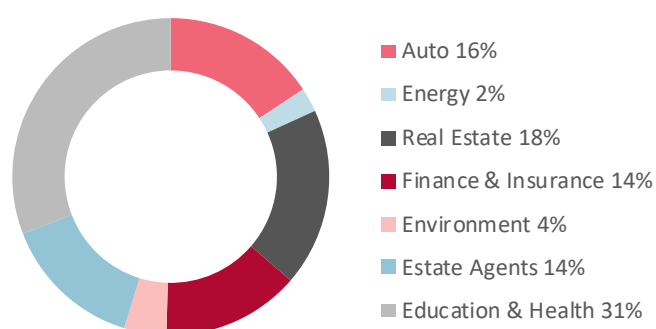
Energy

Profits and sales rose in the Energy segment, compared with the corresponding period in 2018. We continue to focus our marketing efforts on opportunities in the Nordic countries and the rest of Europe. Recurring revenues rose 9%, compared with the corresponding period in 2018.

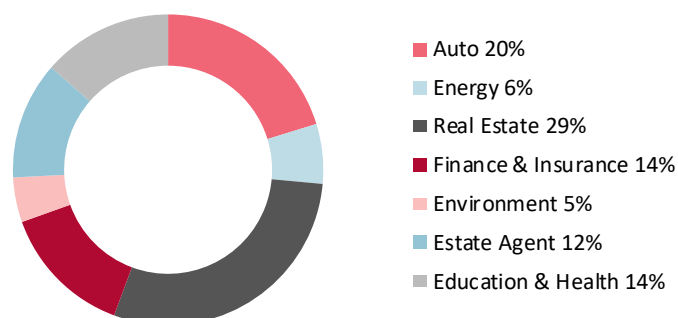
Real Estate

Profits and sales rose in the Real Estate segment, compared with the corresponding period in 2018. Operations in Sweden and Norway are performing well. The shift toward a higher percentage of our deliveries to the Software as a Service (SaaS) model continues. Recurring revenues rose 12%, compared with the corresponding period in 2018.

Net sales January–September 2019



Operating profit January–September 2019



Finance & Insurance

Profits and sales increased in the Finance & Insurance segment compared with the corresponding period in 2018. Integration of WIMS AS, which was acquired in May 2019 and whose products are aimed at the insurance industry in Norway, Denmark and Sweden, is proceeding according to plan. Our Danish business, which offers portfolio management software, entered into an agreement in September with a new customer in Liechtenstein. Recurring revenues rose 20%, compared with the corresponding period in 2018.

Environment

Profits and sales rose in the Environment segment, compared with the corresponding period in 2018. In the last quarter we renamed our waste management product in Finland to Vingo. Some product updates were also carried out in conjunction with the new name. Recurring revenues rose 11%, compared with the corresponding period in 2018.

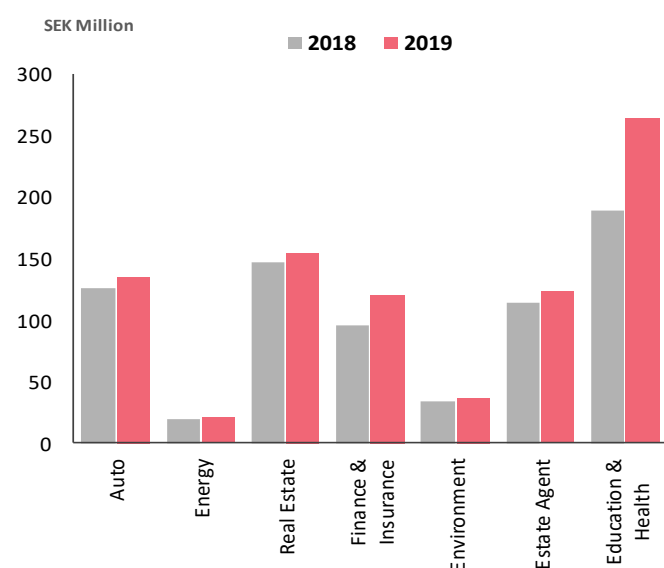
Estate Agents

Profits declined in the Estate Agents segment, compared with the corresponding period in 2018. Our major investments in both Norway and Sweden are now behind us. The pace of activity over the past few years has been intensive for everyone involved and we look forward to developing the business at a more normal pace. Recurring revenues rose 12%, compared with the corresponding period in 2018.

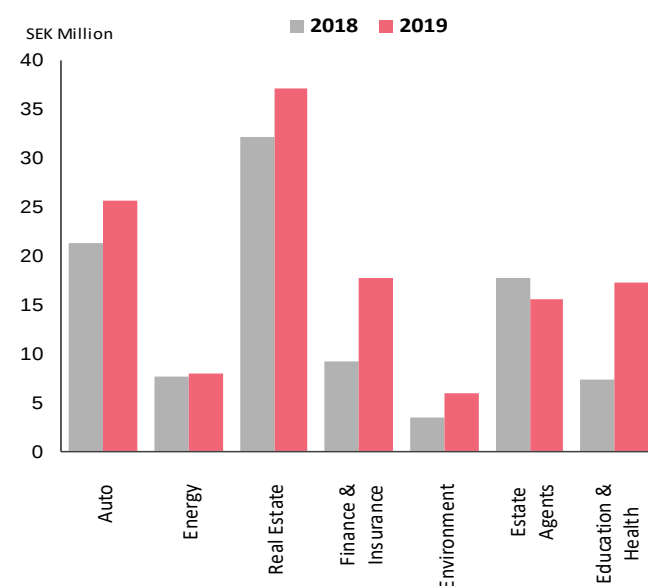
Education & Health

The Education and Health segment increased its profits and sales, compared with the corresponding period in 2018. Integration of Odin Systemer AS, which was acquired on June 12, 2019, is proceeding according to plan. Odin develops products for hair and beauty salons in Norway. In the Vitec MV business unit, hardware sales relating to delivery of school computers to Danish schools were discontinued during the past quarter. Since a large portion of these deliveries occur at the start of the school year, this change had a negative impact on both sales and earnings during the quarter. Recurring revenues rose 65%, compared with the corresponding period in 2018.

Net sales, January–September 2019



Operating profit, January–September 2019 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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Recurring revenues	118,0	108,0	16,1	14,8	105,1	93,6	103,3	86,2	31,2	28,1	112,5	100,4	185,0	112,1
License revenues	3,9	3,6	0,0	0,0	3,1	4,6	0,2	0,2	0,3	1,2	0,2	0,1	6,0	15,4
Services revenues	9,4	9,9	4,9	4,5	47,2	49,4	16,4	9,3	4,9	3,9	10,1	12,9	26,3	10,9
Other revenues	3,3	3,9	0,2	0,2	0,1	0,0	0,6	0,4	0,6	0,7	0,3	0,4	46,7	50,1
Net sales	134,5	125,4	21,1	19,5	155,5	147,6	120,5	96,1	37,0	33,9	123,1	113,8	264,1	188,6
Percentage of recurring revenues in net sales	88%	86%	76%	76%	68%	63%	86%	90%	84%	83%	91%	88%	70%	59%
Operating profit*	25,7	21,3	7,9	7,5	37,0	32,0	17,6	9,1	5,9	3,5	15,5	17,6	17,2	7,3
Operating margin	19%	17%	37%	39%	24%	22%	15%	9%	16%	10%	13%	15%	7%	4%

*The segment's operating profit is presented before acquisition-related costs

Risks and uncertainties

Material risks and uncertainties are described in the administration report of the of the 2018 Annual Report under “Risks and uncertainties” on pages 34-35, in Note 1, under the section, Assessments and estimates on pages 60-61, and in Note 11 “Financial risks and the management of such risks” on pages 93-95. No material changes have occurred since then.

Parent Company

Net sales totaled SEK 77.6 million (68.9) and essentially comprised invoicing to subsidiaries for services rendered. Profit after tax was SEK -12.8 million (-18.6). Parent Company earnings were charged with unrealized foreign-exchange losses totaling SEK -22.5 million. The Parent Company is generally exposed to the same risks and uncertainties as the Group; refer to the above section, Risks and uncertainties.

Related-party transactions

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



Condensed consolidated statement of comprehensive income

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
OPERATING REVENUES					
Recurring revenues	236 431	193 346	671 225	543 250	743 856
License revenues	2 996	11 711	13 681	25 159	34 988
Service revenues	32 642	26 998	119 366	100 968	148 700
Other revenues	16 620	29 621	54 240	57 515	89 219
NET SALES	288 689	261 677	858 512	726 892	1 016 763
Capitalized development costs	34 272	30 186	103 520	92 784	127 549
Reversal of supplementary purchase consideration	-	21	-	2 396	6 402
TOTAL REVENUES	322 961	291 884	962 032	822 072	1 150 714
OPERATING EXPENSES					
Goods for resale	-11 899	-23 277	-43 263	-45 910	-68 695
Subcontractors and subscriptions	-32 771	-27 272	-94 505	-78 291	-110 515
Other external expenses	-33 024	-33 842	-103 468	-105 279	-152 526
Personnel expenses	-148 757	-125 897	-444 527	-379 145	-526 367
Depreciation of property, plant and equipment	-11 509	-4 108	-33 749	-12 054	-16 411
Amortization and impairment of intangible fixed assets*	-40 826	-34 848	-116 950	-99 829	-135 650
Impairment of intangible fixed assets	-	-21	-	-2 396	-6 402
Unrealized exchange-rate gains/losses (net)	786	-1 501	1 210	-814	-647
TOTAL EXPENSES	-278 000	-250 767	-835 252	-723 718	-1 017 213
OPERATING PROFIT BEFORE ACQUISITION-RELATED COSTS	44 961	41 117	126 780	98 354	133 501
Acquisition-related costs	-6	-239	-8 641	-4 271	-5 129
OPERATING PROFIT AFTER ACQUISITION-RELATED COSTS	44 955	40 878	118 139	94 083	128 372
Financial income	183	126	744	291	289
Financial expenses	-4 114	-2 890	-10 065	-8 149	-11 886
TOTAL FINANCIAL ITEMS	-3 931	-2 764	-9 322	-7 858	-11 597
PROFIT AFTER FINANCIAL ITEMS	41 022	38 114	108 818	86 225	116 775
Tax	-5 168	-9 441	-22 644	-19 122	-19 855
NET PROFIT FOR THE PERIOD	35 854	28 673	86 174	67 103	96 920
OTHER COMPREHENSIVE INCOME, ITEMS THAT MAY BE RECLASSIFIED IN PROFIT OR LOSS					
Restatement of net investments in foreign operations and hedge accounting of the same	15 234	-6 105	28 107	22 970	12 443
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	15 234	-6 105	28 107	22 970	12 443
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	51 091	22 568	114 281	90 073	109 363
PROFIT FOR THE PERIOD ATTRIBUTABLE TO					
-Parent Company shareholders	35 854	28 673	86 174	67 103	96 920
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO					
-Parent Company shareholders	51 091	22 568	114 281	90 073	109 363
EARNINGS PER SHARE					
-Before dilution (SEK)	1,11	0,96	2,66	2,25	3,23
-After dilution (SEK)	1,10	0,95	2,65	2,24	3,22
Average number of shares	32 365 852	29 838 900	32 347 983	29 838 900	30 016 982
Number of shares after dilution	33 033 985	30 273 505	32 879 414	30 253 696	30 436 771
*Of which acquisition related amortizations	24 092	20 383	67 608	57 834	78 396

Segment data

SEGMENT	External net sales (SEK million)					Operating profit before acquisition related costs (SEK million)				
	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Auto	44,8	41,7	134,5	125,4	170,3	8,4	5,4	25,7	21,3	28,3
Energy	6,4	6,4	21,1	19,5	26,0	2,8	2,9	7,9	7,5	9,3
Real Estate	48,1	47,1	155,5	147,6	206,3	12,8	12,9	37,0	32,0	44,3
Finance & Insurance	45,3	31,7	120,5	96,1	132,2	6,7	2,8	17,6	9,1	12,7
Environment	11,7	11,0	37,0	33,9	45,9	1,6	1,3	5,9	3,5	5,5
Estate Agent	38,2	37,9	123,1	113,8	155,4	4,5	5,3	15,5	17,6	23,9
Education & Health	93,0	84,4	264,1	188,6	278,3	8,2	10,5	17,2	7,3	9,5
Shared	1,3	1,5	2,6	2,1	2,2	-	-	-	-	-
Vitec Group	288,7	261,7	858,5	726,9	1 016,8	45,0	41,1	126,8	98,4	133,5
Acquisition-related costs						0,0	-0,2	-8,6	-4,3	-5,1
Operating profit after acquisition-related costs						45,0	40,9	118,1	94,1	128,4
Total financial expenses						-3,9	-2,8	-9,3	-7,9	-11,6
Profit after financial expenses						41,0	38,1	108,8	86,2	116,8

Vitec is a Nordic software company with customers located mainly in Sweden, Denmark, Finland and Norway, as well as a number of customers located in other parts of the world. Our net sales, distributed by country, is presented on the diagrams on page 5.

Net sales consist of the revenue groups presented in profit or loss: recurring revenues, license revenues, service revenues and other revenues. These revenues in turn consist of performance obligations.

Our performance obligations comprise support, maintenance and upgrades, fixed-period usufruct and operations, perpetual usufruct, services, information services, third-party usufruct, third-party maintenance, and other. Of the recurring revenues, SEK 349.4 million (256.5) pertain to support, maintenance and upgrades, SEK 196.7 million (194.2) to fixed-period usufruct and operation, SEK 111.9 million (81.6) to information services and SEK 13.3 million (10.9) to third-party maintenance. License revenues comprised SEK 13.4 million (24.3) in perpetual usufruct and SEK 0.2 million (0.8) third party usufruct.

Our most frequent contract types pertain to cloud SaaS, subscriptions, sales of licenses with traditional support and maintenance agreements, services for sale and information services. Contractual periods span from one month to one year and, in some cases even longer. Our recurring revenues are recognized using a flat distribution across the contractual period, upon the customer gaining control of the service and the fulfillment of performance obligations. Our licenses are recognized at a given date, our service revenues are recognized on a continuous basis upon the delivery of the services and the customer obtaining control and benefits.

Condensed consolidated statement of financial position

SEK thousands	2019-09-30	2018-09-30	2018-12-31
ASSETS			
FIXED ASSETS			
<i>Intangibles fixed assets</i>	1 436 265	1 123 600	1 130 983
<i>Property, plant and equipment</i>	92 312	38 721	39 788
<i>Financial fixed assets</i>	1 971	1 852	947
<i>Deferred tax assets</i>	9 216	6 990	8 243
TOTAL FIXED ASSETS	1 539 763	1 171 163	1 179 961
CURRENT ASSETS			
<i>Inventories</i>	4 673	5 872	5 302
<i>Current receivables</i>	188 984	170 804	255 083
<i>Current investments</i>	-	266	46
<i>Cash and cash equivalents</i>	70 784	60 743	235 256
TOTAL CURRENT ASSETS	264 441	237 685	495 687
TOTAL ASSETS	1 804 204	1 408 848	1 675 648
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Equity attributable to Parent Company shareholders</i>	749 885	455 414	669 628
<i>Long-term interest-bearing liabilities</i>	492 614	510 081	503 633
<i>Deferred tax liabilities</i>	169 635	150 210	152 887
<i>Other long-term liabilities</i>	72 779	20 496	5 837
TOTAL LONG-TERM LIABILITIES	735 027	680 787	662 357
<i>Payables</i>	24 177	37 062	39 910
<i>Short-term interest-bearing liabilities</i>	5 620	5 616	5 620
<i>Other short-term liabilities</i>	104 129	65 750	85 195
<i>Accrued expenses</i>	87 953	72 938	77 831
<i>Prepaid recurring revenues</i>	97 413	91 283	135 107
TOTAL SHORT-TERM LIABILITIES	319 292	272 649	343 663
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 804 204	1 408 848	1 675 648

Condensed consolidated statement of changes in equity

SEK thousands	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS					
Opening balance	696 460	432 846	669 628	398 164	398 164
Convertible debenture with stock options	-	-	2 448	-	-
Debenture conversion	2 335	-	2 335	-	-
New share issue and issuing costs*	-	-	-	-	194 924
Dividends paid	-	-	-38 807	-32 823	-32 823
Total comprehensive income	51 091	22 568	114 281	90 073	109 363
CLOSING BALANCE	749 885	455 414	749 885	455 414	669 628

*New share issues were recognized in their net amounts after issuing costs of SEK 2.3 Millions.

Condensed consolidated statement of cash flow

SEK thousands	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
OPERATING ACTIVITIES					
Operating profit	44 956	40 878	118 140	94 083	128 373
<i>Adjustments for non-cash items</i>					
Other operating revenues	-	-21	-	-2 396	-6 402
Depreciation/Amortization and impairment losses	52 335	38 977	150 699	114 279	158 463
Unrealised foreign exchange gains/losses	-786	1 501	-1 210	814	647
	96 505	81 335	267 629	206 780	281 081
Interest received	183	126	744	291	289
Interest paid	-3 256	-2 656	-7 713	-7 442	-10 675
Income tax paid	-8 633	-7 666	-28 443	-26 631	-30 218
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	84 799	71 139	232 217	172 998	240 477
<i>Changes in working capital</i>					
Increase/Decrease in inventories	722	-795	1 308	-992	115
Increase/Decrease in accounts receivable	12 216	1 194	108 809	68 571	-18 982
Increase/Decrease in operating receivables	-10 130	-2 023	-33 227	-24 445	-21 543
Increase/Decrease in accounts payable	-13 387	-6 027	-19 512	213	3 807
Increase/Decrease in operating liabilities	-37 998	-34 667	-67 956	-67 719	-6 755
CASH FLOW FROM OPERATING ACTIVITIES	36 222	28 821	221 639	148 626	197 119
INVESTING ACTIVITIES					
Acquisition of subsidiaries, net*	-	-1	-159 745	-108 841	-134 285
Purchase of intangible fixed assets and capitalized development costs	-34 273	-30 290	-104 038	-93 474	-128 289
Purchase of property, plant and equipment	-1 392	-1 097	-10 006	-8 300	-14 346
CASH FLOW FROM INVESTING ACTIVITIES	-35 665	-31 388	-273 789	-210 615	-276 920
FINANCING ACTIVITIES					
Dividends to Parent Company shareholders	-	-	-38 807	-32 823	-32 823
Borrowings	-	-	236 962	149 728	181 928
Repayment of loans	-8 526	-1 436	-310 018	-56 389	-90 023
New share issue	-	-	-	-	194 924
CASH FLOW FROM FINANCING ACTIVITIES	-8 526	-1 436	-111 863	60 516	254 006
CASH FLOW FOR THE PERIOD	-7 969	-4 003	-164 013	-1 473	174 205
OPENING CASH AND CASH EQUIVALENTS, INCLUDING CURRENT INVESTMENTS	78 643	65 900	235 302	57 968	57 968
Exchange-rate differences in cash and cash equivalents	110	-889	-505	4 513	3 129
CASH AND CASH EQUIVALENTS INCLUDING CURRENT INVESTMENTS AT END OF PERIOD**	70 784	61 008	70 784	61 008	235 302

*Payment pertaining to the acquisition of subsidiaries during the period, comprising Avoine Oy, WIMS AS and Odin Systemer AS. Net cash flow was SEK 158.8 million. The acquisition pertained to all shares outstanding in their entirety and entailed the gain of controlling influence. Furthermore, a final settlement of SEK 1.0 million was paid for the supplementary purchase consideration pertaining to PP7 Affärssystem AB. The payment did not entail any changes to controlling influence or the total number of shares.

Payments pertaining to the acquisition of subsidiaries in 2018, comprising PP7 Affärssystem AB, Agrando AS and Cito IT A/S. Net cash flow was SEK 84.5 million. The acquisition pertained to all shares outstanding in their entirety and entailed the gain of controlling influence. Furthermore, a final settlement of SEK 22.9 million was paid for a supplementary purchase consideration pertaining to Futursoft Oy and SEK 1.4 million for Fox Publish AS. The payments did not entail any changes to controlling influence or the total number of shares held.

**Cash and cash equivalents are defined as funds exposed to an insignificant risk of fluctuations in value, and which are easily convertible to cash at a known amount. Current investments comprise funds that are convertible to cash at a known amount within one bank day.

Parent company income statement, condensed

SEK thousands	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Operating revenues	27 388	25 219	77 627	68 940	63 389
Operating expenses	-16 683	-14 896	-62 878	-56 151	-75 732
Unrealized exchange-rate gains/losses (net)	-4 022	8 748	-22 454	-27 637	-16 574
OPERATING PROFIT/LOSS	6 683	19 072	-7 705	-14 848	-28 917
Profit/loss from financial investments					
Income from participation in Group companies	-	-	-	-	77 599
Interest income	35	41	75	123	437
Interest expenses	-3 604	-2 791	-8 562	-8 060	-11 817
PROFIT AFTER FINANCIAL ITEMS	3 114	16 321	-16 192	-22 785	37 302
Appropriations	-	-	-	-	28 481
PROFIT BEFORE TAX	3 114	16 321	-16 191	-22 785	65 783
Tax	583	-3 590	3 353	4 198	2 874
NET PROFIT FOR THE PERIOD	3 697	12 731	-12 838	-18 587	68 657

Profit/Loss for the period corresponds to total comprehensive income.

Condensed balance sheet, Parent Company

SEK thousands	2019-09-30	2018-09-30	2018-12-31
ASSETS			
FIXED ASSETS			
<i>Intangible fixed assets</i>	1 716	2 737	2 419
<i>Property, plant and equipment</i>	11 806	11 515	11 290
<i>Financial fixed assets</i>	1 489 875	1 156 073	1 189 019
TOTAL FIXED ASSETS	1 503 397	1 170 325	1 202 728
CURRENT ASSETS			
<i>Current receivables</i>	35 060	31 846	98 710
<i>Cash and cash equivalents</i>	59 278	47 484	222 908
TOTAL CURRENT ASSETS	94 338	79 330	321 618
TOTAL ASSETS	1 597 735	1 249 655	1 524 346
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>	537 371	302 063	584 231
<i>Untaxed reserves</i>	2 448	2 429	2 448
<i>Non-current liabilities</i>	508 274	519 618	503 537
<i>Current liabilities</i>	549 643	425 545	434 130
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 597 735	1 249 655	1 524 346

Supplementary disclosures

Accounting and valuation policies, and other comments

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the Swedish Annual Accounts Act. The Parent Company's accounts were prepared in accordance with the Annual Accounts Act and recommendation RFR 2 Accounting for Legal Entities. Of the new standards, amendments and interpretations of existing standards that have come into force in 2019, only IFRS 16 Leasing has had any impact on the Group's financial position or financial statements. Otherwise, the accounting policies and methods of calculation remain unchanged, in comparison with the description provided in the 2018 Annual Report.

IFRS 16 Leasing came into force on January 1, 2019. The new standard entails the elimination of any differences between operational and financial leasing. Leasing agreements exceeding 12 months are to be recognized in the balance sheet. The standard impacts how we recognize future lease agreements pertaining to premises.

Our lease agreements are recognized as assets and liabilities in the consolidated statement of financial position. Instead of leasing expenses, depreciation and interest expenses are recognized in the consolidated statement of comprehensive income. We apply the new standard by using the modified retrospective approach, for which reason comparative data are not restated. Outstanding leases as of January 1, 2019, are reported in accordance with the new standard.

The effect at September 30, 2019 is an increase of SEK 50.9 million in other non-current liabilities and an increase of SEK 50.4 million in property, plant and equipment. In the statement of comprehensive income, SEK 20.0 million is recognized as depreciation for property, plant and equipment and SEK 20.7 million as reduced other external expenses. Financial expenses are SEK 1.2 million.

Taxes

Current tax for the period amounted to SEK 20.7 million (16.6). Deferred tax totaled SEK -2.0 million (2.5)

Investments

Investments totaled SEK 103.5 million for capitalized development costs, SEK 0.5 million for other intangible fixed assets and SEK 10.0 million for property, plant and equipment. The acquisitions of Avoine OY, WIMS AS and Odin Systemer AS generated SEK 279.5 million in product rights, brands, customer agreements and goodwill.

Interest-bearing liabilities

Non-current interest-bearing liabilities comprised bank loans of SEK 424.0 million, as well as convertible debentures totaling SEK 68.6 million. Current interest-bearing liabilities comprised bank loans of 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 under non-current interest-bearing liabilities:

- loan 1707 (non-current liability, convertible, acquisition of MV Nordic) SEK 17.7 million. The duration of the loan is from July 6, 2017 – June 30, 2020. The interest rate is based on Stibor 180 (Stockholm Interbank Offered Rate). The conversion price is SEK 85.00. Conversion may be exercised from January 1, 2019 to June 30, 2020, upon which the share capital may increase by no more than SEK 23,432. Full conversion would entail a dilution of approximately 0.8% of the capital and 0.4% of the votes.
- loan 1801 (non-current liability, convertible program, employees). SEK 20.6 million. The duration of the loan is from January 1, 2018 to December 31, 2020. The interest rate is based on Stibor 180 (Stockholm Interbank Offered Rate). The conversion price is SEK 104.00. Conversion may be exercised between November 1 and November 30, 2020, upon which the share capital may increase by no more than SEK 20,029. Full conversion would entail a dilution of approximately 0.7 % of the capital and 0.3 % of the votes.
- loan 1906 (non-current liability, convertible, acquisition of Odin Systemer AS) SEK 30.4 million. The duration of the loan is from June 12, 2019 - June 30, 2022. The interest rate is based on Stibor 180 (Stockholm Interbank Offered Rate). The conversion price is SEK 125.00. Conversion may be exercised from January 1, 2021 to June 30, 2022, upon which the share capital may increase by no more than SEK 26,048. Full conversion would entail a dilution of approximately 0.8% of the capital and 0.4% 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 applies the new standard. 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 has applied the transition prospectively. Having taken into account historical bad-debt losses over a business cycle, we can state that the new standard does not materially impact the consolidated financial statements.

Classification and measurement

Financial instruments are recognized initially at 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 our financial instruments that are subject to measurement at fair value are classified as level 3 and pertain to supplementary purchase considerations in conjunction with the acquisition.

Recurring measurements at fair value, at September 30, 2019				
	Level 1	level 2	Level 3	Carrying amount
Supplementary purchase consideration Cito IT A/S			10 059	10 059
Supplementary purchase consideration Wims AS			30 818	31 320
Supplementary purchase consideration Avoine Oy			5 364	5 364
Total			46 241	46 743

Acquisitions

Acquisition of Avoine OY

On March 5, Vitec acquired all shares and voting rights of the Finnish software company, Avoine Oy. Its product is aimed at sports clubs and labor unions in Finland. The application is delivered as Software as a Service (SaaS).

The company was consolidated as of the acquisition date. The goodwill item is not tax deductible and is deemed to be attributable to anticipated profitability, complementary expertise requirements, as well as anticipated synergy effects, in the form of the joint development of our products. At September 30, acquisition-related expenses totaled SEK 2.5 million and were recognized as other external expenses in the statement of comprehensive income. From the date of acquisition up to and including September 30, revenues in the acquired company totaled SEK 17.2 million and profit before tax was SEK 3.1 million. If consolidation had occurred at the beginning of the year, the company would have provided the Group with an additional approximately SEK 5.3 million in sales and SEK 1.0 million in loss before tax.

Some items in the acquisition plan may be remeasured, due to our brief ownership of the company. These comprise brands, product rights, customer agreements and goodwill. For this reason, the acquisition plan remains preliminary, until 12 months after the acquisition date.

The expensed portion of the contingent consideration will be subject to an EBITDA improvement at December 31, 2019 and is measured at maximum outcome.

Preliminary acquisition plan (SEK thousands)	Avoine Oy	Fair value adjustment	Fair value recognized in the Group
Brands	-	743	743
Product rights	-	3 167	3 167
Customer agreements	-	10 834	10 834
Intangible fixed assets	1 334	-	1 334
Property, plant and equipment	572	-	572
Non-current receivables	1 058	-	1 058
Current receivables	2 258	-	2 258
Cash and cash equivalents	25 552	-	25 552
Deferred tax liabilities	-	-2 949	-2 949
Current liabilities	-18 016	-	-18 016
Net identifiable assets and liabilities	12 759	11 796	24 555
Consolidated goodwill			30 214
Total			54 768
Consolidated acquisition costs			54 768
Calculation of net cash outflow			Fair value
Consolidated acquisition costs			-54 768
Expensed portion of purchase consideration			5 292
Expensed portion of contingent purchase consideration			5 292
Acquired cash and cash equivalents			25 552
Net cash outflow			-18 633

Acquisition of WIMS AS

On May 8, Vitec acquired all shares and voting rights of the Norwegian software company, Web Insurance Management Systems AS. The product is aimed at the insurance industry in Norway, Denmark and Sweden.

The company was consolidated as of the acquisition date. The goodwill item is not tax deductible and is deemed to be attributable to anticipated profitability, complementary expertise requirements, as well as anticipated synergy effects, in the form of the joint development of our products. At September 30, acquisition-related expenses totaled SEK 1.5 million and were recognized as other external expenses in the statement of comprehensive income. From the date of acquisition up to and including September 30, revenues in the acquired company totaled SEK 10.9 million and profit before tax was SEK 1.9 million. If consolidation had occurred at the beginning of the year, the company would have provided the Group with an additional approximately SEK 9.0 million in sales and SEK 0.3 million in profit before tax.

Some items in the acquisition plan may be remeasured, due to our brief ownership of the company. These comprise brands, product rights, customer agreements and goodwill. For this reason, the acquisition plan remains preliminary, until 12 months after the acquisition date.

The expensed portion of the contingent consideration will be subject to EBITDA improvements at December 31, 2019 and December 31, 2020 and will be measured at maximum outcome.

Preliminary acquisition plan (SEK thousands)	WIMS AS	Fair value adjustment	Fair value recognized in the Group
Brands	-	689	689
Product rights	-	8 173	8 173
Customer agreements	-	10 931	10 931
Property, plant and equipment	443	-	443
Current receivables	2 334	-	2 334
Cash and cash equivalents	11 254	-	11 254
Deferred tax liabilities	-	-4 355	-4 355
Long-term liabilities	-16	-	-16
Current liabilities	-7 449	-	-7 449
Net identifiable assets and liabilities	6 566	15 439	22 005
Consolidated goodwill			51 380
Total			73 385
Consolidated acquisition costs			73 385
Calculation of net cash outflow			Fair value
Consolidated acquisition costs			-73 385
Debt additional purchase price			31 764
Acquired cash and cash equivalents			11 254
Net cash outflow			-30 368

Acquisition of Odin Systemer AS

On June 12, Vitec acquired all shares and voting rights of the Norwegian software company, Odin Systemer AS. The products are aimed at hair and beauty salons in Norway.

The company was consolidated as of the acquisition date. The goodwill item is not tax deductible and is deemed to be attributable to anticipated profitability, complementary expertise requirements, as well as anticipated synergy effects, in the form of the joint development of our products. At September 30, acquisition-related expenses totaled SEK 4.6 million and were recognized as other external expenses in the statement of comprehensive income. From the date of acquisition up to and including September 30, revenues in the acquired company totaled SEK 21.0 million and profit before tax was SEK 4.5 million. If consolidation had occurred at the beginning of the year, the company would have provided the Group with an additional approximately SEK 27.0 million in sales and SEK 3.9 million in profit before tax.

Some items in the acquisition plan may be remeasured, due to our brief ownership of the company. These comprise brands, product rights, customer agreements and goodwill. For this reason, the acquisition plan remains preliminary, until 12 months after the acquisition date.

Preliminary acquisition plan (SEK thousands)	Odin Systemer AS	Fair value adjustment	Fair value recognized in the Group
Brands	-	2 293	2 293
Product rights	-	20 234	20 234
Customer agreements	-	29 443	29 443
Property, plant and equipment	1 856	-	1 856
Financial fixed assets	1 164	-	1 164
Inventories	680	-	680
Current receivables	3 691	-	3 691
Cash and cash equivalents	30 827	-	30 827
Deferred tax liabilities	-	-11 433	-11 433
Current liabilities	-17 024	-	-17 024
Net identifiable assets and liabilities	21 195	40 536	61 730
Consolidated goodwill			111 402
Total			173 132
Consolidated acquisition costs			173 132
Calculation of net cash outflow			Fair value
Consolidated acquisition costs			-173 132
Convertible bond			32 560
Acquired cash and cash equivalents			30 827
Net cash outflow			-109 745

Signatures

Umeå October 17, 2019

Lars Stenlund (CEO)



Board of Directors: Kaj Sandart, Anna Valtonen, Crister Stjernfelt, Birgitta Johansson-Hedberg and Jan Friedman.

Information

Publication

The information in this report is such that Vitec Software Group AB (publ) is obligated to publish in accordance with the EU Market Abuse regulation. This information was submitted for publication on Thursday October 17, 2019, at 08:30 CET.

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Financial information

Our website, vitecsoftware.com, is the premier IR information channel, where we publish financial information immediately upon release.

Information and reports can also be ordered from the following channels:

By e-mail: ir@vitec.se

By post: Investor Relations, Twistevägen 47 A, SE-907 29 Umeå, Sweden

By telephone: +46 (0)90-15 49 00

Vitec's 2018 Annual Report is available at vitecsoftware.com

Financial calendar

2020-02-13	January – December 2019 (08:00)
2020-04-17	January – March 2020 (08:00)
2020-04-28	Annual General Meeting Vitec Software Group
2020-07-10	January – June 2020 (08:00)
2020-10-15	January – September 2020 (08:00)
2021-02-11	January – December 2020 (08:00)

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 the English version of the report.

Corporate registration

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

Definitions of key figures

This interim report refers to several financial measurements that are not defined under IFRS, known as alternative performance measures, in accordance with ESMA's guidelines. These measurements provide senior management and investors with significant information for analyzing trends in the company's business operations. Alternative performance measures are not always comparable with measurements used by other companies. They are intended to complement, not replace, financial measurements presented in accordance with IFRS. The key figures presented on the final page of this report are defined as follows:

Non-IFRS key indicators	Definition	Description of usage
Recurring revenues	Recurring contractual revenues with no direct relationship between our work efforts and the contracted price. The contractual amount is usually billed in advance and the revenues are recognized during the contract's term.	<i>A key indicator for the management of operational activities.</i>
Percentage of recurring revenues	Recurring revenues in relation to net sales.	<i>A key indicator for the management of operational activities.</i>
Growth	The trend of the company's net sales in relation to corresponding year-earlier period.	<i>Used to monitor the company's sales trend.</i>
Growth in recurring revenues	Trend in recurring revenues in relation to the corresponding year-earlier period.	<i>Used to monitor the company's sales trend.</i>
Organic growth in recurring revenues	Trend in the company's recurring revenues, excluding acquired companies during the period, in relation to the corresponding year-earlier period.	<i>Used to monitor the company's sales trend.</i>
EBITA	Earnings for the period before acquisition-related costs, net financial items and tax, as well as amortization of acquisition-related assets.	<i>Shows the company's operating profit before acquisition-related costs and amortization of acquisition-related assets.</i>
EBITDA	Earnings before interest, tax, depreciation and amortization for the period.	<i>Indicates the company's operating profit/loss before depreciation, amortization and impairment.</i>
Acquisition-related costs	Costs such as brokerage fees, attorney's fees and stamp fees.	<i>Used to separately report items affecting comparability.</i>
Earnings growth attributable to the Parent Company shareholders	The trend of the company's profit after tax in relation to the corresponding year-earlier period.	<i>Used to monitor the company's earnings trend.</i>
EBITA margin	Operating profit before acquisition-related costs in relation to net sales	<i>Used to monitor the company's earnings trend.</i>
Operating margin	Operating profit in relation to net sales.	<i>Used to monitor the company's earnings trend.</i>
Profit margin	Profit after tax for the period, in relation to net sales.	<i>Used to monitor the company's earnings trend.</i>
Equity/assets ratio	Shareholders' equity, including equity attributable to non-controlling interests as a percentage of total assets.	<i>This measurement is an indicator of the company's financial stability.</i>
Equity/assets ratio after full conversion	Shareholders' equity and convertible debentures as a percentage of total assets.	<i>This measurement is an indicator of the company's financial stability.</i>
Debt/equity ratio	Average debt in relation to average shareholders' equity and non-controlling interests.	<i>This measurement is an indicator of the company's financial stability.</i>
Average shareholders' equity	The average between shareholders' equity for the period attributable to Parent Company shareholders and shareholders' equity for the preceding period attributable to Parent Company shareholders.	<i>An underlying measurement on which the calculation of other key indicators is based.</i>
Return on capital employed	Profit after net financial items plus interest expenses, as a percentage of average capital employed. Capital employed is defined as total assets less interest-free liabilities and deferred tax.	<i>This measurement is an indicator of the company's profitability in relation to externally financed capital and shareholders' equity.</i>
Return on equity	Reported profit/loss after tax in relation to average equity attributable to Parent Company shareholders.	<i>This measurement is an indicator of the company's profitability and gauges the return on shareholders' equity.</i>
Sales per employee	Net sales in relation to the average number of employees.	<i>This metric is used to assess the company's efficiency.</i>
Added value per employee	Operating profit/loss plus depreciation/amortization and personnel expenses in relation to average number of employees.	<i>This metric is used to assess the company's efficiency.</i>
Personnel expenses per employee	Personnel expenses in relation to average number of employees.	<i>A key indicator used to measure operational efficiency.</i>
Average no. of employees	The average number of employees in the Group during the period.	<i>An underlying measurement on which the calculation of other key indicators is based.</i>
AES (Adjusted equity per share)	Shareholders' equity attributable to Parent Company shareholders, in relation to the number of shares issued at the balance-sheet date.	<i>This measurement indicates the equity per share at the balance-sheet date</i>
Cash flow per share	Cash flow from operating activities before changes in working capital, in relation to the average number of shares.	<i>Used to monitor the company's trend in cash flow per share.</i>
Number of shares after dilution	The average number of shares during the period plus the number of shares added following the full conversion of convertibles.	<i>An underlying measurement on which the calculation of other key indicators is based.</i>
IFRS key indicators	Definition	Description of usage
Earnings per share	Profit after tax attributable to Parent Company shareholders, in relation to the average number of shares during the period.	<i>IFRS key indicators</i>
Earnings per share after dilution	Profit after tax attributable to Parent Company shareholders, plus interest expenses pertaining to convertible debentures, in relation to the average number of shares after dilution.	<i>IFRS key indicators</i>

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Reconciliation of EBITA					
Operating profit before acquisition-related costs	44 961	41 117	126 780	98 354	133 501
Amortization of acquisition related assets	24 092	20 383	67 608	57 834	78 396
EBITA	69 053	61 500	194 389	156 188	211 897

Segment descriptions

Vitec develops and delivers software aimed at various niche markets. Some of our software products comprise complete enterprise systems, while others provide support for specific aspects of our customers' operations. We report our operations under seven segments.

Auto

Vitec's Auto segment includes our software for the automotive industry and machinery sector in Denmark, Finland, Norway and Sweden. Our products support work processes, such as vehicle sales, vehicle service centers, tire storage and the distribution of auto components. The segment includes Vitec Autodata AS, Vitec Datamann A/S, Vitec Infoeasy AS and Futursoft OY.

Energy

The Energy segment includes our advanced forecasting systems for electricity traders, as well as calculation and mapping systems for owners of electricity and district-heating grids. This segment comprises Vitec Energy AB.

Real Estate

Vitec offers complete enterprise-management systems for the construction and real estate sectors in Norway and Sweden, covering aspects such as project reporting, leasing, sales, customer service, accounting, technical property management and energy-consumption monitoring. This segment includes Vitec Förvaltningssystem AB, Vitec Fastighetssystem AB, Vitec Capifast AB, Vitec Software AB, Vitec Plania AS and Vitec PP7 AB. Vitec PP7 AB's operations were consolidated as of April 9, 2018.

Finance & Insurance

The Finance & Insurance segment includes our software for banks, financial institutions and insurance companies in Denmark, Norway and Sweden. The segment comprises Vitec Capitex AB, the Vitec Aloc A/S Group, Vitec Nice AS and Vitec Wims AS. Operations at Vitec Wims AS were consolidated as of May 8, 2019.



Environment

The Environment segment includes our software for private and municipal waste-and-resource processing in Finland. The products are used to manage the entire chain, from the weighing of waste and driving schedules, to invoicing, accounting and reporting. The segment includes operations that were previously under the Media segment. The segment comprises Tietomitta Oy and 3L Media AB.

Estate Agents

The Estate Agents segment includes our software for real estate agents in Norway and Sweden. Our products support estate agents at every step of their business process, from the registration of an object, to marketing, viewing, bidding, sale and contract. The segment comprises Vitec Mäklarsystem AB, Capitex AB, Vitec Megler AS, Vitec Megler AB and ADservice Scandinavia AB.

Education & Health

The Education & Health segment was expanded with three new operations in 2018, through the acquisition of the companies, Agrando AS, Cito IT A/S and Smart Visitor System AB. Agrando develops applications for churching operations in the Nordic region, with its primary markets comprising Norway and Sweden. Cito develops applications for the pharmacy market in Denmark. Its main product is an enterprise system for managing the entire chain of the Danish pharmacy workflow. Our company, Smart Visitor System, develops specific software for municipal leisure and cultural departments in Norway and Sweden.

This segment comprises applications designed for individuals with reading and writing difficulties, and are used by public and private education companies in Denmark, Norway and Sweden.

It also comprises applications for healthcare companies in Finland, which are wholly web-based enterprise systems used by district healthcare centers, hospitals, physiotherapy and rehabilitation facilities, as well as occupational health services and public organizations. In 2019 the segment was expanded with two additional businesses in conjunction with the acquisitions of Avoine Oy and Odin Systemer AS. Avoine's product is aimed at sports clubs and labor unions in Finland. Odin Systemer's products are aimed at hair and beauty salons in Norway.

The segment includes AcuVitec Oy, Avoine Oy, the Vitec Agrando AS Group, Vitec Cito A/S, the Vitec MV A/S Group, Vitec Smart Visitor System AB and Vitec Odin Systemer AS. Operations at Vitec Agrando AS were consolidated as of April 19, 2018. Vitec Cito A/S's operations were consolidated as of May 31, 2018. Vitec Smart Visitor System AB's operations were consolidated as of November 6, 2018, Avoine Oy's operations were consolidated as of March 5, 2019 and operations at Vitec Odin Systemer AS were consolidated as of June 12, 2019.

Key figures

		2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Net sales	(SEK 000s)	858 512	726 892	1 016 763
Auto	(SEK 000s)	134 546	125 432	170 311
Energy	(SEK 000s)	21 141	19 455	26 031
Real Estate	(SEK 000s)	155 522	147 558	206 326
Finance & Insurance	(SEK 000s)	120 501	96 134	132 207
Environment	(SEK 000s)	36 992	33 914	45 941
Estate Agent	(SEK 000s)	123 061	113 782	155 407
Eduation & Health	(SEK 000s)	264 112	188 562	278 323
Shared	(SEK 000s)	2 638	2 054	2 218
Growth	(%)	18%	19%	19%
EBITA	(SEK 000s)	194 389	156 188	211 897
Operating profit (EBIT)	(SEK 000s)	118 139	94 083	128 372
Profit after financial items	(SEK 000s)	108 818	86 225	116 775
Profit after tax	(SEK 000s)	86 174	67 103	96 920
Profit after tax attributable to the Parent Company shareholders	(SEK 000s)	86 174	67 103	96 920
Earnings growth attributable to the Parent Company shareholders	(%)	28%	24%	22%
EBITA margin	(%)	23%	21%	21%
Operating margin	(%)	14%	13%	13%
Profit margin	(%)	10%	9%	10%
Balance-sheet total	(tkr)	1 804 204	1 408 848	1 675 648
Equity/assets ratio	(%)	42%	32%	40%
Equity/assets ratio after full conversion	(%)	45%	35%	42%
Debt/equity ratio	(multiple)	1,67	2,17	1,75
Return on capital employed	(%)	14%	15%	13%
Return on equity	(%)	19%	23%	18%
Sales per employee	(SEK 000s)	1 257	1 188	1 658
Value added per employee	(SEK 000s)	1 045	956	1 316
Personnel expenses per employee	(SEK 000s)	651	620	858
Average number of employees	(persons)	683	612	613
Adjusted equity per share (AES)	(SEK)	23,17	15,26	20,71
Earnings per share	(SEK)	2,66	2,25	3,23
Earnings per share after dilution	(SEK)	2,65	2,24	3,22
Dividend paid per share	(SEK)	1,20	1,10	1,10
Cash flow per share	(SEK)	7,18	5,80	8,01
Basis of computation				
Earnings from calculation of earnings per share	(SEK 000s)	86 174	67 103	96 920
Cash flow from calculation of cash flow per share	(SEK 000s)	232 217	172 998	240 477
Average number of shares (weighted)	(share)	32 347 983	29 838 900	30 016 982
Average number of shares after dilution	(share)	32 879 414	30 253 696	30 436 771
No. of shares issued at balance-sheet date	(share)	32 368 775	29 838 900	32 338 900
Share price at close of the respective period	(SEK)	139,00	83,00	77,60

Vitec is the Nordic market leader in Vertical Market Software. We develop and deliver standardized software aimed at various niche markets. Vitec grows through acquisitions of well-managed and established software companies. The Group's overall processes, combined with the in-depth knowledge of our employees regarding our customers' local markets, creates the conditions for improvement and continuous innovation. Our 700 employees are located in Denmark, Finland, Norway and Sweden. Vitec is listed on the Nasdaq Stockholm and had sales of SEK 1017 million in 2018. Read more about us at www.vitecsoftware.com.