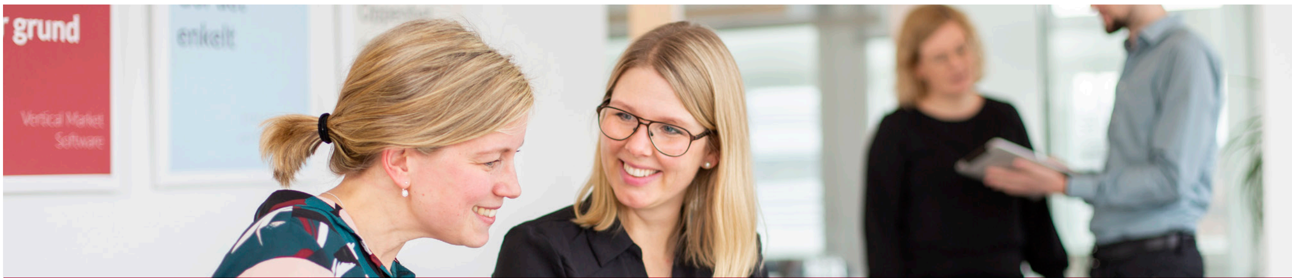
Interim report January–March 2021

vertical software

This is Vitec

Vitec is the leading software company in Vertical Market Software in the Nordic region. We develop and deliver standardized software for various functions in society. They can be found at the heart of a variety of businesses and activities, including pharmacies, banks, car repair shops, property management, health care and education. Our products enable us to help our customers achieve greater efficiency and to generate social benefit. The Group's overall processes, together with the employees' in-depth knowledge of the customer's local market enables continuous improvement and innovation. Our 975 employees are located in Denmark, Finland, Norway and Sweden. Vitec is listed on the Nasdaq Stockholm and had sales of SEK 1,313 million in 2020.



Business concept

To offer customers business-critical and proprietarily developed software, and thus provide them with the best conditions to develop their operations.

Our brand promise:

To rely on – Today and Tomorrow

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.

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.

Value-driven organization
Within the framework of our decentralized organization, the corporate culture plays a significant role in corporate governance and is important for our long-term success. Our values, brand promise and Code of Conduct are the three cornerstones of our corporate culture. Through an array of forums, we create conditions for employees and leaders to become part of our corporate culture.

975
employees

Summary of interim period, January–March 2021

- Net sales SEK 373 million (309), an increase of 21%
- Recurring revenues SEK 313 million (253), an increase of 24% including 7% organic
- ARR SEK 1,220 million (1,166), an organic increase of 5%
- EBITA was SEK 96 million (65), with an EBITA margin of 26% (21)
- Operating profit was SEK 56 million (32), with an operating margin of 15% (10)
- Earnings per share before dilution SEK 1.21 (0.67)
- Cash flow from operating activities SEK 310 million (233)
- Acquisition of Unikum and Travelize

Change-over

On April 29, I will leave the operational job as CEO of Vitec and the Board will transfer the responsibility to our current CFO Olle Backman. I feel confident in handing over the CEO role to Olle who is an experienced and proven good leader, well founded in our values and our corporate culture.

It is of course gratifying to be able to state in the last report as CEO that the first quarter has developed well. Our recurring revenues increased by 24 percent, of which 7 percent are organic, while the operating profit increased 73 percent compared with the same period last year.

We completed two acquisitions during the period, and we also expanded our credit facility by SEK 500 million. We are well prepared for the future and see excellent prospects for continued acquisition-based growth.

If the AGM decides according to the Nomination Committee's proposal, I will be able to continue my work in Vitec as Chairman of the Board, a completely different assignment but just as exciting. The constant change of Vitec is probably what has kept me going for over 35 years. And with growth, new employees and new customers, the continuous changes will keep on for a long time to come. I look forward to it!

Finally, a big and warm thank you to all employees, current and former, who so committed, creative, forward-looking, and effectively contributed to the continuous construction of Vitec - thank you!

Lars Stenlund, CEO


Lars Stenlund, CEO

Group financial information

Net sales and earnings

January–March 2021

Net sales

Net sales for the period totaled SEK 373.4 million (309.1) and included recurring revenues of SEK 313.5 million (253.3), license revenues of SEK 6.9 million (2.7), service revenues of SEK 47.8 million (44.6) and other revenues of SEK 5.1 million (8.5).

Comments on sales

Net sales rose a total of 21% for the period; recurring revenues rose 24%, including 7% organically. Rolling 12 months, aggregate recurring revenues amounted to SEK 1,220 million on a rolling 12-month basis. Other revenues decreased by 40%, mainly through lower hardware sales, which is completely in line with our strategy. Licensing increased by 159%, mainly attributable to our newly acquired companies. Service revenues gained 7%, compared with the corresponding period in 2020. Recurring revenues accounted for 84% of net sales, compared with 82% for the corresponding period in 2020. During the year acquired companies contributed SEK 29.2 million in net sales.

Earnings

EBITA was SEK 96.1 million (64.8), with an EBITA margin of 26% (21). Operating profit was SEK 55.7 million (32.3), with an operating margin of 15% (10). Profit after tax for the period amounted to SEK 40.0 million (21.7). Earnings per share before dilution totaled SEK 1.21 (0.67).

Comments on earnings

EBITA gained 48%, compared with the corresponding period in 2020. Acquisition-related costs had an impact of SEK 8.2 million on earnings, compared with SEK 6.2 million in 2020. We continue to estimate that temporary positive effects from factors such as reduced travel, canceled trade fairs and other customer-related activities account for about 1 percentage point of the improved margin. Transfers of primarily leases in accordance with IFRS 16 have reduced other external costs by SEK 7.4 million (8.4) and increased depreciation by SEK 11.0 million (7.7).

	2021 Jan–Mar	2020 Jan–Mar	Change
Net sales, SEK million	373	309	21%
Recurring share of net sales, %	84%	82%	
EBITA, SEK million	96	65	48%
EBITA margin, %	26%	21%	
Operating profit/loss, SEK million	56	32	73%
Operating margin %	15%	10%	
Net profit/loss for the period, SEK million	40	22	84%
Earnings per share, SEK	1.21	0.67	

Effects of the pandemic

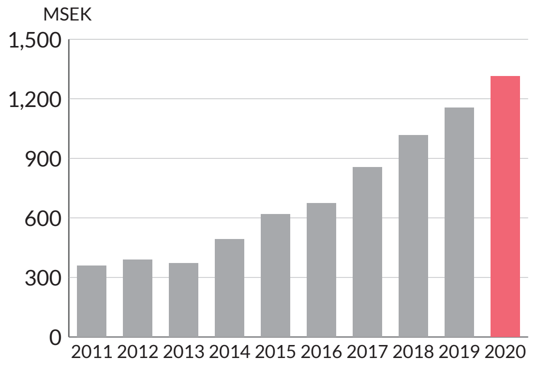
Our focus continues to be on helping to reduce the risk of spreading the coronavirus and protecting the health of our employees and customers, at the same time that we are working to minimize the impact on our business. Early last spring we changed how we work and most employees still work from home.

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.

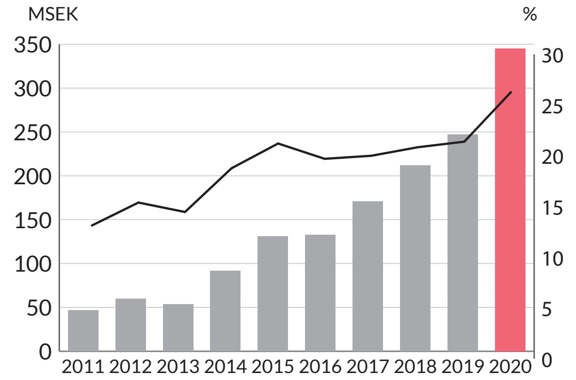
Depending on how long we continue to be in a situation where it is difficult to travel and meet our customers in person, we may see an impact on our service revenues and sales.

Diagrams on Group trends

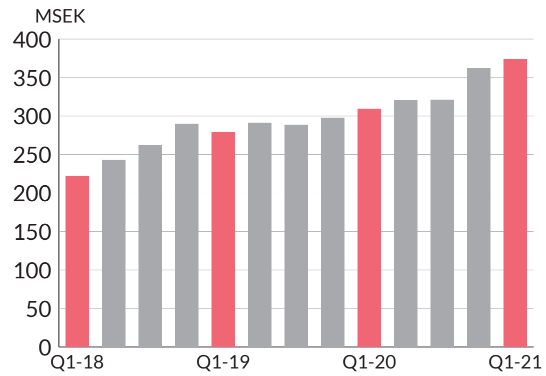
Sales



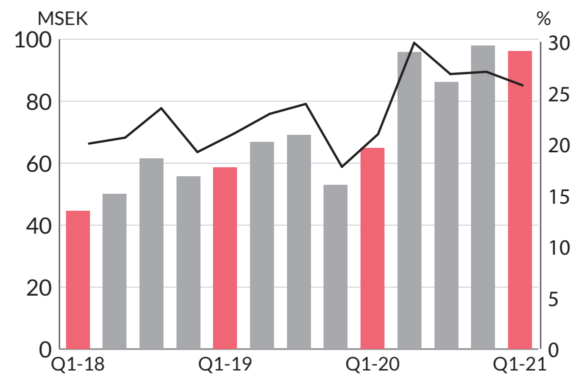
EBITA and EBITA margin



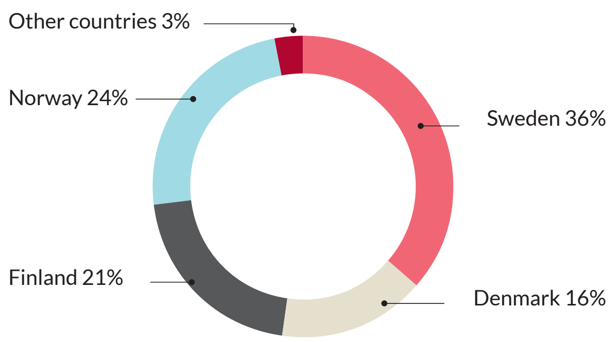
Sales by quarter



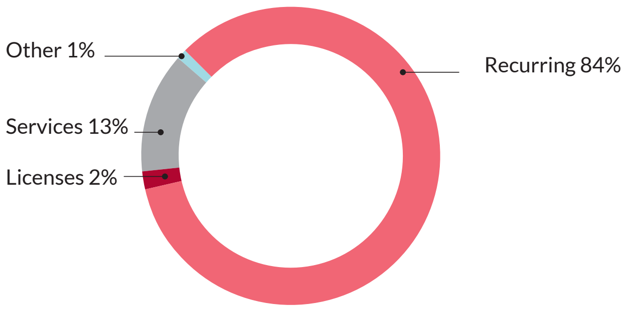
EBITA and EBITA margin by quarter



Sales by market, January–March 2021



Breakdown of revenue, January–March 2021



Sales broken down by business unit and customer

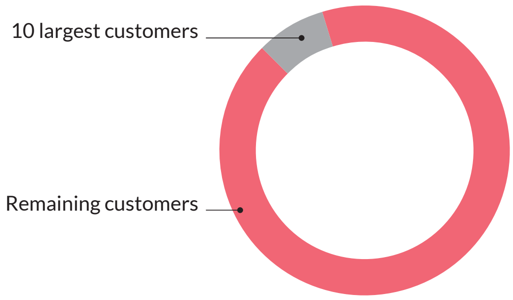
Because we operate in a number of niche markets in the Nordic region, we have good diversification of revenue in terms of both geography and area of operation. Although we operate in several niche markets, we still engage in essentially the same business. We develop and deliver standardized software 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 29 business units. No individual business unit accounts for more than 13% of consolidated sales.

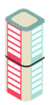
Customers

We have about 23,000 customers. The Group's ten largest customers account for approximately 7% of sales. The single largest customer accounts for approximately 1.6% of sales.



Our business units

We conduct our operations through our 29 independent business units. Vitec develops and delivers software aimed at various functions in society. They can be found at the heart of a variety of businesses and activities, including pharmacies, banks, car repair shops, property management, health care and education. Our products enable us to help our customers achieve greater efficiency and to generate social benefit. The diagram of the city below illustrates where our business units can be found and how we contribute to developments in society.

	Business unit	Software for:	Domicile	Acquisition year	Sales 2020, SEKm	Recur-ring
	**Vitec Actor Smartbook**	Municipal culture and recreation administration offices, as well as other visitor facilities in Norway and Sweden.	SE	2018	25	79%
	**Vitec Acute**	Healthcare companies in Finland	FI	2013	66	89%
	**Vitec Agrando**	Church activities in Norway.	NO	2018	25	88%
	**Vitec Aloc**	Banking and finance industry in the Nordic countries and western Europe.	DK, NO	2014	109	89%
	**Vitec ALMA**	Information management within the process industry and energy companies in Finland.	FI	2020	35	38%
	**Vitec Appva**	Healthcare and social services sector in Sweden.	SE	2020	30	95%
	**Vitec Autosystemer**	Automotive, transportation and machinery industry in Norway.	NO	2015	52	93%
	**Vitec Avoine**	Local associations and national organizations in Finland.	FI	2019	30	83%
	**Vitec Bygg & Fastighet**	Construction and property management industry in Sweden	SE	1985	196	69%
	**Vitec Capitex finanssystem**	Banking and finance industry, primarily in Sweden and with some establishment in Norway and Finland.	SE	2010	24	91%

Business unit	Software for:	Domicile	Acquisition year	Sales 2020, SEKm	Recur-ring
Vitec Cito	Pharmacy market in Denmark.	DK	2018	42	67%
Vitec Datamann	Car dealers and auto repair shops in Denmark.	DK	2015	48	76%
Vitec Energy AB	Electricity traders and owners of electricity and district heating grids in 25 different countries.	SE	1998	30	81%
Vitec Fixit	Hair and beauty salons in Norway.	NO	2019	59	97%
Vitec Futursoft	Automotive industry and machinery sector in Finland and Sweden.	FI	2016	82	91%
Vitec HK data	Health and welfare sector in Norway.	NO	2019	17	84%
Vitec Katrina	Church-related administration in Finland.	FI	2019	20	77%
Vitec Megler	Real estate agents in Norway.	NO	2012	82	93%
Vitec MV	Education sector in Denmark, Norway and Sweden.	DK, NO, SE	2017	56	84%
Vitec Mäklar-system	Real estate agents in Sweden.	SE	2010	79	96%
Vitec Nexgolf	Golf courses in Finland.	FI	2020	13	77%
Vitec Nice	Liability insurance companies in Norway and Sweden.	NO	2015	15	68%
Vitec Plania	Building and facility management in Norway.	NO	2016	33	66%
Vitec Samfunds-system	Church-related administration in Sweden.	SE	2018	44	77%
Vitec Tietomitta	Private and municipal waste-and-resource processing in Finland.	FI	2016	54	85%
Vitec Travelize	Travel agencies, primarily in Scandinavia.	SE	2021	17	78%
Vitec Unikum	Retail trade and manufacturing industry in Sweden.	SE	2021	103	77%
Vitec Visiolink	Media companies in Europe.	DK	2020	65	72%
Vitec WIMS	Insurance companies in Norway.	NO	2019	28	73%

Balance sheets and cash flow

Cash and cash equivalents
The Group's cash and cash equivalents at the end of the period totaled SEK 278.8 million (110.2). In addition to cash and cash equivalents, Vitec has overdraft facilities of SEK 125.0 million and SEK 515.0 million in unutilized portions of the credit facility.

Financial liabilities
At March 31, 2021, interest-bearing liabilities totaled SEK 1,047.9 million (522.2) and comprised SEK 1,045.1 million (498.2) in non-current interest-bearing liabilities and SEK 2.8 million (23.9) in current interest-bearing liabilities.

Non-current interest-bearing liabilities comprised bank loans of SEK 990.1 million, as well as convertible debentures totaling SEK 55.0 million. Current interest-bearing liabilities comprised bank loans of SEK 2.8 million. During the period, convertible loan 1906 was converted to class B shares, which reduced financial liabilities by SEK 31.5 million. The terms and conditions of the company's credit agreement contain 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 51.7 million and in other current liabilities of SEK 38.0 million.

Cash flow and investments
During the period, financing was arranged by using SEK 500 million from the credit facility and by taking out two convertible loans of SEK 21.5 million. A new loan was signed with Nordea and SEB amounting to SEK 500 million. Repayment of the facility totaled SEK 0 million, amortization of bank loans amounted to SEK 0.7 million, and amortization related to leases was SEK 7.3 million. Cash flow from operating activities was SEK 310.4 million (233.2). Investments totaled to SEK 54.8 million in capitalized work, SEK 0.1 million in other intangible assets and SEK 6.2 million in property, plant and equipment. Investments in right-of-use assets not affecting cash flow totaled SEK 35.3 million. Through the acquisitions of Unikum datasystem AB and Travelize International AB, SEK 619.1 million was invested in product rights, brands, customer agreements and goodwill.

The contingent consideration for WIMS AS was adjusted downward by SEK 1.0 million. Pursuant to IFRS 3:58, the adjustment was recognized as Other operating revenues, while an impairment of intangible assets was recognized simultaneously. The adjustment has had no impact on net profit/loss. During the period contingent considerations for the acquisitions of WIMS AS, M&V Software Oy and NexGolf Oy were settled. A total of SEK 45.8 million was paid. Partial payments related to contingent considerations for ALMA Consulting Oy and Appva AB have been paid amounting to a total of SEK 13.1 million.

The issue proceeds for the investment in the software company Nordkap AB were paid, amounting to SEK 10 million.

The fourth and final payment of the dividend for financial year 2019 was made on March 30, 2021, when SEK 10.9 million was paid.

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

• 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, 2022 to December 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 Stibor 180 (Stockholm Interbank Offered Rate). 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 12.6 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.

• Loan 2101 (non-current liability, convertible, acquisition of Unikum datasystem AB) SEK 14.9 million. The duration of the loan is from January 4, 2021 to December 30, 2023. The interest rate is based on Stibor 180 (Stockholm Interbank Offered Rate). The conversion price is SEK 373. Conversion may be exercised from January 1, 2023 to December 30, 2023, upon which the share capital may increase by no more than SEK 4,182. Full conversion would entail a dilution of approximately 0.1% of the capital and 0.1% of the votes.

• Loan 2102 (non-current liability, convertible, acquisition of Travelize international AB) SEK 6.7 million. The duration of the loan is from February 3, 2021 to December 30, 2023. The interest rate is based on Stibor 180 (Stockholm Interbank Offered Rate). The conversion price is SEK 362. Conversion may be exercised from January 1, 2023 to December 30, 2023, upon which the share capital may increase by no more than SEK 1,934. Full conversion would entail a dilution of approximately 0.1% of the capital and 0.0% of the votes.

Incentive program
There is an ongoing shareholder program consisting of 251,000 warrants. The program is aimed at 40 people in Sweden, Finland, Norway and Denmark. The grant date was September 16, 2020. 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 963.0 million (777.3). The equity/assets ratio is 32% (37). A dividend of SEK 1.64 per share is proposed to the Annual General Meeting on April 28, totaling SEK 58.4 million. The dividend will be divided up and paid on four payment dates: June 30, September 30, December 30 and March 30, 2022.

During the period, convertible loan 1906 was converted to class B shares. As a result of the conversion, the number of class B shares in Vitec increased by 260,480 and share capital in Vitec increased by SEK 26,048. The number of shares in Vitec after the conversion is 33,033,902 shares, including 3,050,000 class A shares.

Taxes
Current tax for the period amounted to SEK 7.8 million (6.7). Deferred tax totaled SEK 2.7 million (0.2).

Acquisitions during the period

Completed acquisitions

Two acquisitions occurred during the period: Unikum datasystem AB and Travelize International AB. From the acquisition date up to and including March 31, revenues in the acquired companies totaled SEK 29.2 million in sales and SEK 9.1 million in profit before tax. If consolidation had occurred at the beginning of the year, the companies would have provided the Group with an additional approximately SEK 1.3 million in sales and SEK 0.4 million in profit before tax. The acquisition-related expenses are recognized in operating profit and total SEK 2.9 million.

Acquisition Unikum datasystem AB

On January 4, Vitec acquired all shares in the Swedish software company Unikum Datasystem AB.

Unikum offers the Pyramid Business Studio software, a complete business and enterprise management system for small and medium enterprises. The product offers functions such as project management, accounting, customer care and e-commerce. The company reported sales of SEK 103.1 million, with an adjusted EBITDA of SEK 42.9 million for the 2020 financial year. Vitec welcomes 90 new employees as part of the acquisition.

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 June 23, 2020. 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. Consolidation will commence 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.

The acquisition of Unikum added SEK 63.4 million in product rights, SEK 5.2 million in brands, SEK 87.9 million in customer agreements and SEK 392.3 million in goodwill. The expensed convertible totals SEK 15.6 million.

Acquisition Travelize International AB

On February 3, Vitec acquired all shares in the Swedish software company Travelize International AB, with subsidiary. Travelize reported sales of SEK 17.1 million, with an adjusted EBITDA of SEK 4.1 million for the 2020 financial year.

Travelize develops and provides a complete enterprise management system for small and medium-sized travel agencies, primarily in Scandinavia. The web-based software enables travel reservations, web publishing and administration. The system offers an array of functions for customer and payment management, as well as marketing. The company's approximately 300 customers are mainly located in Sweden, Denmark and Norway. Vitec welcomes eight new employees as part of the acquisition.

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 June 23, 2020. 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. Consolidation will commence as of the acquisition date.

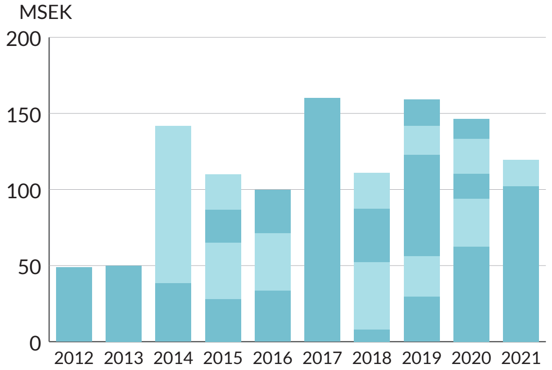
The goodwill item is not tax deductible and is deemed to be attributable to anticipated profitability and complementary expertise requirements, as well as anticipated synergy effects, in the form of the joint development of our products.

The acquisition of Travelize added SEK 8.7 million in product rights, SEK 0.5 million in brands, SEK 19.2 million in customer agreements and SEK 42.0 million in goodwill. The expensed convertible totals SEK 7.0 million. The expensed portion of the contingent consideration amounts to SEK 33.0 million and is subject to EBITDA improvements at December 31, 2021 and December 31, 2022. 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 revenue



The different blocks of color illustrate sales for each acquired company.

Effect of acquired units on sales

SEK million	Rolling 12, April 20-March 21	Rolling 12, April 19-March 20	Growth	2021 Jan–Mar	2020 Jan–Mar	Growth
Reported net sales	1,377	1,186	16%	373	309	21%
of which recurring revenues	1,141	954	20%	313	253	24%
Effect of acquired units	102	289		1	54	
of which recurring revenues	80	212		1	41	
Proforma net sales	1,479	1,476	0%	375	363	3%
Proforma recurring revenues (ARR)	1,220	1,166	5%	314	294	7%

Other significant events during the period

January 18: Convertible 1906 was converted in its entirety
The convertible, which was issued in June 2019 in conjunction with the acquisition of Odin Systemer AS (currently Vitec Fixit Systemer AS) has been converted in its entirety.

As a result of the conversion, the number of class B shares in Vitec increased by 260,480 and share capital in Vitec increased by SEK 26,048. The number of shares in Vitec after the conversion is 33,033,902 shares, including 3,050,000 class A shares.

March 15: Olle Backman new CEO, Lars Stenlund is proposed as new Chairman
The Board of Directors of Vitec Software Group AB (publ) has appointed Olle Backman to serve as new CEO and group chief executive. Olle Backman has been the CFO of Vitec since June 2019; before that, he was CEO of the electrical engineering company Eitech AB with over 1,000 employees in Sweden. He will take up the post of CEO on April 29. The Nomination Committee proposes the re-election of all members, as well as the election of Lars Stenlund, who is also proposed as the new Chairman of the Board.

March 24: Notice of Annual General Meeting
The shareholders of Vitec Software Group AB (publ) are hereby given notice of the Annual General Meeting to be held on Wednesday April 28, 2021.

Due to the coronavirus, the Board of Directors has decided that the Annual General Meeting will be conducted without the physical presence of shareholders, representatives, or third parties, and that shareholders will have the opportunity to exercise their voting rights only by post prior to the meeting. Information regarding the resolutions passed at the meeting will be disclosed on April 28, 2021, as soon as the outcome of the postal vote has been finalized.

March 29: Vitec expands its loan facility
Vitec Software Group AB (publ) has expanded its loan facility with Nordea and SEB by SEK 500 million to SEK 1,500 million.

Risks and uncertainties

Material risks and uncertainties are described in the administration report of the of the 2020 Annual Report under "Risks and uncertainties" on pages 48-50, in Note 1, under the section, Assessments and estimates on pages 76-77, and in Note 11 "Financial risks and the management of such risks" on pages 111-113. No material changes have occurred since then.

Coronavirus pandemic

In March 2020, the World Health Organization (WHO), declared the spread of the coronavirus and COVID-19 a pandemic. Shortly thereafter, Group management appointed a work group to be responsible for organization, coordination and communication at the Group level. Most decisions involving operations, however, were taken by each business unit according to our decentralized governance model. The Group's decisions and communication are based on:

- Trust and respect for government and local authorities, as well as their appointed experts.
- Care for all employees and their health.
- Our responsibility in society is to maintain functionality – our products support important societal functions.

Our focus continues to be on helping to reduce the risk of spreading the virus 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.

Parent Company

Net sales totaled SEK 29.8 million (26.8) and essentially comprised invoicing to subsidiaries for services rendered. Profit after tax was SEK -17.2 million (-3.7). Parent Company earnings were charged with unrealized foreign-exchange losses totaling SEK -18.2 million (-2.6). 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. No new or amended standards entered into force as of 2021 that are expected to affect the Group's accounts.

Operating segments
Operating segments are defined as business units, of which there were 29 as at the balance-sheet date, 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 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 March 31, 2021, SEK thousands				
	Level 1	Level 2	Level 3	Book value
Contingent consideration, ALMA Consulting Oy			7,166	7,166
Contingent consideration Appva AB			44,265	45,000
Contingent consideration Travelize International AB			32,063	33,000
Total			83,494	85,166

Signature

Umeå, April 16, 2021

Lars Stenlund
Chief Executive Officer

Condensed consolidated statement of comprehensive income

SEK THOUSANDS	2021 Jan–Mar	2020 Jan–Mar	2020 Jan–Dec
OPERATING REVENUES			
Recurring revenues	313,474	253,335	1,080,421
License revenues	6,949	2,682	14,682
Service revenues	47,824	44,638	189,238
Other revenues	5,118	8,475	28,449
NET SALES	**373,366**	**309,130**	**1,312,789**
Capitalized development costs	54,846	40,821	161,909
Reversal of supplementary purchase consideration	1,095	-	-
TOTAL	**429,307**	**349,951**	**1,474,697**
OPERATING EXPENSES			
Goods for resale	-4,584	-7,130	-24,761
Subcontractors and subscriptions	-43,834	-38,431	-146,993
Other external expenses	-41,102	-36,720	-138,325
Personnel expenses	-208,899	-174,350	-694,690
Depreciation of property, plant and equipment	-14,581	-11,027	-49,768
Amortization and impairment of intangible fixed assets	-19,484	-18,455	-75,420
Impairment of intangible assets	-1,095	-	-
Unrealized exchange-rate gains/losses (net)	371	983	46
TOTAL EXPENSES	**-333,209**	**-285,130**	**-1,129,912**
EBITA	**96,098**	**64,821**	**344,786**
Acquisition-related costs	-8,171	-6,154	-12,933
Acquisition-related amortization	-32,183	-26,356	-109,419
OPERATING PROFIT/LOSS	**55,745**	**32,311**	**222,434**
Financial income	16	225	313
Financial expenses	-5,206	-3,914	-15,115
TOTAL FINANCIAL ITEMS	**-5,190**	**-3,689**	**-14,802**
PROFIT AFTER FINANCIAL ITEMS	**50,555**	**28,622**	**207,632**
Tax	-10,545	-6,890	-46,922
NET PROFIT FOR THE PERIOD	**40,010**	**21,732**	**160,710**
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	47,287	-4,945	-63,970
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**47,287**	**-4,945**	**-63,970**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**87,296**	**16,786**	**96,741**
PROFIT FOR THE PERIOD ATTRIBUTABLE TO			
– Parent Company shareholders	40,010	21,732	160,710
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO			
– Parent Company shareholders	87,296	16,786	96,741

Condensed consolidated statement of financial position

SEK THOUSANDS	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
ASSETS			
FIXED ASSETS			
Goodwill	1,226,302	695,606	769,988
Other intangible fixed assets	1,138,376	941,938	917,372
Tangible property, plant and equipment	135,134	134,090	104,189
Financial fixed assets	11,384	1,728	1,325
Deferred tax assets	4,714	7,581	4,517
TOTAL FIXED ASSETS	2,515,909	1,780,943	1,797,391
CURRENT ASSETS			
Inventories	3,269	3,661	2,958
Current receivables	176,758	189,200	271,731
Cash and cash equivalents	278,810	110,216	134,695
TOTAL CURRENT ASSETS	458,836	303,077	409,384
TOTAL ASSETS	2,974,745	2,084,020	2,206,775
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	962,985	777,316	843,350
Non-current interest-bearing liabilities	1,045,108	498,236	555,327
Deferred tax	227,373	186,472	185,799
Other non-current liabilities	135,943	121,418	91,868
TOTAL NON-CURRENT LIABILITIES	1,408,424	806,126	832,994
Accounts payable	27,645	27,083	35,094
Current portion of interest-bearing liabilities	2,766	23,926	2,763
Other current liabilities	176,605	130,652	231,442
Accrued expenses	140,244	116,896	92,819
Prepaid recurring revenues	256,077	202,020	168,313
TOTAL CURRENT LIABILITIES	603,337	500,578	530,431
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,974,745	2,084,020	2,206,775

Condensed consolidated statement of changes in equity

SEK THOUSANDS	2021 Jan–Mar	2020 Jan–Mar	2020 Jan–Dec
EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS			
Opening balance	843,350	759,432	759,432
Convertible debenture with stock options	1,089	1,098	2,658
Debenture conversion	31,468	-	21,213
Option premiums	-	-	7,279
Dividends paid	-220	-	-43,974
Total comprehensive income	87,296	16,786	96,741
CLOSING BALANCE	962,985	777,316	843,350

Condensed consolidated statement of cash flow

SEK THOUSANDS	2021 Jan–Mar	2020 Jan–Mar	2020 Jan–Dec
OPERATING ACTIVITIES			
Operating profit	55,745	32,311	222,434
Adjustments for non-cash items			
Other operating revenues	-1,095	-	-
Loss on decommissioning of equipment, fixtures and fittings	-	-	189
Depreciation/amortization and impairment losses	67,342	55,838	234,607
Unrealized foreign exchange gains/losses	-371	-983	-46
Option premiums	-	-	1,044
	121,621	**87,166**	**458,228**
Interest received	17	225	313
Interest paid	-4,486	-3,088	-11,709
Income tax paid	-17,030	-3,372	-17,539
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	**100,122**	**80,931**	**429,293**
Changes in working capital			
Increase/Decrease in inventories	-294	121	823
Increase/Decrease in accounts receivable	120,505	121,221	6,396
Increase/Decrease in operating receivables	-15,924	-16,044	22,416
Increase/Decrease in accounts payable	-8,503	-8,894	-3,280
Increase/Decrease in operating liabilities	114,493	55,881	-19,314
CASH FLOW FROM OPERATING ACTIVITIES	**310,399**	**233,216**	**436,334**
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net*	-567,842	-109,003	-167,238
Acquisition of shares and participations	-10,000	-	-
Purchase of intangible fixed assets and capitalized development costs	-54,974	-40,920	-163,242
Purchase of property, plant and equipment	-6,226	-1,280	-9,648
CASH FLOW FROM INVESTING ACTIVITIES	**-639,042**	**-151,204**	**-340,128**
FINANCING ACTIVITIES			
Dividends to Parent Company shareholders	-10,901	-	-33,293
Borrowings	500,000	77,910	157,820
Repayment of loans	-8,039	-48,969	-92,269
Paid option premiums	-	-	6,235
CASH FLOW FROM FINANCING ACTIVITIES	**481,060**	**28,941**	**38,493**
CASH FLOW FOR THE PERIOD	**152,417**	**110,953**	**134,699**
OPENING CASH AND CASH EQUIVALENTS, INCLUDING CURRENT INVESTMENTS	**134,695**	**16,658**	**16,659**
Exchange-rate differences in cash and cash equivalents	-8,302	-17,395	-16,662
CASH AND CASH EQUIVALENTS INCLUDING CURRENT INVESTMENTS AT THE END OF THE PERIOD**	**278,810**	**110,216**	**134,695**

*Payment for the acquisition of subsidiaries during the period consisted of cash for Unikum datasystem AB ApS and Travelize International AB. Net cash flow was SEK 508.9 million. The acquisitions pertained to all shares outstanding in their entirety and entailed the gain of controlling influence. During the period contingent considerations were paid for the acquisitions of WIMS AS, M&V Software Oy, ALMA Consulting Oy, Appva AB and NexGolf Oy, totaling SEK 58.9 million. The payments did not entail any changes to controlling influence or the total number of shares held.

*Payment for the acquisition of subsidiaries during 2020 was in cash for Visiolink ApS and ALMA Consulting Oy. The net cash outflow was SEK 109.0 million. The acquisitions pertained to all shares outstanding in their entirety and entailed the gain of controlling influence.

**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	2021 Jan–Mar	2020 Jan–Mar	2020 Jan–Dec
Operating revenues	29,797	26,838	110,618
Operating expenses	-28,922	-25,505	-100,218
Unrealized exchange-rate gains/losses (net)	-18,233	-2,592	46,709
OPERATING PROFIT/LOSS	**-17,359**	**-1,260**	**57,109**
Income from participation in Group companies	-	-	177,692
Interest income	110	186	381
Interest expenses	-4,613	-3,395	-12,485
PROFIT AFTER FINANCIAL ITEMS	**-21,862**	**-4,468**	**222,697**
Appropriations	-	-	364
PROFIT/LOSS BEFORE TAX	**-21,862**	**-4,468**	**223,061**
Tax	4,643	810	-11,818
NET PROFIT FOR THE PERIOD	**-17,219**	**-3,658**	**211,243**

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

Condensed balance sheet, Parent Company

SEK THOUSANDS	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
ASSETS			
FIXED ASSETS			
Intangible fixed assets	1,004	1,405	1,036
Tangible property, plant and equipment	10,649	11,465	10,741
Financial fixed assets	2,474,558	1,691,221	1,852,355
TOTAL FIXED ASSETS	**2,486,211**	**1,704,091**	**1,864,131**
CURRENT ASSETS			
Current receivables	204,764	209,436	213,310
Cash and cash equivalents	263,604	64,223	123,743
TOTAL CURRENT ASSETS	**468,367**	**273,659**	**337,053**
TOTAL ASSETS	**2,954,578**	**1,977,749**	**2,201,185**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	910,662	698,294	900,187
Untaxed reserves	1,677	2,042	1,677
Non-current liabilities	1,123,108	548,225	600,327
Current liabilities	919,132	729,188	698,994
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,954,578**	**1,977,749**	**2,201,185**

Acquired assets and liabilities 2021

Preliminary acquisition calculations
Two acquisitions occurred during the period: Unikum datasystem AB and Travelize International AB. Some items in the acquisition plans may be remeasured, due to our brief ownership of the companies. 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	-	434,305	434,305
Intangible fixed assets	4,045	184,825	188,870
Tangible property, plant and equipment	1,768	-	1,768
Current receivables	9,607	-	9,607
Cash and cash equivalents	55,826	-	55,826
Deferred tax liabilities	-	-38,074	-38,074
Accounts payable	-1,054	-	-1,054
Other current liabilities	-30,912	-	-30,912
Total	**39,296**	**581,056**	**620,353**

EFFECT OF ACQUISITIONS ON CASH FLOW, SEK THOUSANDS	
Group's purchase costs	**-620,353**
Expensed portion of purchase considerations	33,000
Convertible debentures	22,600
Acquired cash and cash equivalents	55,826
Net cash outflow	**-508,927**

Allocation of revenues and date of revenue recognition

Allocation of revenues and date of revenue recognition, SEK million	2021 Jan–Mar	2020 Jan–Mar	2020 Jan–Dec
Recurring revenues	313.5	253.3	1,080.4
Other revenues	59.9	55.8	232.4
Net sales	**373.4**	**309.1**	**1,312.8**
Date of revenue recognition			
Services transferred to customers over time, flat distribution	270.2	219.8	939.4
Services transferred to customers over time, in pace with use	91.1	78.1	330.3
Services transferred to customers at a given time	12.1	11.2	43.1
	373.4	**309.1**	**1,312.8**

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 persons set out below, at 8:00 a.m. (CET) on Friday, April 16, 2021.

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.

This report has not been subject to review by the company's auditors.

Financial calendar

Annual General Meeting	April 28, 2021
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:
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Vitec's 2020 annual report is available at *vitecsoftware.com*.

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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.
Percentage of recurring revenues	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, including annual data for companies acquired during the period, in relation to the corresponding year-earlier period.	Used to monitor the company's sales trend.
Proforma net sales, rolling 12 months	Net sales the past four quarters with addition of sales from acquired units for the time prior to the acquisition date.	Used to monitor the company's sales trend.
ARR, Proforma recurring revenues, rolling 12	ARR, Annual Recurring Revenues. Recurring revenues the past four quarters with addition of recurring revenues from acquired units for the time prior to the acquisition date.	Used to monitor the company's sales trend.
Gross profit	The company's sales less the cost of goods purchased for resale and subcontractors and subscriptions.	Used to monitor the company's dependence on external direct costs
Gross margin	Gross profit in relation to net sales.	Used to monitor the company's dependence on external direct costs
EBITA	Net profit/loss for the period before acquisition-related costs, acquisition-related amortizations, net financial items and tax.	Indicates the company's net profit/loss for the period before acquisition-related costs, acquisition-related 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.
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

		2021 Jan–Mar	2020 Jan–Mar	2020 Jan–Dec
Net sales	SEK 000s	373,366	309,130	1,312,789
Recurring revenues	SEK 000s	313,474	253,335	1,080,421
Recurring share of net sales	(%)	84%	82%	82%
Growth net sales	(%)	21%	11%	14%
ARR	SEK 000s	1,220,288	1,166,141	1,107,759
EBITA	SEK 000s	96,098	64,820	344,786
EBITA margin	(%)	26%	21%	26%
Growth EBITA	(%)	48%	11%	39%
Operating profit/loss (EBIT)	SEK 000s	55,745	32,311	222,434
Operating margin	(%)	15%	10%	17%
Profit after financial items	SEK 000s	50,555	28,622	207,632
Profit after tax	SEK 000s	40,010	21,732	160,710
Profit margin	(%)	11%	7%	12%
Balance-sheet total	SEK 000s	2,974,745	2,084,020	2,206,775
Equity/assets ratio	(%)	32%	37%	38%
Equity/assets ratio after full conversion	(%)	35%	40%	41%
Debt/equity ratio	(multiple)	1.91	1.48	1.56
Return on capital employed	(%)	15%	12%	17%
Return on equity	(%)	21%	13%	20%
Sales per employee	SEK 000s	383	398	1,593
Added value per employee	SEK 000s	348	346	1,413
Personnel expenses per employee	SEK 000s	214	225	843
Average no. of employees	(persons)	975	776	824
Adjusted equity per share (AES)	(SEK)	29.15	23.86	25.73
Earnings per share	(SEK)	1.21	0.67	4.93
Earnings per share after dilution	(SEK)	1.20	0.67	4.91
Resolved dividend per share	(SEK)	-	-	1.35
Cash flow per share	(SEK)	3.04	2.48	13.18
Basis of computation:				
Earnings from calculation of earnings per share	SEK 000s	40,010	21,732	160,710
Cash flow from calculation of cash flow per share	SEK 000s	100,122	80,931	429,293
Weighted average number of shares (weighted average)	(thousands)	32,982	32,573	32,574
Number of shares after dilution	(thousands)	33,477	33,075	32,994
Number of shares issued at balance-sheet date	(thousands)	33,034	32,573	32,773
Share price at close of the respective period	(SEK)	375.50	179.00	341.00