

# Year-end report January–December 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.

**860**  
employees



## Summary of period, January–December 2020

- Net sales SEK 1,313 million (1,156)
- EBITA was SEK 345 million (247), with an EBITA margin of 26% (21)
- Operating profit was SEK 222 million (144), with an operating margin of 17% (12)
- Profit after net financial items SEK 208 million (130)
- Earnings per share before dilution totaled SEK 4.93 (3.16)
- Cash flow from operating activities SEK 436 million (283)
- The Board of Directors propose a dividend of SEK 1.64 per share (1.35)

## Summary of period, October–December 2020

- Net sales SEK 362 million (298)
- EBITA was SEK 98 million (53), with an EBITA margin of 27% (18)
- Operating profit was SEK 65 million (26), with an operating margin of 18% (9)
- Profit after net financial items SEK 61 million (21)
- Earnings per share before dilution SEK 1.43 (0.49)
- Cash flow from operating activities SEK 61 million (56)
- The Finnish software company NexGolf Oy is acquired

## Continued good development

In terms of earnings, the year has progressed well – for the first time our recurring revenues reached over SEK 1 billion. They increased by 19%, almost 4% of which is organic and accounts for 82% (79) of total revenue. We invested SEK 162 million (139) in our product portfolio and we have increased the number of employees. Today we have 27 operational business units and we completed 5 acquisitions during the year that added about SEK 150 million in sales.

Conditions have changed in terms of the work environment. The pandemic has entailed new laws, constantly changing rules and recommendations to observe, as well as closed borders within the Nordic region. For us with a pronounced Nordic strategy and presence, the closed borders have felt both completely unexpected and, of course, undesirable. I hope that the wounds between the countries caused by the events of 2020 can heal quickly and that once some time has passed in 2021, we can regain the feeling of a more unified Nordic region than is currently the case.

The pandemic restrictions have affected our internal working methods within the Group, but not our ability to pursue business and to serve our customers. We have a clear strengthening of the operating margin at 17% (12). However, we believe that about one percentage point of the improved margin is a positive effect of factors such as reduced travel in the Group. This means that we cannot be certain that about SEK 13 million of the improvement in profit will be permanent. We also had SEK 6 million in positive net gain from temporary general government pandemic relief measures during the first half of the year.

Our financial position is solid and we are well prepared for the future 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 and sustainable, profitable growth – and thereby increase our dividends for the nineteenth consecutive year.

Finally, I would like to warmly thank all of our employees, who responsibly and creatively developed new working methods during the pandemic, while working from home with only digital interaction with both coworkers and customers. A difficult equation was solved with excellent results.

Lars Stenlund, CEO



# Group financial information

## Net sales and earnings

### January–December 2020

#### Net sales

Net sales for the period totaled SEK 1,312.8 million (1,156.2) and included recurring revenues of SEK 1,080.4 million (907.5), license revenues of SEK 14.7 million (17.8), service revenues of SEK 189.2 million (162.7) and other revenues of SEK 28.4 million (68.2).

#### Comments on sales

Net sales rose a total of 14% for the period; recurrent revenues rose 19%, including 4% organically. Aggregate recurring revenues amounted to SEK 1,080 million on a rolling 12-month basis. Other revenues dropped 58%, mainly as an effect of the discontinued hardware business in the Vitec MV business unit. Licensing declined by 18%, which is completely in line with our shift to increased recurring revenues. Service revenues gained 16%, compared with the corresponding period in 2019. Taken together, recurring revenues accounted for 82% of net sales, compared with 79% for the corresponding period in 2019. Acquired companies contributed SEK 126 million in net sales during the period.

#### Earnings

EBITA was SEK 344.8 million (247.3), with an EBITA margin of 26.3% (21.4). Operating profit amounted to SEK 222.4 million (143.9), with an operating margin of 16.9% (12.4). Profit after tax for the period amounted to SEK 160.7 million (102.2). Earnings per share before dilution totaled SEK 4.93 (3.16).

#### Comments on earnings

EBITA gained 39%, compared with the corresponding period in 2019. Acquisition-related costs had an impact of SEK 13 million on earnings, compared with SEK 12 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 reliefs of SEK 9 million. Moreover, we estimate that temporary positive effects from factors such as reduced travel, canceled trade fairs and other customer-related activities account for about 1% of the improved margin. Transfers of primarily leases in accordance with IFRS 16 have reduced other external costs by SEK 44 million (35) and increased depreciation by SEK 37 million (33).

### October–December 2020

#### Net sales

Net sales for the period totaled SEK 362.1 million (297.7) and included recurring revenues of SEK 284.6 million (236.3), license revenues of SEK 9.0 million (4.2), service revenues of SEK 60.1 million (43.3) and other revenues of SEK 8.4 million (14.0).

#### Comments on sales

Net sales rose a total of 22% for the period; recurrent revenues rose 20%, including 7% organically. Other revenues dropped 40% as an effect of the discontinued hardware business in the Vitec MV business unit. Licensing increased by 117%. Service revenues rose 39%, compared with the corresponding period in 2019. Recurring revenues accounted for 78.6% of net sales, compared with 79.4% for the corresponding period in 2019. Acquired companies contributed SEK 48 million in net sales during the period.

#### Earnings

EBITA was SEK 98.0 million (52.9), with an EBITA margin of 27.1% (17.8). Operating profit was SEK 64.9 million (25.8), with an operating margin of 17.9% (8.7). Profit after tax for the period amounted to SEK 46.5 million (16.0). Earnings per share before dilution totaled SEK 1.43 (0.49).

#### Comments on earnings

EBITA gained 85%, compared with the corresponding period in 2019. During the quarter, we had no significant direct costs or direct cost reductions attributable to the coronavirus pandemic. License revenues during the quarter are higher than normal since a couple of newly acquired business units have completed deliveries to customers. Transfers of primarily leases in accordance with IFRS 16 have reduced other external costs by SEK 14 million (14) and increased depreciation by SEK 11 million (13).

	2020 Oct-Dec	2019 Oct-Dec	Change	2020 Jan-Dec	2019 Jan-Dec	Change
Net sales, SEK million	362.1	297.7	22%	1,312.8	1,156.2	14%
Recurring share of net sales, %	78.6%	79.4%		82.3%	78.5%	
EBITA, SEK million	98.0	52.9	85%	344.8	247.3	39%
EBITA margin, %	27.1%	17.8%		26.3%	21.4%	
Operating profit/loss, SEK million	64.9	25.8	152%	222.4	143.9	55%
Operating margin %	17.9%	8.7%		16.9%	12.4%	
Net profit/loss for the period, SEK million	46.5	16.0	191%	160.7	102.2	57%
Earnings per share, SEK	1.43	0.49		4.93	3.16	

# Effects of the coronavirus 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.

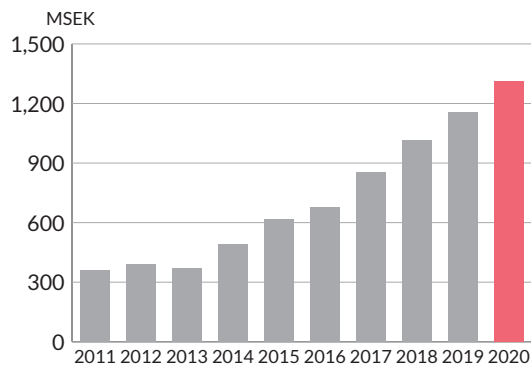
During this situation, we greatly benefited from our well-developed IT infrastructure, which enabled us to transition to a distributed workplace essentially overnight. Software development is carried out through our usual development environments, which can be accessed remotely

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.

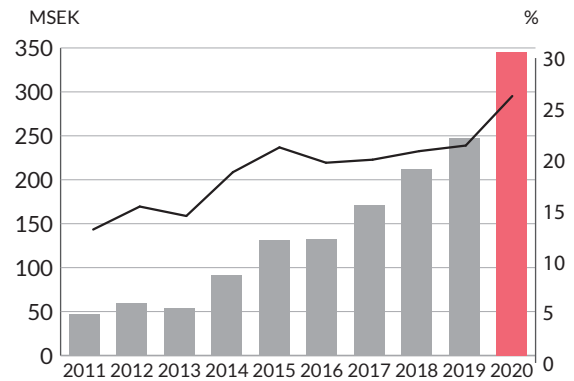
Depending on how long we continue to be in a situation where it is difficult to travel and meet our customers in person, we may see an impact on our service revenues and sales, which will also inhibit the organic growth of our recurring revenues in the short term. We have good risk diversification by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

## Diagrams on Group trends

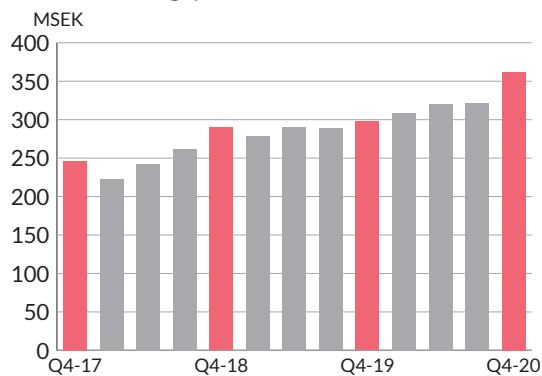
Sales



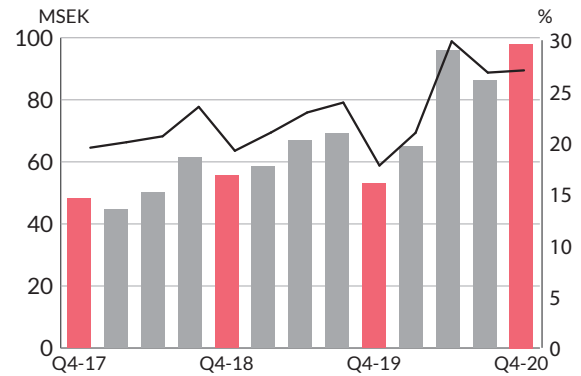
EBITA and EBITA margin



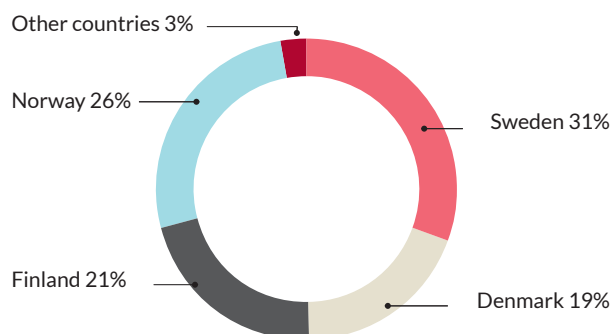
Sales by quarter



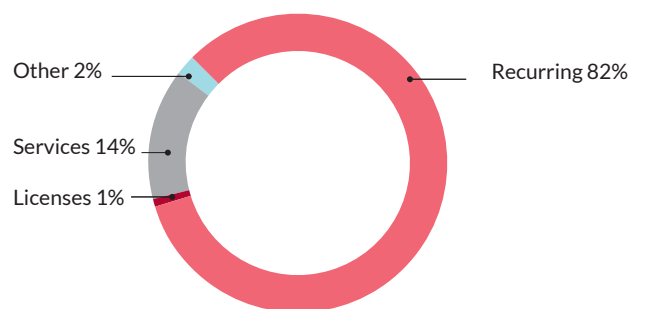
EBITA and EBITA margin by quarter



Sales by market, January–December 2020



Breakdown of revenue, January–December 2020

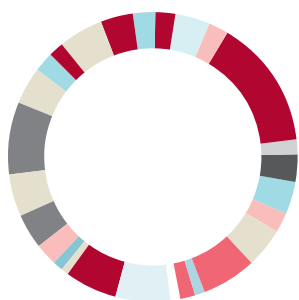


# Sales broken down by business unit and customer

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.

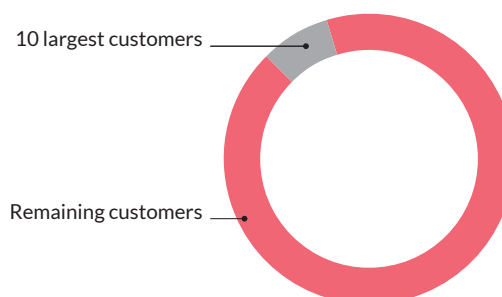
## Breakdown of sales

The diagram below shows our sales broken down based on our 27 business units. No individual business unit accounts for more than 14% of consolidated sales.











## Customers





We have about 17,500 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 27 independent business units. The information below shows yearly 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](http://vitecsoftware.com).

Business unit	Niche market and domicile	Year of acquisition	Sales 2020, SEKm	Recurring
<p><b>Vitec Actor Smartbook</b></p> <p>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.</p>	<p>Municipalities and visitor facilities</p> 	2018	25	79%
<p><b>Vitec Acute</b></p> <p>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.</p>	<p>Healthcare</p> 	2013	66	89%
<p><b>Vitec Agrando</b></p> <p>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.</p>	<p>Churches</p> 	2018	51	84%
<p><b>Vitec Aloc</b></p> <p>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.</p>	<p>Finance</p> 	2014	109	89%
<p><b>Vitec ALMA</b></p> <p>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.</p>	<p>Process industry and energy companies</p> 	2020	35	38%
<p><b>Vitec Appva</b></p> <p>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.</p>	<p>E-health</p> 	2020	30	95%
<p><b>Vitec Autosystemer</b></p> <p>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.</p>	<p>Auto repair shops, transportation industry and entrepreneurs</p> 	2015	52	93%
<p><b>Vitec Avoine</b></p> <p>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.</p>	<p>Non-governmental organizations and associations</p> 	2019	30	83%

Business unit	Niche market and domicile	Year of acquisition	Sales 2020, SEKm	Recurring
<p><b>Vitec Bygg &amp; Fastighet</b></p> <p>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.</p>	<p>Property Management</p> 	1985	196	69%
<p><b>Vitec Capitex finanssystem</b></p> <p>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.</p>	<p>Finance</p> 	2010	24	91%
<p><b>Vitec Cito</b></p> <p>Applications for the pharmacy market in Denmark. The product is developed to manage the entire chain of the Danish pharmacy workflow, such as product inventory, cash operations and prescriptions processing. The business unit includes the company Vitec Cito A/S.</p>	<p>Pharmacies</p> 	2018	42	67%
<p><b>Vitec Datamann</b></p> <p>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.</p>	<p>Auto repair shops and Property Management</p> 	2015	48	76%
<p><b>Vitec Energy</b></p> <p>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.</p>	<p>Energy forecasts</p> 	1998	30	81%
<p><b>Vitec Fixit</b></p> <p>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.</p>	<p>Hair and beauty salons</p> 	2019	59	97%
<p><b>Vitec Futursoft</b></p> <p>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.</p>	<p>Auto repair shops</p> 	2016	82	91%
<p><b>Vitec HK data</b></p> <p>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.</p>	<p>Health and welfare</p> 	2019	17	84%
<p><b>Vitec Katrina</b></p> <p>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.</p>	<p>Churches</p> 	2019	20	77%

Business unit	Niche market and domicile	Year of acquisition	Sales 2020, SEKm	Recurring
<p><b>Vitec LJ System</b></p> <p>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.</p>	<p>Churches</p> 	2020	18	68%
<p><b>Vitec Megler</b></p> <p>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.</p>	<p>Real estate agents</p> 	2012	82	93%
<p><b>Vitec MV</b></p> <p>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.</p>	<p>Reading and writing difficulties</p> 	2017	56	84%
<p><b>Vitec Mäklarsystem</b></p> <p>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.</p>	<p>Real estate agents</p> 	2010	79	96%
<p><b>Vitec Nexgolf</b></p> <p>Enterprise management system for golf courses in Finland. The products offer invoicing, member management, golf tournaments, reservations and payment for tee times, and communication with customers. The business unit includes the company Vitec NexGolf Oy.</p>	<p>Golf</p> 	2020	13	77%
<p><b>Vitec Nice</b></p> <p>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.</p>	<p>Property and liability insurance</p> 	2015	15	68%
<p><b>Vitec Plania</b></p> <p>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.</p>	<p>Property Management</p> 	2016	33	66%
<p><b>Vitec Tietomitta</b></p> <p>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.</p>	<p>Waste management</p> 	2016	54	85%
<p><b>Vitec Visiolink</b></p> <p>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.</p>	<p>Media</p> 	2020	65	72%
<p><b>Vitec WIMS</b></p> <p>Software for insurance companies in Norway. Complete enterprise-management system for insurance companies. The business unit includes the company Vitec WIMS AS.</p>	<p>Property and liability insurance</p> 	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 134.7 million (16.7). In addition to cash and cash equivalents, Vitec has overdraft facilities of SEK 250 million and SEK 515.0 million in unutilized portions of the credit facility.

During the year we signed agreements 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.

## Financial liabilities

At Thursday, December 31, 2020, interest-bearing liabilities totaled SEK 558.1 million (470.4) and comprised SEK 555.3 million (467.4) in non-current interest-bearing liabilities and SEK 2.8 million (3.0) in current interest-bearing liabilities.

Non-current interest-bearing liabilities comprised bank loans of SEK 490.5 million, as well as convertible debentures totaling SEK 64.8 million. Current interest-bearing liabilities comprised bank loans of SEK 2.8 million. During the year, convertible loan 1801 was converted to Class B shares, which reduced financial liabilities by SEK 21.2 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 29.0 million and in other current liabilities of SEK 29.6 million.

## Cash flow and investments

During the year, 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 8.3 million, and amortization related to leases was SEK 44.2 million. Cash flow from operating activities was SEK 436.3 million (278.0). Investments totaled to SEK 161.9 million in capitalized work, SEK 1.3 million in other intangible assets and SEK 9.6 million in property, plant and equipment. Investments in right-of-use assets not affecting cash flow totaled SEK 15.1 million. The acquisitions of the Visiolink Group, ALMA Consulting Oy, LJ System, Appva AB and Nex-Golf Oy added SEK 296.0 million in product rights, brands, customer contracts and goodwill.

## Convertible debentures

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

- Loan 1906 (non-current liability, convertible, acquisition of Odin Systemer AS) SEK 31.5 million. The duration of the loan is from June 12, 2019- June 30, 2022. The interest rate is based on Stibor 180 (Stockholm Interbank Offered Rate). The conversion price is SEK 125. 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 13.2 million. The dura-

tion 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 12.6 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.

## 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 year 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 843.4 million (759.4). The equity/assets ratio is 38% (40). 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 33.3 million.

## Taxes

Current tax for the period amounted to SEK 56.7 million (26.9). Deferred tax totaled SEK -9.8 million (0.9).



# 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 December 31, acquisition-related expenses totaled SEK 0.6 million and were recognized as acquisition-related costs in profit or loss. From the acquisition date up to and including December 31, revenues in the acquired company totaled SEK 60.1 million and profit before tax totaled SEK 7.9 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 December 31, acquisition-related expenses totaled SEK 1.4 million and were recognized as acquisition-related costs

in profit or loss. From the acquisition date up to and including December 31, revenues in the acquired company totaled SEK 30.3 million and profit before tax totaled SEK 6.2 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 10.9 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, smartphone and tablet. Abbum is another product used to manage administration and education, primarily in the preschool. The company reported sales of SEK 18.6 million, with an adjusted EBITDA of SEK 2.7 million for the financial year of May 1, 2019-April 30 2020.

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 December 31, acquisition-related expenses totaled SEK 0.3 million and were recognized as acquisition-related costs in profit or loss. From the acquisition date up to and including December 31, revenues in the acquired company totaled SEK 13.2 million and profit before tax totaled SEK 1.4 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 functions that facilitate modern working methods. 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 December 31, acquisition-related expenses totaled SEK 0.3 million and were recognized as acquisition-related costs in profit or loss. From the acquisition date up to and including December 31, revenues in the acquired company totaled SEK 18.5 million and profit before tax totaled SEK 5.4 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 convertible totals SEK 8.0 million. 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 NexGolf Oy

On October 19, Vitec acquired all shares and voting rights of the Finnish software company, NexGolf Oy. The software company NexGolf has its registered office in Oulu, Finland, and offers enterprise management systems for golf courses. The products facilitate handling of invoicing, membership databases, tournaments, booking and payment of tee times, as well as communication with members. The company currently has about 110 customers in Finland. The company reported sales of SEK 10 million, with an adjusted EBITDA of SEK 3 million for the 2019 financial year.

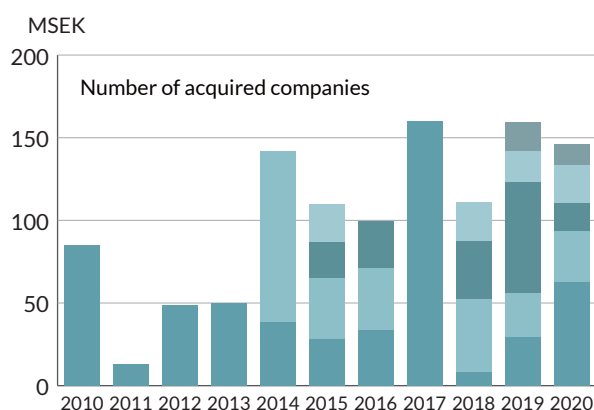
Payment was in cash and with a contingent consideration. The acquisition is expected to yield an immediate increase in earnings per share.

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 December 31, acquisition-related expenses totaled SEK 0.8 million and were recognized as acquisition-related costs in profit or loss. From the acquisition date up to and including December 31, revenues in the acquired company totaled SEK 3.6 million and profit before tax totaled SEK 2.1 million. If consolidation had occurred at the beginning of the year, the company would have provided the Group with an additional approximately SEK 9.4 million in sales and SEK 2.9 million in profit before tax. The acquisition of NexGolf added SEK 9.2 million in product rights, SEK 0.3 million in brands, SEK 8.4 million in customer agreements and SEK 14.7 million in goodwill. The expensed portion of the contingent consideration amounts to SEK 7.8 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	2020 Jan-Dec
Reported net sales, rolling 12 months	1,313
of which recurring revenues, rolling 12 months	1,080
Annual effect of acquired units	35
of which recurring revenues	27
Proforma net sales, rolling 12 months	1,348
Proforma recurring revenues, rolling 12 months	1,108

# Other significant events during the period

## **December 21:**

### **Employee convertibles were converted in their entirety**

The convertible debentures aimed at employees at Vitec beginning in January 2018 were converted in their entirety. As a result of the conversion, the number of Class B shares in Vitec increased by 200,206 and share capital in Vitec increased by SEK 20,020.60. Shareholders' equity increased by a total of SEK 21.2 million. The number of shares in Vitec after the conversion is 32,773,422 shares, including 3,050,000 Class A shares.

## **December 22:**

### **Investment in the software company Nordkap AB**

Vitec's subsidiary Malmkroppen invested in the Swedish software company Nordkap AB. Vitec holds a 4.8% stake in the company after the investment. Nordkap offers Treasury Management software for real estate companies. The company is the market leader in the field in Sweden, but also has customers in Norway and Finland. Nordkap Treasury Management System provides real estate companies with control over their financial position, including reports and analysis options.

# Significant events after the period

## **January 4, 2021: Vitec acquired the Swedish software company 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 102 million, with an adjusted EBITDA of SEK 42 million for the 2019 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.

At the time of this report's publication, there were no financial statements available that could serve as the basis of a more detailed description of the acquisition. For this reason, no information is presented about the fair value of acquired receivables, and acquired assets and liabilities. We expect the future items of a detailed acquisition analysis to comprise product rights, customer agreements, brands and goodwill. Goodwill is deemed to be attributable to anticipated profitability, and complementary expertise requirements, as well as expected synergies, in the form of the joint development of our products.

## **January 18, 2021: The convertible 1906 was fully converted**

The convertible bond issued in June 2019 in connection with the acquisition of Odin Systemer AS (today Vitec Fixit Systemer AS) was fully converted.

With the conversion the number of B-shares has increased by 260,480, and the share capital increased by SEK 26,048. The total number of shares after conversion amounts to 33,033,902, of which 3,050,000 are Class A-shares.

## **February 3, 2021: Vitec acquired the Swedish software company 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 a 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.

At the time of this report's publication, there were no financial statements available that could serve as the basis of a more detailed description of the acquisition. For this reason, no information is presented about the fair value of acquired receivables, and acquired assets and liabilities. We expect the future items of a detailed acquisition analysis to comprise product rights, customer agreements, brands and goodwill. Goodwill is deemed to be attributable to anticipated profitability, and complementary expertise requirements, as well as expected synergies, in the form of the joint development of our products.

# Risks and uncertainties

Material risks and uncertainties are described in the administration report of the 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 Pandemic**

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 110.6 million (66.2) and essentially comprised invoicing to subsidiaries for services rendered. Profit after tax was SEK 211.2 million (133.8). Parent Company earnings were charged with unrealized foreign-exchange

losses totaling SEK 46.7 million (-6.2). 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 14.0 million (3.6).

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 our total cost reductions of SEK 9 million that we had relating to COVID-19.

## Operating segments

Operating segments are defined as business units, of which there were 27 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 December 31, 2020, SEK thousands

	Level 1	Level 2	Level 3	Book value
Contingent consideration, WIMS AS			27,681	27,681
Contingent consideration, M&V Software Oy			10,038	10,038
Contingent consideration, ALMA Consulting Oy			10,038	10,038
Contingent consideration Appva AB			54,083	55,000
Contingent consideration, NexGolf Oy			7,528	7,528
<b>Total</b>			<b>109,368</b>	<b>110,285</b>

# Signatures

## **Affirmation of the Board of Directors**

The Board of Directors and the CEO hereby certify that this year-end report provides a fair view of the Group's and the

Parent Company's operations, position and performance and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

**Umeå, February 11, 2021**

Crister Stjernfelt  
Chairman of the Board

Anna Valtonen  
Board member

Birgitta Johansson-Hedberg  
Board member

Jan Friedman  
Board member

Kaj Sandart  
Board member

Lars Stenlund  
Chief Executive Officer

# Condensed consolidated statement of comprehensive income

SEK THOUSANDS	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
<b>OPERATING REVENUES</b>				
Recurring revenues	284,625	236,310	1,080,421	907,535
License revenues	9,002	4,155	14,682	17,836
Service revenues	60,089	43,306	189,238	162,672
Other revenues	8,404	13,966	28,449	68,206
<b>NET SALES</b>	<b>362,119</b>	<b>297,737</b>	<b>1,312,789</b>	<b>1,156,249</b>
Capitalized development costs	42,324	35,218	161,909	138,738
<b>TOTAL</b>	<b>404,443</b>	<b>332,954</b>	<b>1,474,697</b>	<b>1,294,987</b>
<b>OPERATING EXPENSES</b>				
Goods for resale	-6,454	-8,465	-24,761	-51,728
Subcontractors and subscriptions	-38,487	-35,637	-146,993	-130,142
Other external expenses	-38,814	-34,471	-138,325	-137,939
Personnel expenses	-189,365	-164,587	-694,690	-609,114
Depreciation of property, plant and equipment	-14,024	-17,165	-49,768	-48,451
Amortization and impairment of intangible fixed assets	-18,763	-18,130	-75,420	-69,935
Unrealized exchange-rate gains/losses (net)	-550	-1,561	46	-351
<b>TOTAL EXPENSES</b>	<b>-306,458</b>	<b>-280,016</b>	<b>-1,129,912</b>	<b>-1,047,659</b>
<b>EBITA</b>	<b>97,985</b>	<b>52,938</b>	<b>344,786</b>	<b>247,328</b>
Acquisition-related costs	-1,951	-3,111	-12,933	-11,752
Acquisition-related amortization and impairment losses	-31,125	-24,046	-109,419	-91,654
<b>OPERATING PROFIT/LOSS</b>	<b>64,910</b>	<b>25,781</b>	<b>222,434</b>	<b>143,922</b>
Financial income	-209	1,107	313	1,851
Financial expenses	-3,817	-5,683	-15,115	-15,748
<b>TOTAL FINANCIAL ITEMS</b>	<b>-4,027</b>	<b>-4,576</b>	<b>-14,802</b>	<b>-13,897</b>
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>60,883</b>	<b>21,206</b>	<b>207,632</b>	<b>130,025</b>
Tax	-14,348	-5,214	-46,922	-27,858
<b>NET PROFIT FOR THE PERIOD</b>	<b>46,533</b>	<b>15,992</b>	<b>160,710</b>	<b>102,166</b>
<b>OTHER COMPREHENSIVE INCOME, ITEMS THAT MAY BE RECLASSIFIED AS PROFIT/LOSS FOR THE YEAR</b>				
Restatement of net investments in foreign operations and hedge accounting of the same	-29,197	-21,682	-63,970	6,425
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-29,197</b>	<b>-21,682</b>	<b>-63,970</b>	<b>6,425</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>17,336</b>	<b>-5,690</b>	<b>96,741</b>	<b>108,592</b>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO</b>				
- Parent Company shareholders	46,533	15,992	160,710	102,166
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO</b>				
- Parent Company shareholders	17,336	-5,690	96,741	108,592

# Condensed consolidated statement of financial position

SEK THOUSANDS	Dec 31, 2020	Dec 31, 2019
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Goodwill	769,988	617,900
Other intangible fixed assets	917,372	847,798
Tangible property, plant and equipment	104,189	130,656
Financial fixed assets	1,325	2,008
Deferred tax assets	4,517	7,015
<b>TOTAL FIXED ASSETS</b>	<b>1,797,391</b>	<b>1,605,377</b>
<b>CURRENT ASSETS</b>		
Inventories	2,958	3,781
Current receivables	271,731	264,521
Cash and cash equivalents	134,695	16,658
<b>TOTAL CURRENT ASSETS</b>	<b>409,384</b>	<b>284,960</b>
<b>TOTAL ASSETS</b>	<b>2,206,775</b>	<b>1,890,336</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Equity attributable to Parent Company shareholders	843,350	759,432
Non-current interest-bearing liabilities	555,327	467,407
Deferred tax	185,799	174,031
Other non-current liabilities	91,868	105,540
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>832,994</b>	<b>746,979</b>
Accounts payable	35,094	34,758
Current portion of interest-bearing liabilities	2,763	3,026
Other current liabilities	231,442	115,148
Accrued expenses	92,819	86,037
Prepaid recurring revenues	168,313	144,956
<b>TOTAL CURRENT LIABILITIES</b>	<b>530,431</b>	<b>383,925</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2,206,775</b>	<b>1,890,336</b>

# Condensed consolidated statement of changes in equity

SEK THOUSANDS	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
<b>EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>				
Opening balance	825,641	749,885	759,432	669,628
Correction of error attributable to previous year	-	-2,456	-	-2,456
Convertible debenture with stock options	-60	-	2,658	2,448
Debenture conversion	21,213	17,691	21,213	20,026
Option premiums	1,044	-	7,279	-
Dividends paid	-21,824	-	-43,974	-38,807
Total comprehensive income	<b>17,336</b>	<b>-5,690</b>	<b>96,741</b>	<b>108,592</b>
<b>CLOSING BALANCE</b>	<b>843,350</b>	<b>759,432</b>	<b>843,350</b>	<b>759,432</b>

# Condensed consolidated statement of cash flow

SEK THOUSANDS	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
<b>OPERATING ACTIVITIES</b>				
Operating profit	64,909	25,782	222,434	143,922
<b>Adjustments for non-cash items</b>				
Loss on decommissioning of equipment, fixtures and fittings	189	-	189	-
Depreciation/amortization and impairment losses	63,913	59,341	234,607	210,040
Unrealized foreign exchange gains/losses	550	1,561	-46	351
Option premiums	1,044	-	1,044	-
	<b>130,605</b>	<b>86,684</b>	<b>458,228</b>	<b>354,313</b>
Interest received	-210	1,107	313	1,851
Interest paid	-3,411	-3,309	-11,709	-11,022
Income tax paid	-6,821	3,928	-17,539	-24,515
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</b>	<b>120,163</b>	<b>88,410</b>	<b>429,293</b>	<b>320,627</b>
<b>Changes in working capital</b>				
Increase/Decrease in inventories	20	892	823	2,200
Increase/Decrease in accounts receivable	-123,050	-95,644	6,396	13,165
Increase/Decrease in operating receivables	15,539	23,284	22,416	-9,943
Increase/Decrease in accounts payable	5,842	10,224	-3,280	-9,288
Increase/Decrease in operating liabilities	42,754	29,147	-19,314	-33,517
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>61,268</b>	<b>56,313</b>	<b>436,334</b>	<b>283,245</b>
<b>INVESTING ACTIVITIES</b>				
Acquisition of subsidiaries, net*	-18,986	-53,828	-167,238	-218,865
Purchase of intangible fixed assets and capitalized development costs	-43,469	-36,984	-163,242	-141,022
Purchase of property, plant and equipment	-5,323	-5,619	-9,648	-15,625
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-67,778</b>	<b>-96,431</b>	<b>-340,128</b>	<b>-375,512</b>
<b>FINANCING ACTIVITIES</b>				
Dividends to Parent Company shareholders	-11,143	-	-33,293	-38,807
Borrowings	-	-	157,820	236,962
Repayment of loans	-14,452	-15,470	-92,269	-325,488
Paid option premiums	-	-	6,235	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-25,595</b>	<b>-15,470</b>	<b>38,493</b>	<b>-127,334</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-32,105</b>	<b>-55,588</b>	<b>134,699</b>	<b>-219,600</b>
<b>OPENING CASH AND CASH EQUIVALENTS, INCLUDING CURRENT INVESTMENTS</b>	<b>165,869</b>	<b>70,784</b>	<b>16,659</b>	<b>235,302</b>
Exchange-rate differences in cash and cash equivalents	932	1,461	-16,662	956
<b>CASH AND CASH EQUIVALENTS INCLUDING CURRENT INVESTMENTS AT THE END OF THE PERIOD**</b>	<b>134,695</b>	<b>16,658</b>	<b>134,695</b>	<b>16,658</b>

\*Payment for the acquisition of subsidiaries during the period was in cash for Visiolink ApS, ALMA Consulting Oy, LJ System AB, Appva AB and NexGolf Oy. Net cash flow was SEK 161.7 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 during 2019, comprised payments for Avoine Oy, WIMS AS, Odin Systemer AS, M&V Software Oy and HK data AS. Net cash

flow was SEK 202.5 million. The acquisitions pertained to all shares outstanding in their entirety and entailed the gain of controlling influence. In addition, final settlements was paid for the contingent considerations pertaining to PP7 Affärs-system AB, SEK 1.0 million and Cito IT A/S SEK 10.1 million. The payments 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 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Operating revenues	24,033	-11,468	110,618	66,159
Operating expenses	-24,892	-23,187	-100,218	-86,065
Unrealized exchange-rate gains/losses (net)	17,784	16,217	46,709	-6,237
<b>OPERATING PROFIT/LOSS</b>	<b>16,925</b>	<b>-18,439</b>	<b>57,109</b>	<b>-26,143</b>
<b>Profit/loss from financial investments</b>				
Income from participation in Group companies	177,692	131,301	177,692	131,301
Interest income	-23	697	381	772
Interest expenses	-2,876	-3,795	-12,485	-12,357
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>191,718</b>	<b>109,762</b>	<b>222,697</b>	<b>93,573</b>
Appropriations	364	40,506	364	40,506
<b>PROFIT/LOSS BEFORE TAX</b>	<b>192,080</b>	<b>150,270</b>	<b>223,061</b>	<b>134,080</b>
Tax	-7,145	-3,617	-11,818	-264
<b>NET PROFIT FOR THE PERIOD</b>	<b>184,935</b>	<b>146,653</b>	<b>211,243</b>	<b>133,816</b>

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

## Condensed balance sheet, Parent company

SEK THOUSANDS	Dec 31, 2020	Dec 31, 2019
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Intangible fixed assets	1,036	1,559
Tangible property, plant and equipment	10,741	11,684
Financial fixed assets	1,852,355	1,535,376
<b>TOTAL FIXED ASSETS</b>	<b>1,864,131</b>	<b>1,548,619</b>
<b>CURRENT ASSETS</b>		
Current receivables	213,310	204,662
Cash and cash equivalents	123,743	-
<b>TOTAL CURRENT ASSETS</b>	<b>337,053</b>	<b>204,662</b>
<b>TOTAL ASSETS</b>	<b>2,201,185</b>	<b>1,753,281</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity	900,187	701,767
Untaxed reserves	1,677	2,042
Non-current liabilities	600,327	508,534
Current liabilities	698,994	540,937
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2,201,185</b>	<b>1,753,281</b>

# Acquired assets and liabilities 2020

## Preliminary acquisition calculations

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	-	191,751	191,751
Intangible fixed assets	36,069	104,263	140,332
Tangible property, plant and equipment	994	-	994
Non-current receivables	1,223	-	1,223
Current receivables	34,115	-	34,115
Cash and cash equivalents	48,751	-	48,751
Deferred tax liabilities	-	-22,579	-22,579
Accounts payable	-3,617	-	-3,617
Other current liabilities	-84,745	-	-84,745
<b>Total</b>	<b>32,789</b>	<b>273,434</b>	<b>306,223</b>

## EFFECT OF ACQUISITIONS ON CASH FLOW, SEK THOUSANDS

<b>Group's purchase costs</b>	<b>-306,223</b>
Expensed portion of purchase considerations	73,675
Convertible debentures	22,100
Acquired cash and cash equivalents	48,751
<b>Net cash outflow</b>	<b>-161,697</b>

# Allocation of revenues and date of revenue recognition

Allocation of revenues and date of revenue recognition, SEK million	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Recurring revenues	284.6	236.3	1,080.4	907.5
Other revenues	77.5	61.4	232.4	248.7
<b>Net sales</b>	<b>362.1</b>	<b>297.7</b>	<b>1,312.8</b>	<b>1,156.2</b>
<b>Date of revenue recognition</b>				
Services transferred to customers over time, flat distribution	247.5	204.7	939.4	780.7
Services transferred to customers over time, in pace with use	97.2	75.0	330.3	289.5
Services transferred to customers at a given time	17.4	18.1	43.1	86.0
	<b>362.1</b>	<b>297.7</b>	<b>1,312.8</b>	<b>1,156.2</b>

# 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 Thursday, February 11, 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.

The auditors have not audited the report.

## Financial calendar

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](http://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](mailto:ir@vitecsoftware.com)

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

By telephone: +46 90 15 49 00

Vitec's 2019 annual report is available at [vitecsoftware.com](http://vitecsoftware.com).

## Corporate registration number

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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, excluding acquired companies 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 last four quarters, with addition for net sales from acquired units, for the time before the acquisition date.	Used to monitor the company's sales trend.
Proforma recurring revenues, rolling 12 months	Recurring revenues the last four quarters, with addition for recurring revenues from acquired units, for the time before the acquisition date.	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	2019	2018	2017	2016	2015
Net sales	SEK 000s	1,312,789	1,156,249	1,016,763	855,029	675,414	618,385
Recurring revenues	SEK 000s	1,080,421	907,535	743,856	609,970	518,512	480,552
Recurring share of net sales	(%)	82%	78%	73%	71%	77%	78%
Growth net sales	(%)	14%	14%	19%	27%	9%	26%
EBITA	SEK 000s	344,786	247,328	211,897	171,013	132,948	131,107
EBITA margin	(%)	26%	21%	21%	20%	20%	21%
Growth EBITA	(%)	39%	17%	24%	29%	1%	42%
Operating profit/loss (EBIT)	SEK 000s	222,434	143,922	128,372	106,701	88,305	100,607
Operating margin	(%)	17%	12%	13%	12%	13%	16%
Profit after financial items	SEK 000s	207,632	130,025	116,775	98,127	81,942	94,686
Profit after tax	SEK 000s	160,710	102,166	96,920	79,426	66,814	78,191
Profit margin	(%)	12%	9%	10%	9%	10%	13%
Profit after tax attributable to the Parent Company shareholders	SEK 000s	160,710	102,166	96,920	79,426	66,814	78,191
Balance-sheet total	SEK 000s	2,206,775	1,890,336	1,675,648	1,261,970	1,096,691	872,019
Equity/assets ratio	(%)	38%	40%	40%	32%	30%	31%
Equity/assets ratio after full conversion	(%)	41%	43%	42%	35%	32%	33%
Debt/equity ratio	(multiple)	1.56	1.50	1.75	2.22	2.25	2.09
Return on capital employed	(%)	17%	12%	13%	14%	14%	21%
Return on equity	(%)	20%	14%	18%	22%	22%	29%
Sales per employee	SEK 000s	1,593	1,669	1,658	1,584	1,445	1,465
Added value per employee	SEK 000s	1,413	1,339	1,316	1,258	1,198	1,212
Personnel expenses per employee	SEK 000s	843	879	858	828	813	797
Average no. of employees	(persons)	824	693	613	540	467	422
Adjusted equity per share (AES)	(SEK)	25.73	23.31	20.71	13.34	11.37	9.24
Earnings per share	(SEK)	4.93	3.16	3.23	2.70	2.27	2.66
Earnings per share after dilution	(SEK)	4.91	3.18	3.22	2.70	2.25	2.64
Resolved dividend per share	(SEK)	1.35	1.20	1.10	1.00	0.90	0.67
Cash flow per share	(SEK)	13.18	9.90	8.01	6.78	5.20	5.09
<b>Basis of computation:</b>							
Earnings from calculation of earnings per share	SEK 000s	160,710	102,166	96,920	79,426	66,814	78,191
Cash flow from calculation of cash flow per share	SEK 000s	429,293	320,627	240,477	199,612	152,757	149,751
Average number of shares (weighted average)	(share)	32,573,765	32,372,267	30,016,982	29,424,555	29,396,690	29,396,690
Number of shares after dilution	(share)	32,993,975	32,717,425	30,436,771	29,538,825	29,838,900	29,788,016
Number of shares issued at balance-sheet date	(share)	32,773,422	32,573,216	32,338,900	29,838,900	29,396,690	29,396,690
Share price at close of the respective period	(SEK)	341.00	185.00	77.60	87.00	75.50	75.00

Vitec is the Nordic market leader in Vertical Market Software. We develop and deliver standardized software aimed at various niche markets. Vitec grows through acquisitions of well-managed and established applications companies. The Group's overall processes, combined with the in-depth knowledge of our employees regarding our customers' local markets, creates the conditions for improvement and continuous innovation. Our 860 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. Read more about us at [vitecsoftware.com](http://vitecsoftware.com).