

Interim report January–September 2020



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 adapting 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 developments and upgrades by all users. 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.

830
employees



Summary of interim period, January–September 2020

- Net sales: SEK 951 million (859)
- EBITA was SEK 247 million (194), with an EBITA margin of 26% (23)
- Operating profit was SEK 158 million (118), with an operating margin of 17% (14)
- Profit after net financial items SEK 147 million (109)
- Earnings per share before dilution SEK 3.51 (2.66)
- Cash flow from operating activities SEK 375 million (222)

Summary of interim period, July–September 2020

- Net sales: SEK 321 million (289)
- EBITA was SEK 86 million (69), with an EBITA margin of 27% (24)
- Operating profit was SEK 61 million (45), with an operating margin of 19% (16)
- Profit after net financial items SEK 57 million (41)
- Earnings per share before dilution SEK 1.32 (1.11)
- Cash flow from operating activities SEK 73 million (36)
- Vitec refinances and doubles its loan facility to SEK 1 billion

Improved margins and increased revenues

The trend toward improved margins continued during the third quarter. By strongly focusing on our core business and business model, we can increase our internal efficiency over time, while sorting out those aspects that do not fit in with our culture and business model.

We note that the sharp increase in the number of digital meetings improves meeting discipline, while reducing costs and cutting out time wasters. On the downside, we have fewer opportunities to socialize or to spontaneously exchange ideas, and we are making slower progress with respect to improvement projects. So far, the advantages of digital meetings outweigh the disadvantages. Over time, we will have answers regarding the right balance between digital efficiency and the power of innovation that is sparked by physical meetings.

Our systems are critical for our customers and we have customers who are essential and crucial participants in society. Our customer losses during the pandemic are negligible and we see no increased risks in the near future.

We refinanced our loan facility during the quarter and doubled our credit limit from SEK 500 million to SEK 1 billion. The contract for the new facility is with Nordea and SEB.

For more detailed information about the quarter, please see the other 28 pages in this report. I can particularly recommend page 18, Income statement, as well as the Balance Sheet on page 19, Statement of Cash Flows on page 21, and Key Indicators on page 28.

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 growth.



Lars Stenlund, CEO

Group financial information

Net sales and earnings

January–September 2020

Net sales

Net sales for the period totaled SEK 950.7 million (858.5) and included recurring revenues of SEK 795.8 million (671.2), license revenues of SEK 5.7 million (13.7), service revenues of SEK 129.1 million (119.4) and other revenues of SEK 20.0 million (54.2). The acquired Group, Visiolink Aps, which was consolidated as of January 30, contributed SEK 43.5 million in net sales during the period. The acquired company, ALMA Consulting Oy, which was consolidated as of March 17, contributed SEK 15.2 million in net sales during the period. The acquired company LJ System AB, which was consolidated as of April 22, contributed SEK 8.7 million in net sales during the period, while the acquired company, Appva AB, which was consolidated as of June 17, contributed SEK 10.0 million in net sales during the period.

Comments on sales

Net sales rose a total of 11% for the period; recurrent revenues rose 19 %, including 1% organically. Aggregate recurring revenues amounted to SEK 1,032 million on a rolling 12-month basis. Other revenues dropped 63%, mainly as an effect of the discontinued hardware business in the Vitec MV business unit. Licensing declined by 58%, which is completely in line with our shift to increased recurring revenues. Service revenues gained 8%, compared with the corresponding period in 2019. Taken together, recurring revenues accounted for 84% of net sales, compared with 78% for the corresponding period in 2019.

Earnings

EBITA was SEK 246.8 million (194.4), with an EBITA margin of 26.0% (22.6). Operating profit was SEK 157.5 million (118.1), with an operating margin of 16.6% (13.8). Profit after tax for the period amounted to SEK 114.2 million (86.2). Earnings per share before dilution totaled SEK 3.51 (2.66).

Comments on earnings

EBITA gained 27%, compared with the corresponding period in 2019. Acquisition-related costs had an impact of SEK 11 million on earnings, compared with SEK 9 million in 2019. Direct costs attributable to the coronavirus pandemic had a negative impact on EBITA for the period of SEK 3 million, which was offset by cost cuts of SEK 9 million. Transfers of

primarily leases in accordance with IFRS 16 have reduced other external costs by SEK 30 million (21) and increased depreciation by SEK 26 million (20).

July–September 2020

Net sales

Net sales for the period totaled SEK 320.9 million (288.7) and included recurring revenues of SEK 276.8 million (236.4), license revenues of SEK 1.2 million (3.0), service revenues of SEK 38.8 million (32.6) and other revenues of SEK 4.1 million (16.6). The acquired Group, Visiolink Aps, which was consolidated as of January 30, contributed SEK 15.7 million in net sales during the period. The acquired company, ALMA Consulting Oy, which was consolidated as of March 17, contributed SEK 5.8 million in net sales during the period. The acquired company LJ System AB, which was consolidated as of April 22, contributed SEK 4.3 million in net sales during the period, while the acquired company, Appva AB, which was consolidated as of June 17, contributed SEK 7.7 million in net sales during the period.

Comments on sales

Net sales rose a total of 11% for the period; recurrent revenues rose 17%, including 0% organically. Other revenues dropped 75% as an effect of the discontinued hardware business in the Vitec MV business unit. Licensing declined by 59%. Service revenues rose 19%, compared with the corresponding period in 2019. Recurring revenues accounted for 86% of net sales, compared with 82% for the corresponding period in 2019.

Earnings

EBITA was SEK 86.1 million (69.1), with an EBITA margin of 26.8% (23.9). Operating profit was SEK 61.0 million (45.0), with an operating margin of 19.0% (15.6). Profit after tax for the period amounted to SEK 43.0 million (35.9). Earnings per share before dilution totaled SEK 1.32 (1.11).

Comments on earnings

EBITA gained 25%, compared with the corresponding period in 2019. During the quarter, we had no direct costs or direct cost reductions attributable to the coronavirus pandemic. Transfers of primarily leases in accordance with IFRS 16 have reduced other external costs by SEK 11 million (7) and increased depreciation by SEK 9 million (7).

	2020 Jul-Sep	2019 Jul-Sep	Change	2020 Jan-Sep	2019 Jan-Sep	Change
Net sales, SEK million	320.9	288.7	11%	950.7	858.5	11%
Recurring share of net sales, %	86%	82%		84%	78%	
EBITA, SEK million	86.1	69.1	25%	246.8	194.4	27%
EBITA margin, %	27%	24%		26%	23%	
Operating profit/loss, SEK million	61.0	45.0	36%	157.5	118.1	33%
Operating margin %	19%	16%		17%	14%	
Net profit/loss for the period, SEK million	43.0	35.9	20%	114.2	86.2	32%
Earnings per share, SEK	1.32	1.11		3.51	2.66	

Effects of the coronavirus and COVID-19

Our focus continues to be on reducing the risk of spreading the coronavirus and protecting the health of our employees and customers, at the same time that we are working to minimize the impact on our business. Early last spring we changed how we work and most employees still work from home.

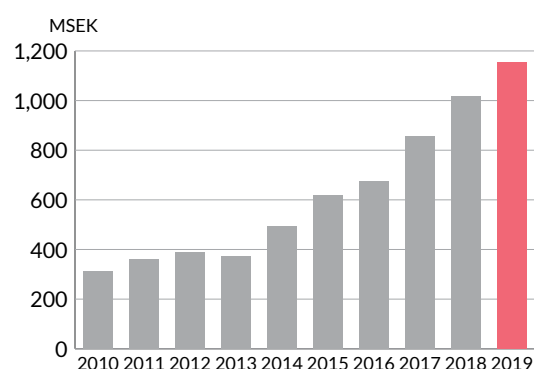
During this situation, we greatly benefited from our well-developed IT infrastructure, which enabled us to transition to a distributed workplace essentially overnight. Software development is carried out through our usual development environments, which can be accessed remotely and securely by our developers. In addition, our leaders have

switched to lead their business units through collaboration and meeting platforms such as Teams. We have largely replaced physical trainings, gatherings and strategic meetings with equivalent digital solutions.

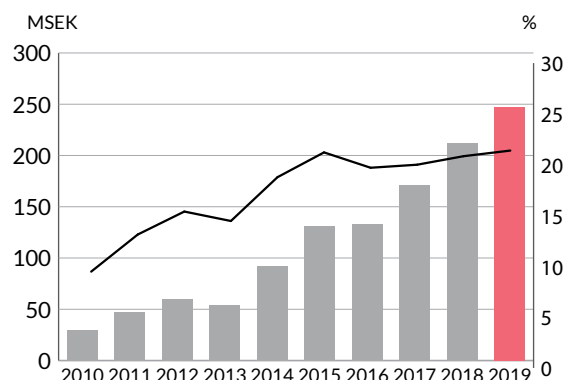
Depending on how long we continue to be in a situation where it is difficult to travel and meet our customers in person, we may see an impact on our service revenues and sales, which will also inhibit the organic growth of our recurring revenues in the short term. We have good risk diversification by being active in a variety of niche markets, with the public sector accounting for about 40% of our customers.

Diagrams on Group trends

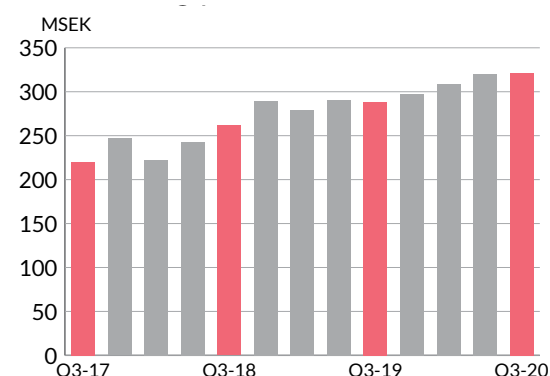
Sales



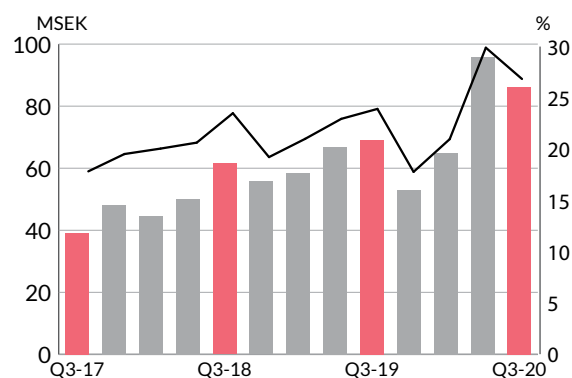
EBITA and EBITA margin



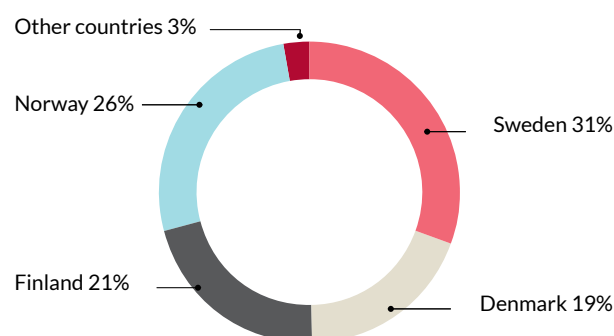
Sales by quarter



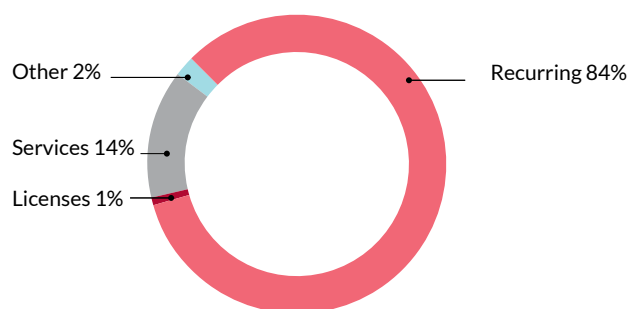
EBITA and EBITA margin by quarter



Sales by market, January–September 2020



Breakdown of revenue, January–September 2020



Sales broken down by business unit and customer

Because we operate in a number of niche markets in the Nordic region, we have good diversification of revenue in terms of both geography and area of operation. Although we operate in several niche markets, we still engage in essentially the same business. We develop and deliver standardized software to meet the various needs of our customers. Some of our software products comprise complete enterprise systems, while others provide support for specific aspects of our customers' operations. We serve a large number of customers with our products. No individual customer accounts for more than 1.6% of the Group's total revenues. As we continue to acquire profitable vertical software companies in the Nordic region, we expect the distribution of risk to continue in a positive direction.

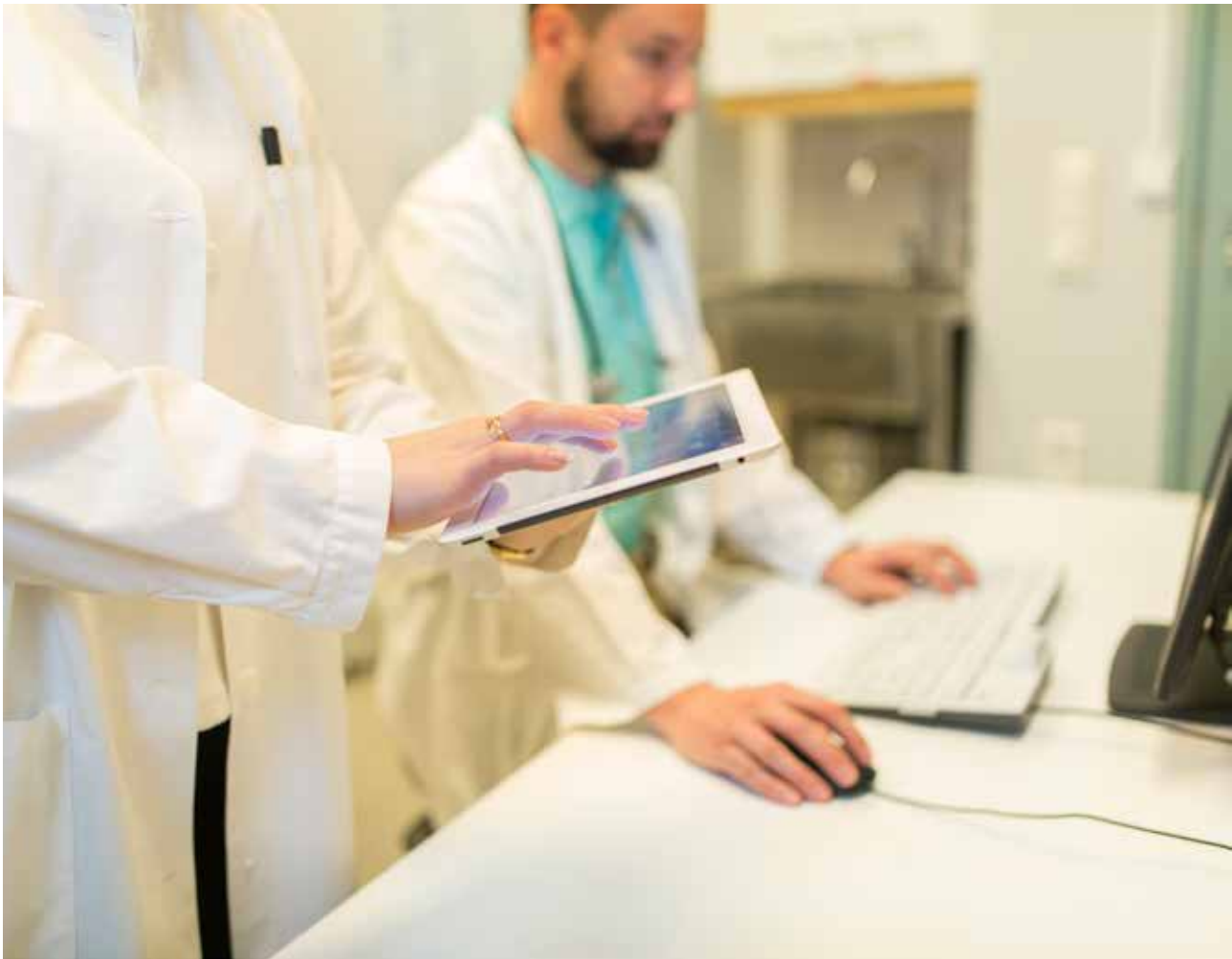
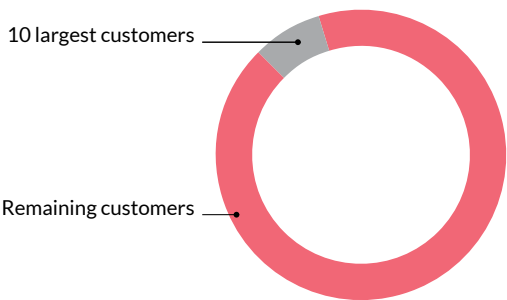
Breakdown of sales

The diagram below shows our sales broken down based on our 26 business units. No individual business unit accounts for more than 13% of consolidated sales.



Customers

We have about 17,000 customers. The Group's ten largest customers account for approximately 8% of sales. The single largest customer accounts for approximately 1.6% of sales.



Our business units

Vitec develops and provides software applications for various niche markets, where each niche represents a separate market. We conduct our operations through our 26 independent business units. The information below shows details about all business units that were in the Group as of the publication of this report. Read more about our business on our website, vitecsoftware.com.

Business unit	Niche market and domicile	Year of acquisition	Sales 2019, SEKm	Recurring
Vitec Actor Smartbook Software for municipal culture and recreation administration offices, as well as other visitor facilities in Norway and Sweden. The product is a turnkey solution for handling reservations, visitors and grants. The business unit includes the company Vitec Smart Visitor System AB.	Municipalities and visitor facilities 	2018	26	77%
Vitec Acute Software for healthcare companies in Finland. The product is used by district healthcare centers like medical care, primary care, special medical care, therapy- and rehabilitation facilities, and also occupational health services. The product is suitable for both public and private organizations. The business unit includes the company Vitec Acute Oy.	Healthcare 	2013	67	88%
Vitec Agrando Software for church activities in the Nordic region, with its primary markets comprising Norway and Sweden. The product supports specific processes for individuals working with church operations, such as the administration of burial plots, HR systems and operations planning. The business unit includes the companies Vitec Agrando AS and Vitec Agrando AB.	Churches  	2018	50	88%
Vitec ALMA Software for information management for the processing industry and energy companies in Finland. The products enable companies to streamline and plan their production supporting processes. The business unit includes the company Vitec ALMA Oy.	Process industry and energy companies 	2020	32	47%
Vitec Appva Software for the healthcare and social services sector in Sweden. The product facilitates digital and mobile documentation of healthcare interventions such as drug administration, as well as interventions under the Social Services Act. The business unit includes the companies Vitec Appva AB and Vitec RAUK AB.	E-health 	2020	23	95%
Vitec Autosystemer Software for the automotive, transportation and machinery industry in Norway. The products, which also include integrated ERP functionality, support a variety of work processes, including car sales, car repair shops, tire storage and the distribution of auto components. The business unit includes the companies Vitec Autodata AS and Vitec Infoeasy AS.	Auto repair shops, transportation industry and entrepreneurs 	2015	58	88%
Vitec Avoine Software for local associations and national organizations in Finland. The products provide the organizations with support for communication with members and for managing members. The business unit includes the company Vitec Avoine Oy.	Non-governmental organizations and associations 	2019	31	83%
Vitec Bygg & Fastighet Software for the construction and property management industry in Sweden. The products are comprehensive enterprise-management systems that include project reporting, leasing, sales, customer service, accounting, technical property management and energy-consumption monitoring. The business unit includes the companies Vitec Förvaltningssystem AB and Vitec PP7 AB.	Property Management 	1985	182	66%

Business unit	Niche market and domicile	Year of acquisition	Sales 2019, SEKm	Recurring
Vitec CapiteX finanssystem Software for the banking and finance industry primarily in Sweden and with some establishment in Norway and Finland. The products are designed for specific tasks such as calculations for mortgages, pensions and business loans. The business unit includes the company Vitec CapiteX AB.	Finance 	2010	23	85%
Vitec Cito Applications for the pharmacy market in Denmark. The product is developed to manage the entire chain of the Danish pharmacy work-flow, such as product inventory, cash operations and prescriptions processing. The business unit includes the company Vitec Cito A/S.	Pharmacies 	2018	41	62%
Vitec Datamann Software for car dealers and auto repair shops in Denmark. The products support a variety of work processes, including car sales, car repair shops, digital work permits, vehicle history reports and spare parts inventory management. The business unit also offers software for the property management industry in Denmark. The products provide effective IT support for property management and real estate companies. The business unit includes the companies Vitec Datamann A/S and CarLogistic ApS.	Auto repair shops and Property Management 	2015	47	80%
Vitec Energy Software for electricity traders and owners of electricity and district heating grids. The products are advanced forecasting systems and calculation and geographical information systems. The business unit have customers in 25 countries. The business unit includes the company Vitec Energy AB.	Energy forecasts 	1998	29	75%
Vitec Fixit Software for hair and beauty salons in Norway. The products include an enterprise-management system for salons including appointment system, cash system and online appointment scheduling for end customers. The business unit includes the company Vitec Fixit Systemer AS.	Hair and beauty salons 	2019	63	93%
Vitec Futursoft Software for the automotive industry and machinery sector in Finland and Sweden. The products have been developed to support services and technical trade, such as spare parts inventory management for cars and maintenance of everything from light machinery to heavy equipment. The business unit includes the company Vitec Futursoft Oy.	Auto repair shops 	2016	79	89%
Vitec HK data Software for the health and welfare sector in Norway. The products are used by businesses, municipalities, counties and volunteer organizations. For example, products are offered to assist with treatment of addiction problems. The business unit includes the company Vitec HK data AS.	Health and welfare 	2019	18	80%
Vitec Katrina Software for church-related administration in Finland. The products are used to coordinate staff, inventory and premises in parishes. The business unit includes the company Vitec Katrina Oy.	Churches 	2019	20	74%
Vitec LJ System Software for church-related administration and preschools in Sweden. The parish administration product is a module-based enterprise-management system with functionality such as cemetery administration with digital maps, business and payroll management, and reservations, using a computer, smartphone or tablet. The product for preschools is used for administration and for educational purposes. The business unit includes the company Vitec LJ System AB.	Churches 	2020	17	65%

Business unit	Niche market and domicile	Year of acquisition	Sales 2019, SEKm	Recurring
Vitec Megler Software for real estate agents in Norway. The products support real estate agents at every step of their business process, from registration of an object to marketing, viewing, bidding, and ending with the sale and closing. The business unit includes the companies Vitec Megler AS and Vitec Megler AB.	Real estate agents 	2012	89	85%
Vitec Mäklarsystem Software for real estate agents in Sweden. The products support real estate agents at every step of their business process: from the registration of an object, to marketing, viewing, bidding, sale and contract. The business unit includes the company Vitec Mäklarsystem AB.	Real estate agents 	2010	77	93%
Vitec Nice Software for liability insurance companies in Norway and Sweden. Complete enterprise-management system for both established insurance companies and startups. The business unit includes the company Vitec Nice AS.	Property and liability insurance 	2015	18	73%
Vitec Plania Software for facility management in Norway. The products include comprehensive enterprise-management systems for operation, maintenance, hire and cleaning of real estates, buildings, and production equipment within facility management. The business unit includes the company Vitec Plania AS.	Property Management 	2016	35	61%
Vitec Tietomitta 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 business unit includes the company Vitec Tietomitta Oy.	Waste management 	2016	51	81%
Vitec Visiolink Software for media companies in Europe. Offers publishing system for digital versions of print media, such as daily newspapers. The business unit includes the companies Vitec Visiolink Management ApS, Vitec Visiolink ApS and Vitec LIVEdition ApS.	Media 	2020	62	68%
Vitec Aloc Software for the banking and finance industry in the Nordic region and western Europe. The niche products are designed for specific tasks such as portfolio and risk management and stock exchange trading. The business unit includes the companies Vitec Aloc A/S and Vitec Aloc AS.	Finance  	2014	105	89%
Vitec MV Software for the education sector in Denmark, Norway and Sweden. Our primary offering is a cloud-based product for people with reading and writing difficulties and are used within compulsory school and other education companies as a teaching tool. The business unit includes the companies Vitec MV A/S, Vitec MV AS and Vitec MV AB.	Reading and writing difficulties   	2017	106	48%
Vitec WIMS Software for insurance companies in Norway. Complete enterprise-management system for insurance companies. The business unit includes the company Vitec WIMS AS.	Property and liability insurance 	2019	26	72%

Balance sheets and cash flow

Cash and cash equivalents

The Group's cash and cash equivalents, including current investments at the end of the period, totaled SEK 165.9 million (70.8). In addition to cash and cash equivalents, Vitec has overdraft facilities of SEK 250 million and SEK 511.1 million in unutilized portions of the credit facility.

During the period we signed an agreement for a new revolving credit facility with Nordea and SEB for SEK 1,000 million; this agreement replaces the previous facility of SEK 500 million. Its terms, conditions and covenant requirements are in line with our previous agreements with the bank.

Financial liabilities

At Wednesday, September 30, 2020, interest-bearing liabilities totaled SEK 586.7 million (498.2) and comprised SEK 562.8 million (492.6) in non-current interest-bearing liabilities and SEK 23.9 million (5.6) in current interest-bearing liabilities.

Non-current interest-bearing liabilities comprised bank loans of SEK 497.9 million, as well as convertible debentures totaling SEK 64.9 million. Current interest-bearing liabilities comprised bank loans of SEK 2.8 million as well as convertible debentures totaling SEK 21.2 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.

Liabilities relating to financial leases are included in other non-current liabilities of SEK 43.4 million and in other current liabilities of SEK 28.9 million.

Cash flow and investments

During the period, financing was arranged by using SEK 144.3 million from the credit facility and by taking out a convertible loan of SEK 13.5 million. Repayment of the facility totaled SEK 39.8 million, amortization of bank loans amounted to SEK 7.5 million, and amortization related to leases was SEK 30.5 million. Cash flow from operating activities was SEK 375.1 million (221.6). Investments totaled to SEK 119.6 million in capitalized work, SEK 0.2 million in other intangible assets and SEK 4.3 million in property, plant and equipment. Investments in right-of-use assets not affecting cash flow totaled SEK 5.6 million. The acquisitions of the Visiolink Group, ALMA Consulting Oy, LJ System AB and Appva AB added SEK 263.4 million in product rights, brands, customer contracts and goodwill.

Convertible debentures

Convertible debentures are included under non-current and current interest-bearing liabilities:

- Loan 1801 (current liability, convertible program, employees). SEK 21.2 million. The term 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. 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 31.6 million. The duration of the loan is from June 12, 2019 to June 30, 2022. The interest rate is based on Stibor 180 (Stockholm Interbank Offered Rate). The conversion price is SEK 125. 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.

- Loan 2001 (non-current liability, convertible, acquisition of Visiolink Management ApS) SEK 13.3 million. The duration of the loan is from January 30, 2020 to December 30, 2022. The interest rate is based on Stibor 180 (Stockholm Interbank Offered Rate). The conversion price is SEK 230. Conversion may be exercised from January 1, 2021, to June 30, 2022, upon which the share capital may increase by no more than SEK 6,130. Full conversion would entail a dilution of approximately 0.2% of the capital and 0.1% of the votes.

- Loan 2006 (non-current liability, convertible, acquisition of Appva AB) SEK 7.5 million. The duration of the loan is from June 17, 2020 to December 30, 2022. The interest rate is based on (the Stockholm Interbank Offered Rate) Stibor 180. The conversion price is SEK 240. Conversion may be exercised from January 1, 2022 to December 30, 2022, upon which the share capital may increase by no more than SEK 3,333. Full conversion would entail a dilution of approximately 0.1% of the capital and 0.1% of the votes.

- Loan 2009 (non-current liability, convertible program, employees). SEK 12.5 million. The duration of the loan is from September 1, 2020 to September 30, 2023. The interest rate is 0.3%. The conversion price is SEK 333. Conversion may be exercised between September 1 and September 30, 2020, upon which the share capital may increase by no more than SEK 4,057. Full conversion would entail a dilution of approximately 0.12% of the capital and 0.07% of the votes.

Incentive program

The Annual General Meeting on June 23 resolved on a warrant incentive program. The program is aimed at 40 people in Sweden, Finland, Norway and Denmark.

At the end of the subscription period, 251,000 warrants were transferred to senior executives in the Group on market-based terms. According to the AGM resolution, participants in the incentive program were subsidized equivalent to net 50% of the option premiums, which had a negative impact on profit for the period of SEK 7.4 million. All participants in Norway, Finland, Sweden and Denmark then paid premiums for the warrants for a value of SEK 6.2 million, which was recognized in equity.

The warrants entitle the holder to subscribe for one share and can be exercised during the period September 1-15, 2023,

at a price of SEK 333 per share, upon which the share capital may increase by no more than SEK 25,100. When fully exercised, this corresponds to a dilutive effect of 0.77% on share capital and 0.42% of voting rights.

Shareholders' equity

Equity attributable to Vitec's shareholders totaled SEK 825.6 million (749.9). The equity/assets ratio is 38% (42). The Annual General Meeting in June resolved to approve a dividend

of SEK 1.35 per share for a total of SEK 44.0 million. The dividend will be divided up and paid on four payment dates: June 30, September 30, December 30 and March 30 2021. The dividend paid to date totaled SEK 22.2 million.

Taxes

Current tax for the period amounted to SEK 38.6 million (20.7). Deferred tax totaled SEK -6.0 million (2.0).



Acquisitions during the period

Acquisition Visiolink Management ApS

On January 30, Vitec acquired all shares and voting rights in the Danish software company Visiolink Management ApS with subsidiaries, which together have around 200 customers all over Europe. Visiolink offers a publishing system for digital versions of print media, such as daily newspapers, and targets media companies. Visiolink currently has customers in nine European countries, where the Nordic countries account for a large portion of sales. The Visiolink Group reported sales of SEK 62.4 million in 2019, with an adjusted EBITDA of SEK 14.9 million.

Payment was in cash and with a convertible, with deviation from shareholders' preferential rights in accordance with the authorization from the Annual General Meeting on April 10, 2019. The convertible matures in 36 months and at full conversion will have a dilutive effect on share capital of 0.2%. The acquisition is expected to yield an immediate increase in earnings per share.

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 and 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 0.6 million and were recognized as acquisition-related costs in profit or loss. From the date of acquisition up to and including September 30, revenues in the acquired company totaled SEK 43.5 million and profit before tax was SEK 5.9 million. If consolidation had occurred at the beginning of the year, the company would have provided the Group with an additional approximately SEK 4.7 million in sales and SEK 0.2 million in profit before tax.

The acquisition of the Visiolink Group added SEK 38.0 million in product rights, SEK 1.9 million in brands, SEK 4.7 million in customer agreements and SEK 40.7 million in goodwill. The expensed convertible totals SEK 14.1 million.

Acquisition ALMA Consulting Oy

On March 17, Vitec acquired all shares and voting rights of the Finnish software company, ALMA Consulting Oy. The company reported sales of SEK 31.6 million, with an adjusted EBITDA of SEK 7.9 million for the 2019 financial year. ALMA Consulting Oy develops and delivers information management software for the process industry and energy companies in Finland. The products enable companies to streamline and plan their production supporting processes. The company currently has about 100 customers.

Payment was in cash and with a contingent consideration. The acquisition is expected to yield an immediate increase in earnings per share.

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 and 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 1.4 million and were recognized as acquisition-related costs in

profit or loss. From the date of acquisition up to and including September 30, revenues in the acquired company totaled SEK 15.2 million and profit before tax was SEK -1.1 million. If consolidation had occurred at the beginning of the year, the company would have provided the Group with an additional approximately SEK 4.7 million in sales and SEK 1.3 million in profit before tax.

The acquisition of ALMA added SEK 12.0 million in product rights, SEK 0.9 million in brands, SEK 2.5 million in customer agreements and SEK 42.4 million in goodwill. The expensed portion of the contingent consideration amounts to SEK 11.1 million and is subject to EBITDA improvements at December 31, 2020 and is measured at maximum outcome.

Acquisition LJ System AB

On April 22, Vitec acquired all of the shares and voting rights of the Swedish software company, LJ System AB. The software company LJ System has its headquarters in Lund and offers products for church-related administration and preschools. The product Fas Församlingsadministration is a module-based enterprise management system used by about 300 parishes. The product facilitates functions such as cemetery administration with digital maps, business and payroll management and reservations by computer, phone and tablet. Abbum is another product used to manage administration and education, primarily in the preschool. The company is expected to achieve sales of about SEK 18 million during the current 2019-2020 split financial year, with an adjusted EBITDA result of about SEK 2.5 million.

Payment was in cash and the acquisition is expected to yield an immediate increase in earnings per share.

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 and 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 0.3 million and were recognized as acquisition-related costs in profit or loss. From the date of acquisition up to and including September 30, revenues in the acquired company totaled SEK 8.7 million and profit before tax was SEK 0.5 million. Due to the application of the split financial year, disclosures about revenue and earnings from the beginning of the year are not deemed to be true and fair.

The acquisition of LJ System added SEK 6.7 million in product rights, SEK 0.5 million in brands, SEK 4.4 million in customer agreements and SEK 8.1 million in goodwill.

Acquisition Appva AB

On June 17, Vitec acquired all of the shares and voting rights of the Swedish software company, Appva AB, including the wholly owned subsidiary Utvecklingsbolaget RAUK AB. Appva AB reported sales of SEK 22.9 million, with an adjusted EBITDA of SEK 2.1 million for the 2019 financial year. The company provides the product Medication and Care Support System, MCSS, a mobile and digital signature app for medica-

tion tracking within the municipal care system. The product was launched in 2012 and is used by about 100 customers in Sweden, most of which are municipalities. MCSS offers customers an array of recordkeeping functions; for example, care personnel can use a tablet, smartphone or computer to enter and sign off on medications given to patients, along with a secure and reliable method for recording each care procedure.

Payment was in cash and with a contingent consideration. In addition, a convertible was issued with deviation from shareholders' preferential rights in accordance with the authorization from the Annual General Meeting on April 10, 2019. The convertible matures in 36 months and at full conversion will have a dilutive effect on capital of 0.1%. The acquisition is expected to yield an immediate increase in earnings per share for Vitec.

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 and complementary

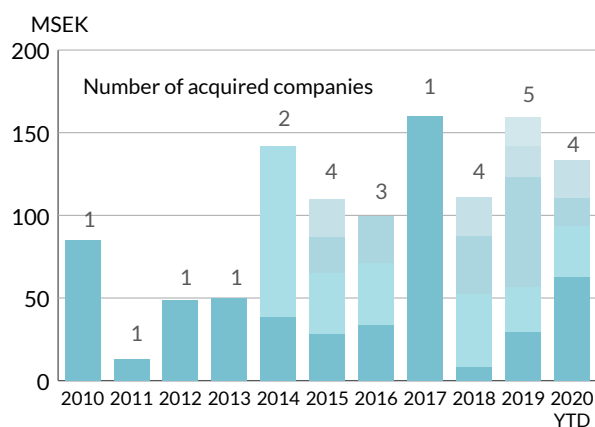
expertise requirements, as well as anticipated synergy effects, in the form of the joint development of our products. At September 30, acquisition-related expenses totaled SEK 0.3 million and were recognized as acquisition-related costs in profit or loss. From the date of acquisition up to and including September 30, revenues in the acquired company totaled SEK 10.0 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 11.6 million in sales and SEK 2.8 million in profit before tax.

The acquisition of Appva added SEK 9.0 million in product rights, SEK 1.4 million in brands, SEK 4.5 million in customer agreements and SEK 85.9 million in goodwill. The expensed portion of the contingent consideration amounts to SEK 55.0 million and is subject to EBITDA improvements at December 31, 2020 and December 31, 2021. The contingent consideration is valued at maximum outcome.

Acquisition-driven growth

Vitec has an explicit acquisitions-based growth strategy with a sharp focus on profitability and stable cash flows. Our focus on strong cash flows through a high proportion of recurring revenues creates the financial foundation for continued acquisition-driven growth.

Acquired annual sales



Net sales, rolling 12 months

SEK million	okt 19-sep 20
Reported net sales, rolling 12 months	1,248
of which recurring revenues, rolling 12 months	1,032
Annual effect of acquired units	74
of which recurring revenues	52
Proforma net sales, rolling 12 months	1,323
Proforma recurring revenues, rolling 12 months	1,084

Other significant events during the period

September 28: Vitec refinances and doubles its loan facility

Vitec Software Group AB (publ) signed an agreement for a revolving loan facility with Nordea and SEB for SEK 1,000 million. It replaces a previous facility of SEK 500 million at Nordea. The new facility increases the scope by SEK 500 million.

September 16: Allocation of employee convertibles and warrant incentive program

On June 23, 2020, the Annual General Meeting of Vitec Software Group AB (publ) resolved to carry out a convertible program 2020-2023 for all employees in Sweden, Finland, Norway and Denmark.

Subscription and allocation of employee convertibles has now ended. The total subscription amount was SEK 13.5 million. The loan can be converted into shares during the period September 1–30, 2023, at a price of SEK 333 per share. On full conversion, this corresponds to a dilutive effect of 0.12% on share capital and 0.07% of voting rights.

The Annual General Meeting also resolved on a warrant incentive program. The program is aimed at 40 people in Sweden, Finland, Norway and Denmark.

Vitec AB, a subsidiary of Vitec Software Group AB (publ), has

subscribed for all 400,000 of the issued warrants, 251,000 of which were then transferred to senior executives in the Group on market-based terms. The warrants entitle the holder to subscribe for one share and can be exercised during the period September 1-15, 2023, at a price of SEK 333 per share. When fully exercised, this corresponds to a dilutive effect of 0.77% on share capital and 0.42% of voting rights.

July 31: Changed number of votes

The number of votes in Vitec Software Group AB (publ) changed in July as a result of the conversion of 300,000 class A shares to 300,000 class B shares. The change occurred based on the option for class A shareholders to request conversion of class A shares to class B shares as stated in the articles of association, paragraph 5, Class of Shares.

Following the conversion, there are a total of 32,573,216 registered shares, including 3,050,000 class A shares with 30,500,000 votes and 29,523,216 class B shares with 29,523,216 votes. The total number of votes in the company as of July 31, 2020 amounts to 60,023,216.



Risks and uncertainties

Material risks and uncertainties are described in the administration report of the 2019 Annual Report under "Risks and uncertainties" on pages 38-41, in Note 1, under the section, Assessments and estimates on pages 66-67, and in Note 11 "Financial risks and the management of such risks" on pages 102-103. No material changes have occurred since then.

Coronavirus and COVID-19

On March 11, 2020, the World Health Organization (WHO) declared the spread of the coronavirus and COVID-19 to be a pandemic. We have seen that the pandemic has had a severe

effect on communities in much of the world, and the Nordic countries, where most of our operations are located, are no exception. Not only has the pandemic had major consequences for human health, but the economic impact of the outbreak of the disease is also expected to be substantial. Our focus is on reducing the risk of spreading the coronavirus and protecting the health of our employees, at the same time that we are working to minimize the impact on our business.

We have not yet seen any material effects on the Group's finances and performance. Depending on how long we remain in this situation, we may see an impact on our service revenues and sales, as well as on the variable portion of recurring revenues. Planned projects may also be delayed.

Parent Company

Net sales totaled SEK 86.6 million (77.6) and essentially comprised invoicing to subsidiaries for services rendered. Profit after tax was SEK 26.3 million (-12.8). Parent Company earnings were charged with unrealized foreign-exchange

losses totaling SEK 28.9 million (-22.5). 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 transactions with related parties occurred in the Group or Parent Company during the period.

Accounting and measurement policies

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 A number of new or amended standards entered into force as of 2020. None of these changes are expected to have a material effect on the Group's accounts.

In Denmark, a new law on vacation days has come into force. The law entails a change in accounting policies for our Danish companies and will result in higher liabilities in the balance sheet. Part of the vacation liability must remain on the books until employees retire or leave the company, and have therefore been classified as non-current, SEK 13.1 million.

In 2020, the Group received government aid as part of the relief measures taken by the authorities to mitigate the effects of COVID-19. The government aid mainly relates to the reduction of social security contributions and compensation for sick pay. In accordance with IAS 20, the government relief measures have been recognized as reductions in personnel expenses in the same period as the expenses that the subsidies are intended to cover. The amount is SEK 4.8 million and is included in the total cost reductions of SEK 9 million due to COVID-19.

Operating segments

Operating segments are defined as business units, of which there were 26 as at the third quarter, each generating revenue and incurring costs. Their operating profit/loss is regularly followed up by the highest executive decision-maker, the

CEO and group chief executive. Separate financial information is available for each unit. The operating segments form the operational structure for internal governance, follow-ups, and reporting. Based on the character of the services offered with their high proportion of recurring revenues, similar range of products, and similar financial characteristics, all of the group's operating segments/business units were aggregated into one operating segment in the financial reports as of 1 January 2020 in accordance with the rules of IFRS 8.

Financial instruments

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 contingent considerations in conjunction with acquisitions.

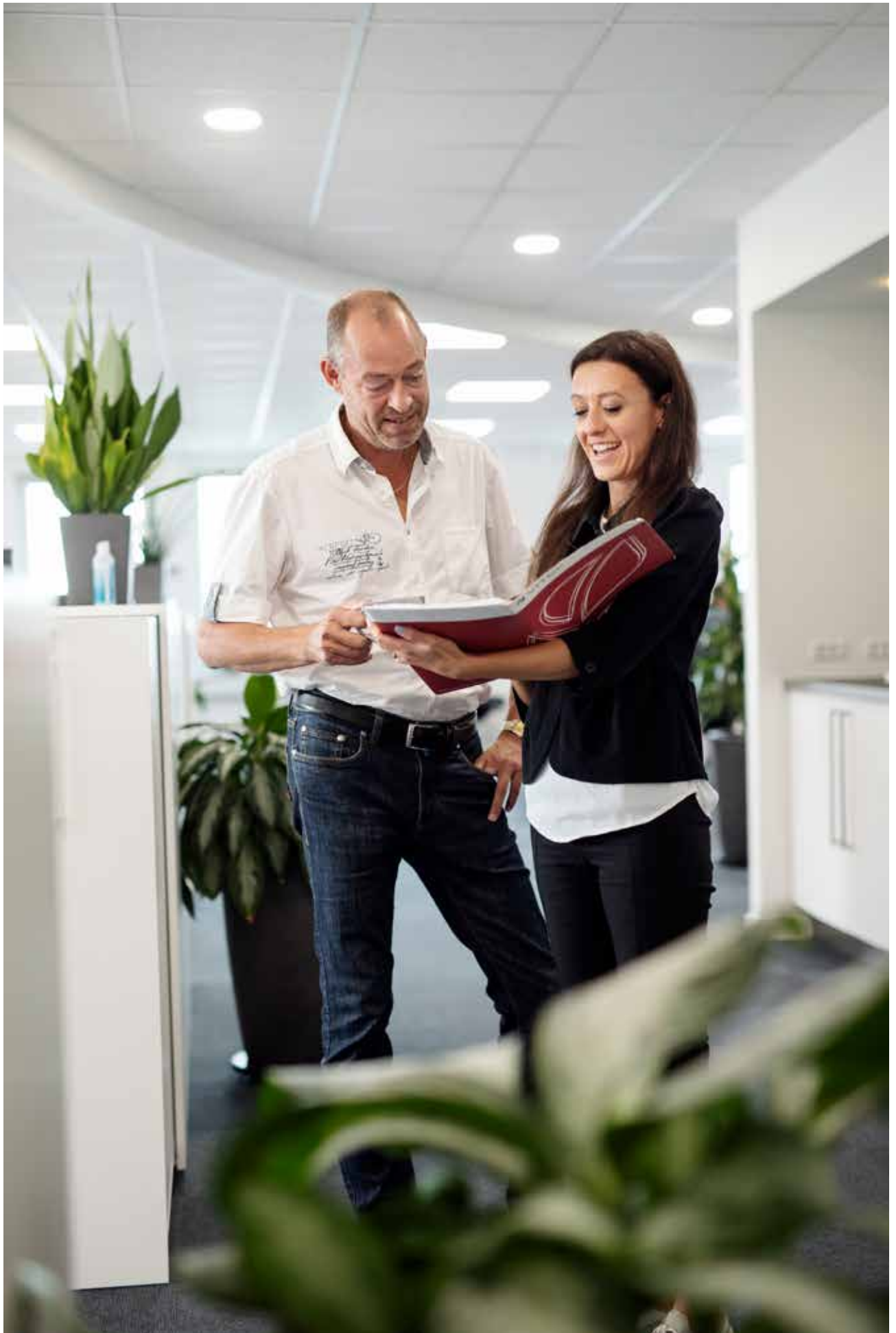
Recurring measurements at fair value, at September 30, 2020, SEK thousands

	Level 1	Level 2	Level 3	Book value
Contingent consideration consideration, M&V Software Oy			10,541	10,541
Contingent consideration, WIMS AS			27,585	27,585
Contingent consideration, ALMA Consulting Oy			10,541	10,541
Contingent consideration Appva AB			53,218	55,000
Total			101,885	103,667

Signature

Umeå, Thursday, October 15, 2020

Lars Stenlund
Chief Executive Officer



Condensed consolidated statement of comprehensive income

SEK THOUSANDS	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
OPERATING REVENUES					
Recurring revenues	276,817	236,431	795,796	671,225	907,535
License revenues	1,223	2,996	5,680	13,681	17,836
Service revenues	38,793	32,642	129,149	119,366	162,672
Other revenues	4,115	16,620	20,045	54,240	68,206
NET SALES	320,948	288,689	950,670	858,512	1,156,249
Capitalized development costs	36,649	34,272	119,584	103,520	138,738
TOTAL REVENUES	357,597	322,961	1,070,254	962,033	1,294,987
OPERATING EXPENSES					
Goods for resale	-4,459	-11,899	-18,307	-43,263	-51,728
Subcontractors and subscriptions	-36,497	-32,771	-108,507	-94,505	-130,142
Other external expenses	-28,768	-33,024	-99,511	-103,468	-137,939
Personnel expenses	-171,744	-148,757	-505,325	-444,527	-609,114
Depreciation of property, plant and equipment	-12,041	-10,719	-35,743	-31,286	-48,451
Amortization and impairment of intangible fixed assets	-18,338	-17,523	-56,657	-51,805	-69,935
Unrealized exchange-rate gains/losses (net)	398	786	596	1,210	-351
TOTAL EXPENSES	-271,448	-253,908	-823,454	-767,644	-1,047,659
EBITA	86,149	69,053	246,801	194,389	247,328
Acquisition-related costs	91	-6	-10,982	-8,641	-11,752
Acquisition-related amortization and impairment losses	-25,231	-24,092	-78,294	-67,608	-91,654
OPERATING PROFIT/LOSS	61,009	44,955	157,525	118,139	143,922
Financial income	-135	183	523	744	1,851
Financial expenses	-3,561	-4,114	-11,298	-10,065	-15,748
TOTAL FINANCIAL ITEMS	-3,695	-3,931	-10,775	-9,322	-13,897
PROFIT AFTER FINANCIAL ITEMS	57,314	41,022	146,750	108,818	130,025
Tax	-14,319	-5,168	-32,573	-22,644	-27,858
NET PROFIT FOR THE PERIOD	42,995	35,854	114,177	86,174	102,166
OTHER COMPREHENSIVE INCOME, ITEMS THAT MAY BE RECLASSIFIED AS PROFIT/LOSS FOR THE YEAR					
Restatement of net investments in foreign operations and hedge accounting of the same	-131	15,234	-34,771	28,107	6,425
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-131	15,234	-34,771	28,107	6,425
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	42,865	51,091	79,406	114,281	108,592
PROFIT FOR THE PERIOD ATTRIBUTABLE TO					
– Parent Company shareholders	42,995	35,854	114,177	86,174	102,166
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO					
– Parent Company shareholders	42,865	51,091	79,406	114,281	108,592

Condensed consolidated statement of financial position

SEK THOUSANDS	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
ASSETS			
FIXED ASSETS			
Goodwill	770,888	592,216	617,900
Other intangible fixed assets	929,968	844,049	847,798
Tangible property, plant and equipment	113,829	92,312	130,656
Financial fixed assets	1,660	1,971	2,008
Deferred tax assets	6,978	9,216	7,015
TOTAL FIXED ASSETS	1,823,324	1,539,763	1,605,377
CURRENT ASSETS			
Inventories	2,978	4,673	3,781
Current receivables	163,529	188,984	264,521
Cash and cash equivalents	165,869	70,784	16,658
TOTAL CURRENT ASSETS	332,376	264,441	284,960
TOTAL ASSETS	2,155,700	1,804,204	1,890,336
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	825,641	749,885	759,432
Non-current interest-bearing liabilities	562,752	492,614	467,407
Deferred tax	188,383	169,635	174,031
Other non-current liabilities	105,627	72,779	105,540
TOTAL NON-CURRENT LIABILITIES	856,762	735,027	746,979
Accounts payable	29,011	24,177	34,758
Current portion of interest-bearing liabilities	23,933	5,620	3,026
Other current liabilities	200,974	104,129	115,148
Accrued expenses	90,839	87,953	86,037
Prepaid recurring revenues	128,540	97,413	144,956
TOTAL CURRENT LIABILITIES	473,297	319,292	383,925
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,155,700	1,804,204	1,890,336

Condensed consolidated statement of changes in equity

SEK THOUSANDS	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS					
Opening balance	786,620	696,460	759,432	669,628	669,628
Correction of error attributable to previous year	-	-	-	-	-2,456
Convertible debenture with stock options	997	-	2,718	2,448	2,448
Debenture conversion	-	2,335	-	2,335	20,026
Paid option premiums	6,235	-	6,235	-	-
Dividends paid	-11,075	-	-22,150	-38,807	-38,807
Total comprehensive income	42,865	51,091	79,406	114,281	108,592
CLOSING BALANCE	825,641	749,885	825,641	749,885	759,432

Condensed consolidated statement of cash flow

SEK THOUSANDS	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
OPERATING ACTIVITIES					
Operating profit	61,009	44,956	157,525	118,140	143,922
Adjustments for non-cash items					
Depreciation/amortization and impairment losses	55,609	52,335	170,694	150,699	210,040
Unrealized foreign exchange gains	-398	-786	-596	-1,210	351
	116,220	96,505	327,623	267,629	354,313
Interest received	-135	183	523	744	1,851
Interest paid	-2,486	-3,256	-8,298	-7,713	-11,022
Income tax paid	1,609	-8,633	-10,718	-28,443	-24,515
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	115,208	84,799	309,130	232,217	320,627
Changes in working capital					
Increase/Decrease in inventories	-301	722	803	1,308	2,200
Increase/Decrease in accounts receivable	3,463	12,216	129,446	108,809	13,165
Decrease/increase in operating receivables	6,060	-10,130	6,877	-33,227	-9,943
Decrease/increase in accounts payable	1,523	-13,387	-9,122	-19,512	-9,288
Increase/decrease in operating liabilities	-52,642	-37,998	-62,068	-67,956	-33,517
CASH FLOW FROM OPERATING ACTIVITIES	73,311	36,222	375,066	221,639	283,245
INVESTING ACTIVITIES					
Acquisition of subsidiaries, net*	-	-	-148,252	-159,745	-218,865
Purchase of intangible fixed assets and capitalized development costs	-36,693	-34,273	-119,773	-104,038	-141,022
Purchase of property, plant and equipment	-1,234	-1,392	-4,325	-10,006	-15,625
CASH FLOW FROM INVESTING ACTIVITIES	-37,927	-35,665	-272,350	-273,789	-375,512
FINANCING ACTIVITIES					
Dividends to Parent Company shareholders	-11,075	-	-22,150	-38,807	-38,807
Borrowings	13,510	-	157,820	236,962	236,962
Repayment of loans	-17,108	-8,526	-77,817	-310,018	-325,488
Paid option premiums	6,235	-	6,235	-	-
CASH FLOW FROM FINANCING ACTIVITIES	-8,438	-8,526	64,089	-111,863	-127,334
CASH FLOW FOR THE PERIOD	26,946	-7,969	166,805	-164,013	-219,600
OPENING CASH AND CASH EQUIVALENTS, INCLUDING CURRENT INVESTMENTS	139,880	78,643	16,658	235,302	235,302
Exchange-rate differences in cash and cash equivalents	-959	110	-17,594	-505	956
CASH AND CASH EQUIVALENTS INCLUDING CURRENT INVESTMENTS AT THE END OF THE PERIOD**	165,869	70,784	165,869	70,784	16,658

*Payment for the acquisition of subsidiaries during the period was in cash for Visiolink ApS, ALMA Consulting Oy, LJ System AB and Appva AB. Net cash flow was SEK 142.7 million. The acquisitions pertained to all shares outstanding in their entirety and entailed the gain of controlling influence. In addition, the final settlement of contingent consideration for Vitec Avoine Oy was SEK 5.5 million. The payment did not entail any changes to controlling influence or the total number of shares.

Payment pertaining to the acquisition of subsidiaries in 2019 comprised payments for Vitec 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. In addition, final settlement of SEK 1.0 million was paid for the contingent consideration for PP7 Affärssystem AB. The payment did not entail any changes to controlling influence or the total number of shares.

**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	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Operating revenues	30,202	27,388	86,586	77,627	66,159
Operating expenses	-24,401	-16,683	-75,326	-62,878	-86,065
Unrealized exchange-rate gains/losses (net)	-938	-4,022	28,925	-22,454	-6,237
OPERATING PROFIT/LOSS	4,863	6,683	40,185	-7,705	-26,143
Profit/loss from financial investments					
Income from participation in Group companies	-	-	-	-	131,301
Interest income	86	35	404	75	772
Interest expenses	-3,213	-3,604	-9,608	-8,562	-12,357
PROFIT AFTER FINANCIAL ITEMS	1,736	3,114	30,981	-16,192	93,573
Appropriations	-	-	-	-	40,506
PROFIT/LOSS BEFORE TAX	1,736	3,114	30,981	-16,191	134,080
Tax	-388	583	-4,673	3,353	-264
NET PROFIT FOR THE PERIOD	1,348	3,697	26,308	-12,838	133,816

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

Condensed balance sheet, Parent Company

SEK THOUSANDS	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
ASSETS			
FIXED ASSETS			
Intangible fixed assets	1,101	1,716	1,559
Tangible property, plant and equipment	10,993	11,806	11,684
Financial fixed assets	1,814,759	1,489,875	1,535,376
TOTAL FIXED ASSETS	1,826,853	1,503,397	1,548,619
CURRENT ASSETS			
Current receivables	48,758	35,060	204,662
Cash and cash equivalents	149,726	59,278	-
TOTAL CURRENT ASSETS	198,484	94,338	204,662
TOTAL ASSETS	2,025,337	1,597,735	1,753,281
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	714,879	537,371	701,767
Untaxed reserves	2,042	2,448	2,042
Non-current liabilities	607,752	508,274	508,534
Current liabilities	700,664	549,643	540,937
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,025,337	1,597,735	1,753,281

Acquired assets and liabilities 2020

Preliminary acquisition calculations

Some items in the acquisition plans 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 plans remain preliminary, until 12 months after the acquisition date.

ACQUIRED ASSETS AND LIABILITIES, SEK THOUSANDS	Book value	Fair value adjustment	Fair value recognized in the Group
Goodwill	-	177,093	177,093
Intangible fixed assets	35,584	86,344	121,929
Tangible property, plant and equipment	994	-	994
Non-current receivables	1,223	-	1,223
Current receivables	33,759	-	33,759
Cash and cash equivalents	45,845	-	45,845
Deferred tax liabilities	-	-18,996	-18,996
Accounts payable	-65,818	-	-65,818
Other current liabilities	-19,291	-	-19,291
Total	32,296	244,441	276,738

EFFECT OF ACQUISITIONS ON CASH FLOW, SEK THOUSANDS

Group's purchase costs	-276,738
Expensed portion of purchase considerations	66,083
Convertible debentures	22,100
Acquired cash and cash equivalents	45,845
Net cash outflow	-142,710

Allocation of revenues and date of revenue recognition

Allocation of revenues and date of revenue recognition, SEK million	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Recurring revenues	276.8	236.4	795.8	671.2	907.5
Other revenues	44.1	52.3	154.9	187.3	248.7
Net sales	320.9	288.7	950.7	858.5	1,156.2
Date of revenue recognition					
Services transferred to customers over time, flat distribution	239.4	202.9	691.9	576.1	780.7
Services transferred to customers over time, in pace with use	76.3	66.2	233.1	214.5	289.5
Services transferred to customers at a given time	5.3	19.6	25.7	67.9	86.0
	320.9	288.7	950.7	858.5	1,156.2

Shareholder information

Publication

This information is such information that Vitec Software Group AB (publ) is required to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 8:00 a.m. (CET) on Thursday, October 15, 2020.

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.

Financial calendar

Year-end report January–December	Feb. 11, 2021, 8:00 a.m.
Interim report January–March	Apr. 16, 2021, 8:00 a.m.
Annual General Meeting	Apr. 28, 2021, 5:30 p.m.
Interim report January–June	July 15, 2021, 8:00 a.m.
Interim report January–September	Oct. 14, 2021, 8:00 a.m.
Year-end report January–December	Feb. 11, 2022, 8:00 a.m.

Financial information

Our website, vitecsoftware.com, is our primary channel for IR information, where we publish financial information immediately upon release.

We can also be contacted through the following channels:

By e-mail: ir@vitecsoftware.com

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

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

Vitec's 2019 annual report is available at vitecsoftware.com.

Corporate registration number

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



Lars Stenlund, CEO
+46 (0)70 659 49 39
lars.stenlund@vitecsoftware.com



Olle Backman, CFO
+46 (0)70 632 89 93
olle.backman@vitecsoftware.com



Patrik Fransson, Investor Relations
+46 (0)76 942 85 97
patrik.fransson@vitecsoftware.com

Definitions of key indicators

This interim report refers to several financial measurements that are not defined under IFRS, known as alternative performance measures, in accordance with ESMA's is called alternative. 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 indicators presented on the last 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.	A key indicator for the management of operational activities.
Recurring share of net sales	Recurring revenues in relation to net sales.	A key indicator for the management of operational activities.
Growth	The trend of the company's net sales in relation to corresponding year-earlier period.	Used to monitor the company's sales trend.
Growth in recurring revenues	Trend in recurring revenues in relation to the previous corresponding year.	Used to monitor the company's sales trend.
Organic growth in recurring revenues	Development of the company's recurring revenues, excluding acquired companies during the period, in relation to the corresponding year-earlier period.	Used to monitor the company's sales trend.
EBITA	Net profit/loss for the period before acquisition-related costs, acquisition-related depreciation/amortization and impairment losses, net financial items and tax.	Indicates the company's net profit/loss for the period before acquisition-related costs, acquisition-related depreciation/amortization.
EBITDA	Earnings before interest, tax, depreciation and amortization for the period.	Indicates the company's operating profit/loss before depreciation/amortization.
Acquisition-related costs	Costs such as broker fees, legal fees and stamp tax (tax on single property purchases).	Used to disclose items affecting comparability.
Acquisition-related depreciation/amortization and impairment losses	Depreciation/amortization and impairment losses regarding product rights and customer agreements.	Used to disclose items affecting comparability.
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.	Used to monitor the company's earnings trend.
EBITA margin	Operating profit before acquisition-related costs in relation to net sales.	Used to monitor the company's earnings trend.
Operating margin	Operating profit in relation to net sales.	Used to monitor the company's earnings trend.
Profit margin	Profit after tax for the period, in relation to net sales.	Used to monitor the company's earnings trend.
Equity/assets ratio	Shareholders' equity, including equity attributable to non-controlling interests as a percentage of total assets.	This measurement is an indicator of the company's financial stability.
Equity/assets ratio after full conversion	Shareholders' equity and convertible debentures as a percentage of total assets.	This measurement is an indicator of the company's financial stability.
Debt/equity ratio	Average debt in relation to average shareholders' equity and non-controlling interests.	This measurement is an indicator of the company's financial stability.
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.	An underlying measurement on which the calculation of other key indicators is based.

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.	This measurement is an indicator of the company's profitability in relation to externally financed capital and shareholders' equity.
Return on equity	Reported profit/loss after tax in relation to average equity attributable to Parent Company shareholders.	This measurement is an indicator of the company's profitability and gauges the return on shareholders' equity.
Sales per employee	Net sales in relation to the average number of employees.	This metric is used to assess the company's efficiency.
Added value per employee	Operating profit/loss plus depreciation/amortization and personnel expenses in relation to average number of employees.	This metric is used to assess the company's efficiency.
Personnel expenses per employee	Personnel expenses in relation to average number of employees.	A key indicator used to measure operational efficiency.
Average no. of employees	The average number of employees in the Group during the period.	An underlying measurement on which the calculation of other key indicators is based.
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.	This measurement indicates the equity per share at the balance-sheet date
Cash flow per share	Cash flow from operating activities before changes in working capital, in relation to the average number of shares.	Used to monitor the company's trend in cash flow per share.
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.	An underlying measurement on which the calculation of other key indicators is based.

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.	IFRS key indicators
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.	IFRS key indicators

Key indicators

		2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Net sales	SEK 000s	950,670	858,512	1,156,249
Recurring revenues	SEK 000s	795,796	671,225	907,535
Recurring share of net sales	(%)	84	78	78
Growth net sales	(%)	11	18	14
EBITA	SEK 000s	246,801	194,389	247,328
EBITA margin	(%)	26	23	21
Growth EBITA	(%)	27	24	14
Operating profit/loss (EBIT)	SEK 000s	157,525	118,139	143,922
Operating margin	(%)	17	14	12
Profit after financial items	SEK 000s	146,750	108,818	130,025
Profit after tax	SEK 000s	114,177	86,174	102,166
Profit margin	(%)	12	10	9
Profit after tax attributable to the Parent Company shareholders	SEK 000s	114,177	86,174	102,166
Balance-sheet total	SEK 000s	2,155,700	1,804,204	1,890,336
Equity/assets ratio	(%)	38	42	40
Equity/assets ratio after full conversion	(%)	43	45	43
Debt/equity ratio	(multiple)	1.51	1.67	1.50
Return on capital employed	(%)	14	14	12
Return on equity	(%)	17	19	14
Sales per employee	SEK 000s	1,169	1,257	1,669
Added value per employee	SEK 000s	1,039	1,045	1,339
Personnel expenses per employee	SEK 000s	621	651	879
Average no. of employees	(persons)	813	683	693
Adjusted equity per share (AES)	(SEK)	25.35	23.17	23.31
Earnings per share	(SEK)	3.51	2.66	3.16
Earnings per share after dilution	(SEK)	3.49	2.65	3.18
Dividend paid per share	(SEK)	0.68	1.20	1.20
Cash flow per share	(SEK)	9.49	7.18	9.90
Basis of computation:				
Earnings from calculation of earnings per share	SEK 000s	114,177	86,174	102,166
Cash flow from calculation of cash flow per share	SEK 000s	309,130	232,217	320,627
Average number of shares (weighted average)	(share)	32,573,216	32,347,983	32,372,267
Number of shares after dilution	(share)	33,117,231	32,879,414	32,717,425
Number of shares issued at balance-sheet date	(share)	32,573,216	32,368,775	32,573,216
Share price at close of the respective period	(SEK)	296.50	139.00	185.00

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